

Submission to West Coast Regional Council on “REGIONAL POLICY STATEMENT REVIEW DISCUSSION DOCUMENT” (NOVEMBER 2013)

INTRODUCTION

1. Straterra¹ welcomes the opportunity to submit on the “Regional Policy Statement Review Discussion Document”². The submission deadline of 18 December 2013 is noted. It is understood the council would then write a draft RPS for a further round of consultation.
2. Straterra has confined this submission to issues related to the New Zealand minerals sector. In preparing this submission, we have consulted specifically with the Coal Association, Minerals West Coast, New Zealand Coal And Carbon, and generally with our membership. Our membership register is included with this submission.
3. The Resource Management Act 1991 is a key statute for the minerals sector, with consent applications considered in the context of regional and district plans, and policy statements. Decisions on applications can be influenced by the direction taken in those plans. The review of the RPS is an important opportunity to provide direction to councils when reviewing plans, in our case, to take into account the nature of minerals exploration and mining.
4. Straterra submits from the point of view that resource management decisions in New Zealand must strive for an appropriate balance between economic, social, cultural and environmental objectives, and be based on sound information.

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¹ Straterra represents more than 90 % by value of NZ minerals production, exploration, research, services, and support <http://www.straterra.co.nz/About+Straterra>

² <http://www.wcrc.govt.nz/Resources/Images/RPS/DiscussionDocWebVersion.pdf>

EXECUTIVE SUMMARY

5. The RPS review is concerned with “finding the balance”, i.e., how to find the “right balance between competing interests”. The view is put in the discussion document (DD) that: “The RPS needs to be as much about promoting positive effects as it is about avoiding, remedying or mitigating adverse effects.” Secondly, it is proposed that there should be more focus on “sustainable communities”. Both proposals are supported.
6. Minerals exploration and mining is a strategic sector to the West Coast, and is a high priority for consideration in the regional economic development strategy. On that basis, every effort should be made to encourage positive and logical outcomes of RMA planning processes. In this, the RPS has an important function.
7. Mining earns very high wealth from a small footprint³. Every mining project is different, as are the values in the land where mining is proposed, and how any effects on those values would be managed to achieve the purpose of the RMA. Therefore, every mining proposal should be considered on its merits.
8. Given the very high value of land-use in mining, great care needs to be taken when making land-use decisions under the RMA. Accordingly, information on minerals prospectivity should always be factored into a consideration of land-use decisions, such as consents for a subdivision, or rezoning land from rural to residential, to avoid unnecessarily or unknowingly “sterilising” mineral resources.
9. The West Coast Regional Council has a role to encourage responsible mineral investment into the West Coast. One way of achieving that is to reduce bureaucratic red tape, by improving the council’s co-ordination and engagement with other regulatory agencies, and facilitating better alignment of RMA consent, concession, and access arrangement processes.

³ OceanaGold has calculated that it would take 700 years of farming to earn the same income off the Macraes mine footprint, as that expected during the total life of the mine.

DISCUSSION

Promoting positive effects

11. As stated in the DD, minerals exploration and mining make a significant contribution to the West Coast economy and community, and the region holds good minerals potential.
12. Mining earns directly and indirectly close to one-third of the region's household income⁴. That wealth is earned from a footprint⁵ of 14km² compared to the total regional area of 23,000km². Miners earn on average double the national average wage⁶. This activity is carried out in tandem with other major activities on the West Coast, including dairying, tourism, and conservation. The evidence from GNS Science is that the region has further potential in a variety of minerals and metals.
13. While there has been a downturn in coal and gold mining on the West Coast, as elsewhere, new developments are also afoot, e.g., Bathurst Resources, Pacific Minerals. The "platinum tender" announced by New Zealand Petroleum & Minerals in September 2013 may attract new exploration into the West Coast, following the recent publication of Government-funded aerial geophysical survey data for the region.
14. Often forgotten is the contribution to communities made by exploration and mining companies. That includes support to health care services, such as rescue helicopters, hospitals, and ambulances; and to community facilities such as swimming pools, and community halls. Businesses are also ratepayers, enabling public works funded by local government. As well, businesses can also make direct contributions to funding of infrastructure in regions, such as roads. Such contributions at the regional level can be significant.
15. From an economic growth and wellbeing perspective, therefore, mining is a strategic sector for the West Coast, and should receive high priority treatment in the RPS.
16. Straterra supports the proposed objectives: "A balanced RPS that properly recognises the positive effects of use and development", and "Ensure that industries understand that they are

⁴ Berl 2010. Potential contribution of mining to the West Coast region
http://www.westcoastnz.com/content/library/110222_Value_of_Minerals_to_the_West_Coast_Economy_Final_R.pdf

⁵ Calculated by Minerals West Coast using data on bonds posted by miners to West Coast Regional Council

⁶ NZ Govt 2013. The New Zealand Sectors Report 2013. Petroleum and Minerals <http://www.mbie.govt.nz/pdf-library/what-we-do/business-growth-agenda/sectors-reports-series/Petroleum%20and%20Minerals%20Sector%20Report%202013.pdf>

welcome to do business on the West Coast, provided the RMA sustainable management purpose is met.”

17. Some might argue the RMA already recognises both the benefits of economic activity, and the need to safeguard the environment. The RPS cannot derogate from the primary legislation. That said, plans and rules could be developed in a way that inadvertently or otherwise weigh unfairly against minerals exploration and mining. The RPS could provide direction to avoid that.
18. Given that mining earns very high wealth off a small footprint, and that every mining project is different, mining proposals are best suited to being considered on a case-by-case basis. That proceeds by assessing all of the values at the site, the effects of the project on competing values, and informed proposals for managing those effects. This, of course, was the original intent of the RMA. Such decisions are informed by stakeholder and iwi input, where relevant, and decision-makers must form an overall broad judgment across the four wellbeings.
19. Knowing that mining creates high wealth from a small footprint⁷, and that the number of and distribution of mines and prospects change over time, information on minerals prospectivity should form an input into all land-use decision-making, e.g., a resource consent application to convert privately-owned farmland into a subdivision. It is possible in such a case that the opportunity cost of foregoing potential mining could outweigh the economic benefits of the subdivision.

Recommendations

- a) Agree to high-priority treatment of minerals prospecting, exploration and mining in the RPS, as a strategic sector for the West Coast;
- b) Note Straterra’s support of the proposals to highlight the positive effects of development, and of the need to encourage developers into the West Coast;
- c) Agree to provide direction for a values, benefits and effects-based, and case-by-case approach to considering all minerals exploration and mining proposals in the RPS, in recognition of the nature of minerals activities;
- d) Agree to factor into all land-use decisions an assessment of minerals prospectivity at those places;

⁷ Refer to Appendix 1 for summary points on the nature of mining

Sustainable communities

20. The material on sustainable communities draws attention to the current economic downturn in prices for gold and coal, and consequent staff redundancies at mines. We agree that business cycles are an inevitable part of the economics of mining; however, we also believe there will be long-term demand for these and other minerals. As the Escarpment mine is developed, and other projects come on stream, people will move back to the West Coast. That will also occur with renewed strengthening of commodity prices. Mining is typically strongly cyclical, but mining investment is underpinned by strong demand for the products of mining, particularly from the developing countries.
21. The question then is how to build resilience into the mining industry on the West Coast. One solution is to provide for “critical mass”, i.e., to encourage investment in minerals. The Government’s aerial geophysical survey, and platinum tender are examples of ways of encouraging more exploration activity on the West Coast, as are the GNS Science survey, the Berl report⁸, and the recent government report on regional economic development⁹.
22. In Straterra’s view, there is also an opportunity to reduce unnecessary and burdensome bureaucratic red tape. While industry should continue to face high standards, resource consent processes should not take years and cost millions of dollars on applicants. The seemingly endless appeal processes are a strong disincentive for investment. We accept that this is a matter for the RMA system as a whole rather than the West Coast RPS.
23. In terms of the council’s role, there may be an opportunity to improve co-ordination and engagement between regulatory agencies, e.g., with the Department of Conservation, Land Information New Zealand, the Historic Places Trust, and NZP&M, to speed up regulatory approval processes.
24. On the foregoing, Straterra has sought Central Government action to align resource consent, concession and access arrangement processes, at least for significant projects, so far to no avail. We are aware of moves to better align resource consent and concession processes, and, separately, concession and a/a processes, where applicants would find that useful. The council could be proactive about facilitating such alignments, on receipt of consent applications.

⁸ Commissioned by Development West Coast

⁹ NZ Govt 2013. Regional economic activity report 2013 <http://www.mbie.govt.nz/pdf-library/what-we-do/business-growth-agenda/rear/REAR%20Publication.pdf>

Recommendations

- e) Note that the dynamism observed in the mining industry is inherent to that industry, and agree that the way to manage the risks in this area is to encourage more minerals investment on the West Coast;
- f) Agree on the need to reduce unnecessary and burdensome bureaucratic red tape on applicants for regulatory approvals; and
- g) In relation to Rec. (f), agree to provide direction to the council in the RPS to actively improve co-ordination with other regulatory agencies, and to facilitate alignment of regulatory processes, where this would be useful.

APPENDIX 2: THE NATURE OF MINING

Following are relevant considerations concerning the minerals sector in the context of the RPS review:

- Mining can only be done where there are minerals. These are concentrated in economic ore deposits at very few places, and over small areas, and, with the exception of some coal resources, they are always hard to find.
- For these reasons, exploration is the life-blood of mining.
- Mining operations have a small footprint.
- No other land-use earns as much per hectare as mining – there is a high opportunity cost to “sterilising” a resource, e.g., a zoning restriction in a plan, or in assigning minerals-prospective land to a different and incompatible use.
- It can take several years from prospecting and exploration, to developing a mine.
- Each step of the way entails increasing amounts of investment, with income earned either by raising capital, the sale of part (joint venture) or all of the asset, or, once mining begins.
- Every mine has a life span - although this can be extended well beyond the original plan as knowledge of the resource is gained¹⁰ - and, sooner or later, every mine must close.
- Mining in a minerals-rich region like the West Coast will often entail mines opening and operating at some places, and closing at others, temporarily or permanently.
- Investment in the industry, and production, are strongly influenced by in global commodity prices.
- After mining, the land used may be returned to a previous use – production, conservation – or converted into a new use e.g., the establishment of a pond or wetland, roading, residential.
- Rehabilitation of sites occurs during mining, and after mining.
- Environmental management of the effects of exploration and mining is core business.

¹⁰ The Macraes gold mine in East Otago had a mine life of 7 years when the mine commenced in 1991. It currently has a mine life to 2020.

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AGGREGATES



MINERALS



METALS



COAL

CURRENT MEMBERSHIP STATUS

Straterra has a total of 77 members (as at 11 December 2013) comprising of the following categories:

MEMBERSHIP CATEGORY	MEMBER COMPANY	
LARGE PRODUCERS	Newmont Waihi Gold OceanaGold	Solid Energy Todd Corporation
MEDIUM PRODUCERS	Bathurst Resources New Zealand Steel Mining	Coal Association of NZ
EXPLORATION COMPANIES, SMALL SERVICE PROVIDERS	Anderson Lloyd Aggregate & Quarry Association Beca Belle Resources Chatham Rock Phosphate Doug Hood Mining First Break Mining & Construction Glass Earth Gold GNS Science Hardie Resources Imerys Tableware NZ Ironsands Offshore Mining Komatsu New Zealand L&M Group	Lawson Engineering Minerals West Coast Neptune Minerals New Zealand Energy Corp. Pacific Minerals RSC Mining & Mineral Exploration Sams Creek Gold Siburan Resources Strategic Elements Taylor Coal Trans-Tasman Resources Transfield Worley Youngson & Associates
AUSTMINENZ: MINING EQUIPMENT, TECHNOLOGY & SERVICE PROVIDERS	Brightwater Engineering CRL Energy Gallagher Gough Group Heavy Engineering Research Assoc. HELiPRO Institute of Earth Science & Engineering Kenex Knowledge Systems McConnell Dowell	NIWA Orica New Zealand RDCL Sandvik New Zealand SGS NZ Stevenson Group Supreme Steel Products TRS Tyre and Wheel
ANCILLARY/NON-CORE SERVICES: LEGAL AND ACCOUNTING FIRMS	Atkins Holm Majurey Bell Gully Berry Simons Environmental Law Boag Allan Pirie Buddle Findlay Campbell MacPherson Chapman Tripp Deloitte Golder Associates	Greenwood Roche Chisnall KPMG Minter Ellison Rudd Watts NZ Resources PwC REM Russell McVeagh Simpson Grierson Stellar Recruitment
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