

A Mining Industry View

Summary

Media coverage in the lead-up to and during the schedule 4 debate presented anti-mining advocacy with no analysis of their arguments, to the exasperation of the resource sector. Despite our attempts to set the record straight,¹ little notice was taken, by opponents or the media. The only conclusion to be drawn is that environmental non-governmental organisations shunned rational debate in order to pursue a harmful campaign.

I will be arguing in this article that mining in New Zealand today is a modern, 21st-century activity, and that it is a serious and legitimate activity. It benefits the economy, supports communities, manages effects on the environment and is committed to conservation. If this were not the case, mining could not, would not and should not be approved.

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A rational debate on mining is called for; the Institute of Policy Studies' initiative is welcome. For this, adequate information is needed, and this is costly to obtain. Only if the economics, including the costs of environmental and conservation management, stack up can the investment in information be made by a firm. It is at the local level that the debate should be, and indeed is, held. I am referring to Resource Management Act processes, and to future opportunities for public input into Crown Minerals Act processes.

I invite all New Zealanders to have open minds, and to work together to achieve sensible outcomes for the economy and the environment from mining.

Should we let a few facts get in the way of a good protest?

A political debate can run to a conclusion with few or no facts; that's one lasting lesson of the schedule 4 debate. Emotion reigned; dialogue was absent. This should concern all New Zealanders.

The government has been borrowing \$250 million a week to keep the nation afloat,² a fact of which most New Zealanders are probably unaware. The public's aspirations for services, and for national parks, demand that we examine options for economic activity that allow us to afford those things. The economy is, therefore, a key issue for New Zealand.

Any transition to a new economy will take time,³ and lies outside this discussion. For now New Zealand has a trading economy, a growing and ageing population in need of services, and debt to pay. For now economic growth is the paradigm. Within that, it is valid to find ways of generating wealth and jobs. The mining debate sits squarely within this context.

Many New Zealanders say the environment is the nation's key issue, and the resource sector agrees. Freshwater quality and quantity concerns are paramount, as is the future of threatened native biodiversity, as are the scenic beauty and recreation opportunities enjoyed by New Zealanders and overseas visitors.⁴ Arguably, all of these

issues are also economic issues, taking a broad view of 'economy' – the stewardship of resources.

When economic issues intersect with environmental issues, as they did over schedule 4, it is important to debate them, and we had an outpouring of public opinion in recent months. Of the 37,552 submissions on the government's discussion document, there was an overwhelming call for schedule 4 land – in national parks, marine reserves, Great Barrier Island and the Coromandel – to remain off-limits to mining. An estimated 40,000 people protested on Queen Street in Auckland saying 'no to mining', and around 50,000 people signed a Green Party petition in the same vein. '2 precious 2 mine' ran a web campaign to encourage pro forma submissions, and the strategy worked. Some 30,000 of the written submissions were of this sort.⁵

Forest & Bird's arguments broadly represent the theme: 'plans to mine Schedule 4 land failed to recognise the intrinsic, scenic, recreation and conservation values loved by New

Zealanders'. Any economic benefits of mining from these areas would be more than eroded by the damage done to the nation's '100% pure' image.⁶

The media joined in. The commentators crowed that the government would be foolish to proceed: the public had spoken.⁷ All of this was enough for the government to back down. This has been called a victory for the environment and New Zealanders. In the words of Forest & Bird blogger Nicola Vallance: 'They say Mine, we say OURS.'⁸

'In war, truth is the first casualty', wrote Aeschylus, a specialist in Greek tragedy, 2,500 years ago. It's still true today, as we observe with Forest & Bird's 20th-century, us-and-them positioning. It is a sobering lesson for the resource sector, and the 14,800 who work directly and indirectly in it – chiefly in oil and gas, coal, gold, ironsands and aggregates. (For the record, the resource sector does not say 'mine' – more on this later – and we and our families also enjoy, appreciate and use public conservation land.)

If the people of New Zealand were to believe, as a matter of informed principle, that schedule 4 land, and, perhaps, other public conservation land, should remain off-limits to prospecting, exploration and, potentially, mining, then fine. But it's not as simple as media, politicians and campaigners would have us believe. It is appropriate that New Zealand hold an informed policy debate, to supersede the emotionally-charged, fact-deprived hysteria presented to date.

Rebuttal of anti-mining advocacy

Let's first examine the problem as defined, as the opponents to mining see it, which is, in summary: schedule 4 (and possibly other) lands are too precious to be dug up; mining makes a mess; it doesn't deliver economic benefits to New Zealand; it is a one-off activity, so not sustainable; and the New Zealand public does not want it on schedule 4 land and, perhaps, not on any public conservation land. These are serious charges, and I will answer them at length.

FACT 1: New Zealand does not know exactly what the intrinsic, scenic, recreational and biodiversity values are on all schedule 4 land. Of course, we can point to many places of very high value: the Tongariro peaks, Aoraki/Mt Cook, the Whanganui River, Milford Track and others. But not all of this land is of high value, at least currently. For instance, parts of the Coromandel are cut-over scrub,⁹ visited by few people, infested with pests and weeds and not actively managed for conservation. (Of course, that could all change in the future, and any new mining company in the area could help; more on this below.)

VIEW 1: Some places are more precious than others. An alternative approach is to look at places case by case. This happens now when considering mining on public conservation land, and when managing this land for their conservation values. Mining is very much a local issue.

FACT 2: We have a general idea of the minerals potential in some areas of schedule 4 land and elsewhere in New Zealand – enough to know we are a mineral-rich country. Much has been made of the \$140 billion of mineral wealth in our country.¹⁰ A lot of that may stay in the ground for a long time, depending on the economics. On the other hand, there may be other resources we haven't yet found. In any event, much more work must be done, in stages, before any potential new mines are identified.

VIEW 2: Within the 7,068 hectares that were to come off schedule 4, one mine might have resulted, going on current form. An underground mine typically has a footprint of 5 hectares, a medium-sized open-cast mine 300 hectares. There is no question of mining companies digging up all of this land had it been available. A tiny fraction of that may have been affected.

FACT 3: Today every mining company needs community support, needs the consent of the landowner, and has to manage the effects on the environment, during the life of the mine and afterwards.¹¹ Resource consents for a mine run to many pages of conditions the miner must meet, covering discharges to air and water, earthworks, tailings and chemicals management, effects on native plants, animals and landscapes, noise and other issues.

VIEW 3: Mining *today* is green. It has to be or it wouldn't be approved. Yes, there is a footprint during the life of the mine and for some time afterwards. There are also compensatory activities: e.g. biodiversity conservation over a much larger surrounding or nearby area.¹² Done properly, the net environmental or conservation effect of mining can be and should be positive. The resource sector and the Department of Conservation (DOC) are working towards this.¹³

FACT 4: Conservation and mining are not incompatible. According to the Department of Conservation there are 85 mines on public conservation land (including the foreshore and seabed), including a small-scale gold mine on schedule 4 land in the Coromandel, authorised before schedule 4 was enacted.¹⁴ Omitting the foreshore and seabed leaves 57 mines.¹⁵ Access arrangements from the minister of conservation are often accompanied by payments to DOC for conservation projects. They include blue duck and kākā recovery work, pest control in conservation areas, and acquisition of high-value private land for conservation. This work is done over a much larger area than the area in mining and related infrastructure, such as roads and pipes. More than 90% of access arrangement applications to mine on public conservation land have been approved since the Crown Minerals Act was passed in 1991.¹⁶

VIEW 4: The goal of many mining companies is to produce a positive net effect on the New Zealand environment, on an annual and ongoing basis, anywhere in New Zealand, and particularly on public conservation land.

FACT 5: Most New Zealanders will never see a gold or coal mine. The Martha mine at Waihi will appear as a big hole in the ground to visitors on-site – and 40,000 do visit every year¹⁷ – and to anyone who flies over it at low altitude. The closest most people get to Martha is a view of Waihi, which looks much like a township anywhere in New Zealand.

VIEW 5: Mines are elusive in the landscape because mining and quarrying on land cover 0.016% of our total land area.¹⁸ This is a very small footprint on a national scale. The wine industry occupies seven times that footprint, the dairy industry 500 times. In terms of mines, most of what New Zealanders see are quarries, and most of the product is used for roads and construction. Even if mining tripled in New Zealand, most New Zealanders would never notice.

FACT 6: Turning to the real threats to national parks and other schedule 4 lands, and conservation land generally: animal pests and weeds have been rampaging through New Zealand since their introduction, causing local or total extinction of countless species of native animal and plant.¹⁹ At some places DOC, councils, volunteers, landowners, iwi and others, including the resource sector, have reduced pests and weeds. But these are dots on the map where the kiwi is safe on the mainland.²⁰ The same is true for kākā, kōkako, the blue duck, robin, tomtit, whitehead, mōhua (yellowhead) and many other species of bird; invertebrates, including giant wētā; the four species of native frog; and the two species of bat.

VIEW 6: The real threat facing schedule 4 lands are pests and weeds, not mining.²¹ A rational discussion on mining should include the contribution the industry makes to conservation. Done properly, a by-product of mining

could be much more conservation than can be afforded by government. It's already happening. Seen this way, mining is more likely to enhance the New Zealand brand than detract from it.

FACT 7: The economics are the most rigorous test for mining. Prospective areas must first be found, typically using remote sensing, mapping and other non-invasive methods. Areas with potential are explored more closely; some drilling may be done, using small rigs that can be transported by truck or helicopter. All going well, the drilling is repeated on a finer scale over a smaller area to hone in on a potential ore body. If one is found, the likely quantity of ore is modelled, and projections made on how it would be extracted. Then the costs of mining are calculated, including the costs of environmental management, consultation with communities, conservation projects, taxes, royalties, levies and insurance. Investment capital has to be found, at home or abroad. Only then would applications be lodged for a mining permit, access to land and resource consents. That whole process can take up to five years and cost \$30 million for a medium-sized gold mine.²²

VIEW 7: Mining is difficult. The total footprint will always be small. But where mining does occur, the wealth created off that small footprint is significant.

FACT 8: The resource sector (oil, gas, coal, gold, aggregates and other minerals) contributed \$2.149 billion to GDP in 2008, compared to the wine industry, \$0.454 billion, and tourism \$6.66 billion. Resource exports in 2009 earned \$3.6 billion (8.2% of total goods exports), while dairy in that year earned \$10 billion, and overseas tourism \$9.3 billion. In 2009 there were 6,800 people employed directly in mining, and 8,000 indirectly (flowing from the economic activity of the former). The median wage for a mining employee was \$57,320 in 2008, compared to the New Zealand median of \$33,530.²³

VIEW 8: Mining is a significant part of the economy. Sure, it is smaller than dairying and tourism, but then, so is the wine industry. Mining could make a bigger contribution if more activity in prospecting and exploration was encouraged. The government's plans to carry out surveys of Northland, the West Coast and other parts of the South Island will improve New Zealand's attractiveness for investment in mining. There is every reason to believe that mining output from New Zealand could triple over the next 20 years, even outside of schedule 4 land. Think of the extra contribution to conservation as a result.

FACT 9: Typically 50% or more of the total costs of extraction stay in New Zealand, paid in, for example, salaries, contracts with suppliers, taxes, royalties and levies, insurance, environmental compliance, conservation projects and community projects.

VIEW 9: This is not a case of revenue rushing offshore. In any event, mining is no different from other sectors, with a range of local and overseas ownership. Between May and July 2010 the Overseas Investment Office approved five applications related to the wine industry, from Australia, Thailand, Israel, the United States and other countries, to a value exceeding \$12 million.²⁴ Regardless of origin, investors deserve a return or they wouldn't invest.

FACT 10: The assertion that mining could tarnish the New Zealand brand is a serious accusation. I have argued that mining could enhance our 'clean, green' image. There is a further consideration. Mining in New Zealand is done in a democratic country with rule of law, environmental regulations, labour laws, health and safety requirements, health and education systems, superannuation, protection of the rights of women, children and minorities, and so forth. These laws mean that the conditions under which mining is carried out in New Zealand ensure a higher standard of environmental impact than in most jurisdictions.

VIEW 10: Mining in New Zealand is green, in the New Zealand context, and compares very favourably with the rest of the world. It needs to be seen to be green, of course, to earn broad support from New Zealanders, and Straterra is committed to that end.

FACT 11: In answer to the assertion that mining, unlike farming, is a one-off activity: yes. One day the well will run dry, the clay pit will be emptied, the lime for the cement factory will be quarried elsewhere. That is as

true for a mine in New Zealand as anywhere else on the planet. It's also true that chasselas and müeller-thurgau grapes, so common in the 1970s and 80s, are barely grown in New Zealand any more.²⁵ Economic activities are forever changing.

VIEW 11: There is a whole literature around societal transition in the face of increasing resource scarcity and changing demands, which I don't intend to go into here. In the meantime, we all need minerals: we use them every day in every aspect of our lives, from cradle to grave, regardless of where and how they are mined. The inference for New Zealand is that there will be many more years yet, possibly centuries, of environmentally-responsible mining.

FACT 12: Early on in the schedule 4 debate an opinion poll showed that close to 50% of respondents were open to prospecting on schedule 4 land. While opposition was expressed on the street and in submissions, there are some 4.4 million people in New Zealand, 80% of whom are aged 15 years or over.²⁶

VIEW 12: I question whether the real views of the public have been aired to a reasonable standard of accuracy. If it is true that the level of public sentiment greatly exceeded that shown for other high-profile issues in the recent past, it is also true that it is much easier to participate today, with the advent and popularisation of online tools. This is all to the good but requires careful interpretation.

Discussion

So, where does this leave the schedule 4 debate, or the policy debate on the future of mining on public conservation land in New Zealand?

As Straterra sees it, the chief issues are about where to mine, and under what conditions. (It is taken as agreed that mining is a legal and legitimate activity in our country.)

The 'where' will depend on the economics, and on the environmental values. Only if the economics warrant – and that includes managing the environmental effects – would mining go ahead. Otherwise it would not. Places with outstanding values would remain off-limits to mining. There are criteria for identifying places with outstanding values, and for assessing proposed environmental management. No doubt further work could be done to refine these, drawing on our collective experience. The

government is leading such work and the resource sector is happy to participate.

But it is only when specific proposals are considered that the investment will be made (by the applicant) in detailed mineral and environmental information. It is in this theatre that an informed debate can be had, and indeed is had, under the Resource Management Act. This is world-leading environmental law (noting there is always room for improvement)²⁷ and the requirements on mining companies are strict, as they should be. In 2007 Toronto-based mining writer Stan Sudol wrote:

Past industry practices that were detrimental to the environment are still highlighted by the anti-mining crowd today ... yet, the reality of mining in the 21st century is quite the opposite. Strict environmental regulations are enforced on all new projects. Mining companies must

develop closure or decommissioning plans that require the restoration of all lands to their natural state when the operations are finished. Over the past 20 years the industry has made tremendous strides at reducing the environmental footprint of their operations.²⁸

Sudol was thinking of mining in Ontario, Canada; however, his comments are equally valid for New Zealand. There is much activity in this area in our part of the world. In August 2010 AusIMM, the Australian Institute of Mining and Metallurgy, hosted a conference entitled 'Sustainable Mining 2010' in Kalgoorlie.²⁹ The Global Mining Initiative, which advances the mining industry's commitment to sustainable development worldwide, has been working in this area since 2001.³⁰ Newmont, the miner in Waihi, is a founding member.

Advancements are continuing in the way mining is done and managed. In 2008 Pike River Coal won an award from DOC for its environmentally-friendly mining and road infrastructure.³¹ The state-owned coal miner Solid Energy is seeking to have a 'net positive impact on the environment' from its activities, and is working with DOC and international leaders in the field of 'biodiversity offsets'.³² There is a long way to go but the commitment is there.

The 'condition' issue has an environmental aspect, as noted, and an economic aspect. Mining companies also have conditions. For example, New Zealand would have to be attractive to foreign investment for companies which need to access overseas capital. In this, improved certainty of process and improved knowledge of our mineral resources are important, as are economic stability and well-functioning capital and financial markets. Our government is working hard in these areas,³³ and this is appreciated by the resource sector.

Conclusions

I started this discussion provocatively, with the question: 'should we let a few facts get in the way of a good protest?' I have provided more than a few facts, too many to wrap up in a swift sound bite. But here are some final reflections on the mining debate.

New Zealand, as a society, will make better decisions with all the facts on the table. This is difficult to achieve on a national scale. The point is underscored that the mining debate is best had on specific proposals, where the information is available. Mining is a local issue.

Mother nature, economics, the regulators (and NGOs) will guarantee there will be no rush to mine. If we as

a nation can agree that mining is a valid pursuit, in places where it is economic, and environmentally appropriate, then there is the basis for a rational debate. I invite all New Zealanders to have open minds, and to work together to achieve sensible outcomes for the economy and the environment from mining.

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