

# Submission | Ministry of Economic Development on Schedule 4 Stocktake discussion document.

**26 May 2010**

## **Current Position**

The Institute opposes the removal of any Schedule 4 land as documented in the current discussion paper. Specifically before investing public funds in this initiative, the government, in addition to completing an initial economic assessment, should also undertake an initial environmental impact assessment (EIA). The Institute also has concerns around the quality and timeliness of public information, the level of analysis and clarity over the ongoing process.

**Prepared by:** Jess Prendergast, Research Analyst

## **Contact Details:**

Wendy McGuinness, Chief Executive  
Sustainable Future Institute  
l: Level 2, 5 Cable Street  
p: PO Box 24222, Wellington  
6142, New Zealand  
t: +64 4 499 8888  
f: +64 4 385 9884  
e: [wmcg@sustainablefuture.info](mailto:wmcg@sustainablefuture.info)  
w: [www.sustainablefuture.info](http://www.sustainablefuture.info)

## **Part One: General Comments**

### **1. Introduction**

In the following submission, we briefly describe the Institute, discuss our key concerns and then address the specific questions asked in the discussion paper, *'Maximizing our Mineral Potential: Stocktake of Schedule 4 of the crown Minerals Act and Beyond'* (Minister of Economic development and Department of Conservation).

### **2. About Sustainable Future Institute**

Sustainable Future is a non-partisan, not-for-profit research organization specialising in issues that affect New Zealand. Our purpose is to produce timely, complete and well-researched information relevant to New Zealand's long-term future. The institute was founded in 2004.

### **3. Concerns**

Importantly, there are two overarching concerns.

Firstly, we have concerns over a lack of process in terms of the way the purpose focuses on economic gains, which by inference implies only the economic impacts will be assessed. We are a strong advocate of an environmental impact assessment, sitting alongside any economic impact assessment. Further, Figure 1 (attached) outlines the different stages in the process, in that the government needs to investigate the costs, times, and outcomes within each stage. Analysts should look closely at the outcomes in terms of benefits to New Zealand in the long term. In other words if international companies are making the profit, and there is minimal benefit for New Zealanders, this investment should not be pursued.

Secondly we have concerns about the process, in terms of delivery. These lead us to the following suggestions:

(i) Value of Minerals to be placed in Financial Statements

If New Zealanders will be funding the mapping of resources, those maps are in effect owned by the public, and as such should be included as a contingent asset in the country's financial statements.

(ii) Data on Website

The actual data gained from the mapping should be made available to the public. If progressed, it is our hope that the data will be available on the Ministry of Economic Development's website, showing where minerals are to be found and their expected quantities, quality and value.

(iii) Ensure the Purpose is broader than just Economic

Further we ask government to consider the long term view, in that this process is likely to take a number of years, so if we are going to collect this information, the objective should be to try to make this information useful for future generations. In other words, future governments may be wanting to use this information for protection of minerals, so there is a real opportunity to make the purpose broader and more useful for future generations – both in terms of improving accountability and transparency.

(iv) Regular reporting back on this investment

If the government wishes to pursue such controversial investments there must be significant clarity concerning why the government sees this investment as worthwhile, as well as regular public reporting against the plan so that progress can be monitored and assessed by all New Zealanders.

(v) Independence of those surveying for crown minerals (from mineral investors)

To prevent possible conflicts of interest occurring, information collectors and information users must be different organisations. In other words there must be no vested interests, otherwise the

independence of the information, and any subsequent decisions based on this information, could be called into question.

The Institute has also provided a more detailed list of concerns under the four headings of benefits, risks, costs and information, process and decision making. See also our letter of 19 March 2010.

#### **A: Benefits**

We believe the benefits have not been sufficiently identified, quantified or explored over substantial time frames in the discussion document. Economic profits and who they will benefit have not been adequately stated. Questions surrounding whether profits will stay in New Zealand or be accrued to overseas investors need to be addressed. Benefits should be assessed over longer timeframes to ensure decisions are being made with future generations in mind. Non-economic benefits to our country also need to be assessed and given due weight.

#### **B: Risks**

Economic, environmental, social and cultural risks have been inadequately assessed and insufficiently understood to ensure a robust decision on an issue of high national importance. Limitations and controls to manage any risks for both current and future New Zealanders have not been explored.

#### **C: Costs**

The costs of pollution and potential drops of revenue in other areas such as tourism have not been identified and valued. The cost to the integrity of New Zealand's 100% Pure image and our ability to claim a premium on the marketing of our exported products and services have not been assessed. Long-term costs associated with mineral extraction, pollution and amenity value of the impacted environment have not been quantified.

#### **D: Information, Process and Decision Making**

Of high concern is the transparency of information made publicly available throughout the consultation process. Questions around conflicts of interest, independence of information providers and the quality and the purpose of the information provided need to be openly addressed to ensure the stakeholders are accurately informed, as well as to encourage engagement and satisfaction in the standard of consultation and resulting decisions. Decisions need to be made in the interests of New Zealanders, not solely in the interests of profit, and as such New Zealanders need to be informed to enable them to choose whether or not to be involved in the policy process.

### **Part Two: Responses to Specified Questions**

#### **Question 1: On the areas proposed for removal from Schedule 4:**

Section 7 of the discussion paper sets out the areas proposed for removal from Schedule 4. Do you think these areas should be removed from Schedule 4 so that applications for exploration and mining activity can be considered on a case-by-case basis? Yes or No? And why?

Sustainable Future Institute strongly believes that a substantial case has not been set forth in the discussion document that warrants the removal of any conservation land from Schedule 4 for the potential of exploration and mining. A thorough analysis has not been made on the environmental impacts, the economic benefits, the risks, the costs and the accountability around processes and decision making. Further the removal of land from Schedule 4 is contrary to the purpose of the establishment of Schedule 4. Secondly it is contrary to the legislation that governs these areas. For example, National Parks Act.

#### **Question 2: On the areas proposed for addition to Schedule 4:**

Section 8 of the discussion paper sets out the areas proposed for addition to Schedule 4. Do you agree with the proposal to add these areas to Schedule 4? Yes or No? And why?

Sustainable Future Institute supports the addition of all of the proposed areas to be included for protection under Schedule 4. Land that fits the description of a Schedule 4 area should be automatically added.

**Question 3: On the assessment of areas:**

The assessment of areas covered by Schedule 4 and those proposed for addition is outlined in sections 7 and 8 of this document and Appendices 1 and 2.

(a) What are your views on the assessment of the various values (conservation, cultural, tourism and recreation, mineral, other) of the land areas discussed?

The standard of assessment of the values selected for analysis in the discussion document is insufficiently robust to undertake any calculated risk with New Zealand's natural resources. It is necessary to provide a thorough and complete assessment of all possible impacts, both beneficial and negative. New Zealand's conservation land is of a high value to both our economy and welfare, and as such, a precautionary approach should be taken before any major decisions, that could jeopardize our future generations, are made.

(b) Do you have any additional information that may be important for Ministers to make their decisions?

Additional legislative frameworks relating to the management of the proposed areas for removal, such as the granting of consents under the Resource Management Act and concessions under the conservation legislation, should be assessed if areas are to be removed under Schedule 4. Current decisions must act within the law and with the interests of all New Zealanders in mind.

**Question 4: On the proposal to further investigate the mineral potential of some areas:**

The Government is carrying out a research and investigation programme on the mineral potential of areas with significant mineral potential over the next nine months. Areas include the Coromandel, parts of Paparoa National Park and Rakiura National Park, and a number of non-Schedule 4 areas.

(a) Do you have any comments on the type of information that would be the most useful to mineral investors?

No.

Further, the Institute would like to see a question included in regards to the type of information that would be useful to properly assess all costs and impacts for the benefit of future generations.

(b) Are there any particular areas that the Government should consider including in its investigation programme?

Areas not considered of high conservation value and subsequently not protected under Schedule 4 should be the focus of any investigation programme.

**Question 5: On a new contestable conservation fund:**

Section 9 describes a proposed contestable conservation fund the Government proposes to establish, which would be made up of a percentage of the money the Crown receives from minerals (except petroleum) from public conservation areas.

(a) A broad objective, to enhance conservation outcomes for New Zealand, is proposed for the fund. Do you agree with the proposed objective?

No. The Institute believes the proposed fund is an inadequate trade-off.

(b) What do you think the fund should be used for? What should its priorities be?

There is no justification for substituting areas protected under Schedule 4 for the proposed contestable conservation fund. Any negative outcomes from where the economic gain was generated should be mitigated through the mining concession.

(c) An independent panel appointed by the Minister of Energy and Resources and the Minister of Conservation is proposed to run the fund. Do you think this is a good idea?

No there is no validation for the Minister of Energy and Resources to be involved in the appointments. The Minister of Conservation is proficient to act alone in making these appointments.

(d) It is proposed that half of royalties from public conservation areas are contributed to the fund, with a minimum of \$2 million per year for the first four years, and a maximum of \$10 million per year. Do you think the amounts proposed for the fund are appropriate?

No, a cap on contributions to the fund is short sighted and the amount of royalties should be increased. Considerable effort was placed on investigating the alignment of New Zealand and Australia's proposed Emissions Trading Schemes for the purpose of common markets. Alignment of New Zealand and Australia's tax regimes in regard to tax on super-profits from mining should

be a priority. This would put the tax rate to 40% in line with Australia, an initiative which is important as mining companies in operation in Australia will be among the first to apply for mining permits due to both the proximity and similarity of our markets.

(e) Do you have any other comments that might help the Government to make decisions on a new conservation fund?

If a changes are made to conservation land included under Schedule 4 and a contestable fund is established the Institute will have further comments to add at that time.

**Question 6: On approval of access arrangements:**

In section 6 it is proposed that the joint approval of the land-holding Minister and the Minister of Energy and Resources be required for an access arrangement on Crown land for mineral exploration or development. Do you think this is appropriate? Why or why not?

The Minister of Energy and Resources should not be involved in this process. The Minister would be conflicted if he was involved in this process as inherent to the portfolio is the requirement to promote activities such as mining. The responsible Minister, being the land-holding Minister, should be the decision maker.

**Question 7: On any other issues:**

Do you have any further suggestions or comments on what has been said in this document?

The discussion document is inadequate in its assessment of impacts to justify the removal of any land currently held under Schedule 4. The information provided, and the consultation process to date has not shown good governance. Policy making needs to be collaborative, inclusive and evidence based. The current process has not been.

**Figure1: Stages in the Assessment Process**

