

Submission

by



to the

**Ministry of Economic Development and
Department of Conservation**

on

**‘Maximising our Mineral Potential:
Stocktake of Schedule 4 of the Crown
Minerals Act and Beyond’**

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Appendix One: About BusinessNZ

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1. INTRODUCTION

- 1.1 BusinessNZ welcomes the opportunity to comment on the joint Ministry of Economic Development/Department of Conservation consultation document entitled 'Maximising our Mineral Potential: Stocktake of Schedule 4 of the Crown Minerals Act and Beyond' dated March 2010.¹ Greater strategic leadership in the pursuit of how to create new jobs, prosperity, social and economic infrastructure, and future choices is welcomed.
- 1.2 The mining industry has a long and proud history dating back to the mid-1850's. Its contribution to both regional and national economic development has been well-charted. Yet despite this, mining is being characterised as "short-term" and of little relevance in today's (let alone tomorrow's) modern economy. BusinessNZ submits that not only does the mining industry make a useful contribution today, but that it has the potential to make a significant contribution to economic development in the future.
- 1.3 Much has been made, over recent weeks, of a vision of apocalypses that would result from an increase in mining. Of how foreign-owned companies do not contribute to New Zealand's economic prosperity and of how irreparable environmental damage will result. Yet others simply prefer the economic development status quo.
- 1.4 BusinessNZ is less sanguine about New Zealand's future economic prospects unless New Zealand chooses to realise its potential prosperity from minerals and other natural resources.
- 1.5 BusinessNZ believes that greater consideration of the potential of judicious access to mineral-rich land is both a responsible and prudent step for the Government to take and holds the potential to contribute to a substantial rise in the overall wealth and prosperity of all New Zealanders.
- 1.6 Key to this is Government and businesses working co-operatively together to unlock New Zealand's productive capacity in a way that carefully balances the various commercial interests (including those of the tourism industry) with the environmental interests in a way that delivers an overall increase in economic activity.
- 1.7 It is also important not to approach the issue of greater potential access to Schedule 4 lands by looking at it through the wrong end of the telescope. Much of the debate has moved from access for mining to Schedule 4 land to the practice of mining *per se*. In doing so, the debate has similarly shifted from the economic benefits of mining to its environmental costs. Not only is balance required in this debate, but perspective. The real debate is about how to utilise New Zealand's abundant natural resource endowment *per se* in a measured way to deliver a step-change in New Zealand's economic growth and the prosperity of its citizenry. In this case, the key question for BusinessNZ

¹ Background information on BusinessNZ is attached in Appendix One.

is not whether to proceed with the Schedule 4 initiative, but how this initiative fits more generally within the Government's broader strategic approach to New Zealand's productive capacity.

1.8 The following table summarises BusinessNZ's view of the nature of the issues raised by the consultation paper.

<u>General Issue</u>	<u>BusinessNZ's Position</u>
<p>The role of natural resources (including mineral resources) in New Zealand's future economic prosperity</p>	<p>New Zealand has barely started to tap its vast resources and our on-shore and off-shore mineral resources are substantial. The markets for these resources are global and growing rapidly.</p> <p>The real policy challenge for New Zealand is not whether to prevent or encourage access to minerals on Crown-owned land (though this is important), but how best to position the New Zealand economy and business to take advantage of its abundant productive capacity and its conversion into high value, high demand products. New Zealand's future economic growth is likely to be defined by its ability to turn these opportunities into projects in a way that balances commercial and environmental interests and grows overall economic activity. This broader, more strategic conversation is likely to need more than changes to existing bureaucratic processes.</p>
<p>The contribution of mining to economic development</p>	<p>Some consider mining to be a legacy industry that can be consigned to history. However, most modern goods contain mined minerals or have been derived from their use and many countries thrive off mining in its various forms (for example, Australia and Canada). In these countries, mining is a welcome player in the overall fabric of their economic development.</p> <p>New Zealanders need to be assured that the most is being made of <u>all</u> its mineral resources (not just on-shore). BusinessNZ considers that, with appropriate constraints that reflect New Zealand's specific economic, environmental and cultural make-up, the mining industry can play a greater role in the New Zealand economy. This contribution goes well beyond royalties to include the wider economic benefits associated with investment in capital infrastructure, wages, and taxes.</p> <p>Tweaking regulatory settings for access to some minerals is useful but unlikely by itself to unlock the full potential of New Zealand's mineral resources and achieve to the extent possible the step-change contribution necessary to deliver the desired uplift in the standard of living. This is most likely to come from the commercialisation of New Zealand's mineral potential once it has been realised. Policies targeted beyond access will assist in a wider range of opportunities being realised.</p>

<u>General Issue</u>	<u>BusinessNZ's Position</u>
Access to Schedule 4 land	<p>BusinessNZ supports judicious access to Schedule 4 land as a means to unlock value from minerals on Crown-owned land.</p> <p>The world is not static and neither should all land once included in the conservation estate be. There would appear to be little reason why some land should not be reconsidered given it is clear that not all land has the same high conservation value. Debate about the relative values, both of different elements of Schedule 4 land, as well as between the environmental and economic values, is healthy.</p> <p>The specific proposals set out in the consultation document are a welcome start to this process. However, more consideration needs to be given to the broader suite of access-related initiatives both on and off-shore, that would facilitate exploration such as those related to the RMA and the continental shelf.</p>

- 1.9 BusinessNZ's detailed comments are set out in sections two to six below. Its responses to the specific consultation questions are set out in Appendix Two attached to this submission.

2. NEW ZEALAND'S NATURAL RESOURCE ENDOWMENT

- 2.1 New Zealand has, relative to most countries, an abundance of natural resources. World Bank research has shown that New Zealand is second only to Saudi Arabia in natural resource wealth per capita.²
- 2.2 While non-energy mineral mining (the primary focus of the consultation document) is emblematic of the role New Zealand's natural resources can play in New Zealand's economic future, it is merely a sub-set of the broader range of economic opportunities potentially available (including of all mining, both on and off-shore) and needs to be seen in this context. It is important that policy makers do not lose sight of this bigger picture – how to take advantage, in a balanced way of what is broadly characterised as New Zealand's productive capacity.
- 2.3 In addition to the current issue under consultation, much work is underway across the resource spectrum:
- (a) in early 2009 the Government started delivering on its commitment to streamline regulatory processes around natural resource development;
 - (b) through mid 2009 the Prime Minister often stated that the Government sees New Zealand's natural resources – land and

² World Bank Environment Department Paper entitled 'Estimating National Wealth: Methodology and Results', dated January 1998.

water, energy, minerals, etc – as its primary strategic advantage and that the Government’s long-term economic policies would be strongly based on these;

- (c) in August 2009, the Minister of Energy and Resources started a national conversation on the potential value and use of our in-ground natural resources;
- (d) in late 2009, the Government started a national conversation on the potential value and use of our water resources for agriculture etc; and
- (e) in late 2009, the Minister of Energy and Resources presented a draft national petroleum strategy and started a national conversation on the potential value and use of our petroleum resources.

2.4 This renewed interest by the Government in New Zealand’s productive capacity is welcomed by BusinessNZ. BusinessNZ welcomes the vigour with which the Government is approaching the potential role for New Zealand’s resources to play in fostering economic growth. For too long, the potential contribution of these resources has been undervalued.

2.5 This was recently recognised in a report to the Ministry for Economic Development by McDouall Stuart which stated that:

“The report’s key conclusion is that an inherited legacy of weak political leadership, vision and strategy towards managing the national OG&M estate has been the key factor weighing on the sector’s development.”³

2.6 But it is important that this not be a resource-by-resource conversation but one which needs to take an holistic view of New Zealand’s productive capacity more generally and how it can be utilised to the benefit of all New Zealander’s.

2.7 Almost all global natural resources are becoming increasingly scarce, and production constrained. Prices of natural resources will almost inevitably rise over coming decades as the developing economies return to double-digit rates of growth. The developing world also aspires to western world standards of living.

2.8 Importantly, New Zealand has what others will increasingly pay a premium for – good agricultural land, fresh water, a stable climate, primary resources, energy and minerals. And it is this that will define much of New Zealand’s future economic opportunities. The challenge

³ McDouall Stuart report to the Ministry of Economic Development entitled ‘Stepping Up: Options for Developing the Potential of New Zealand’s Oil, Gas and Minerals Sector’ dated June 2009, abstract.

is how to advance New Zealand's overall economic welfare in a way that plays to this set of comparative economic advantages.

- 2.9 To do this, New Zealand needs to think globally – it does not have the capital to fulfil these opportunities. New Zealand needs to be an active player in the global economy, and should not be looking to foreclose on what, on the face of it at least, look like options that will positively contribute to the prosperity of the country.
- 2.10 The removal of regulatory barriers is likely to be a necessary, but not sufficient condition. Likewise the encouragement of foreign direct investment, and the presence of clear competition and environmental policy frameworks that apply to all natural resources and encourage their use (or not) by those who most value them. An open discussion is needed about how rights to natural resources are to be allocated, how that affects the characteristics of the future management of the resources, and what trade-offs need to be made and by whom.
- 2.11 While access to some Schedule 4 lands is likely to form a part of the solution, such a conversation and the likely solution set is significantly broader (for example, around 95% of New Zealand territory is off-shore). It is likely to transcend improving regulatory frameworks and the removal of barriers and potentially involve new ways of business and Government co-operating in bringing opportunities to fruition once the potential has been determined.
- 2.12 This is not about short-term resource depletion. It is about the ability to make better, more informed choices about the factor inputs available and how they can be utilised in a way that allows the long-term standard of living of all New Zealanders to be raised. This, in turn, provides New Zealand with economic options – the careful use of natural resources could be expected to contribute to both the development of New Zealand social and economic infrastructure, and allow for choices to be made that provides for new economic growth opportunities.
- 2.13 BusinessNZ considers that this more strategic conversation is overdue.

3. THE ROLE AND CONTRIBUTION OF THE MINING INDUSTRY

- 3.1 The mining industry contributes to numerous sectors of the economy such as construction (aggregates and limestone for cement), energy (coal, oil and gas), transport (road aggregates), primary industry (coal and ironsands), agriculture (fertiliser) and manufacturing (industrial minerals).
- 3.2 However, this contribution is not widely recognised, or actively misrepresented. Much emotive and inaccurate information has been used in the debate over the potential extension of mining into what

lands are proposed to be removed from Schedule 4. This would have you believe, amongst other things, that the extent of mining activity in New Zealand is a long-settled matter on which agreement has been reached, that it is a loss-making industry dependent on taxpayer support, and that its foreign ownership means that it contributes little or no economic value to New Zealand.

- 3.3 These and other views appear to be an attempt at limiting the future options for mining *per se* and in doing so, ensuring that its future role is no larger than present. Instead, other unstated opportunities should prevail.
- 3.4 The implication from such statements is that society as a whole is in accord with the status quo being maintained. Overall the impression being left is an industry in decline, not one from which an economic step-change could emerge.
- 3.5 BusinessNZ considers such impressions misleading. No such 'agreement' exists or has ever existed. And while Statistics New Zealand information⁴ show 2006 as a difficult year, from the following two years from the same Statistics information tells a very different story (see the 'boxed' information in the table below).

Financial item ⁽²⁾	2007 ⁽³⁾	2008 ⁽³⁾	Percentage change from previous year	
	\$(million)		2007	2008
Financial performance				
Total income	4,425	6,878	23.0	55.4
Sales of goods and services	3,811	6,056	19.5	58.9
Interest, dividends and donations	..C	..C	..C	..C
Government funding, grants and subsidies	0	0
Non-operating income	..C	..C	..C	..C
Total expenditure	3,052	4,833	-20.5	58.4
Interest and donations	283	347	157.3	22.6
Indirect taxes	101	70	..C	-30.7
Depreciation	440	900	..C	104.5
Salaries and wages paid to employees	409	488	15.2	19.3
Redundancy and severance	2	3	100.0	50.0
Salaries and wages to working proprietors	7	7	0.0	0.0
Purchases and other operating expenses	1,675	2,415	7.4	44.2
Non-operating expenses	137	606	..C	...
Opening stocks	143	156	34.9	9.1
Closing stocks	158	221	5.3	39.9
Surplus before income tax	1,380	2,052	...	48.7
Financial position				
Total assets	13,495	15,791	25.4	17.0
Current assets	5,762	6,390	19.5	10.9
Fixed tangible assets	5,599	6,889	33.6	23.0
Additions to fixed assets	1,618	2,745	126.6	69.7
Disposals of fixed assets	326	..C	..C	..C
Other assets	2,133	2,511	21.7	17.7
Total equity and liabilities	13,495	15,791	25.4	17.0
Shareholders' funds or owners' equity	5,860	6,067	21.8	3.5
Current liabilities	..C	4,685	..C	..C
Other liabilities	..C	5,039	..C	..C
Financial ratios⁽²⁾				
Total income per employee count ⁽⁴⁾	\$916,000	\$1,296,500	12.7	41.5
Surplus per employee count ⁽⁴⁾	\$285,700	\$386,800	...	35.4

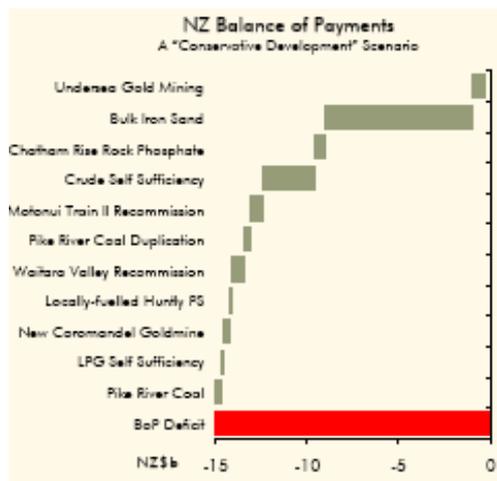
⁴ AES Mining Data, Table 1.03.

- 3.6 Rather than an industry in decline, these numbers show the mining sector to have flourished since 2006.
- 3.7 BusinessNZ recognises that much of this improvement can be attributed to improving commodity prices and that the 2009 figures are likely to show a less optimistic picture. Having said that, BusinessNZ understands that mining still brought in \$1.1 billion worth of export receipts in 2009. This does not appear to have come at the expense of New Zealand's thriving tourism trade though careful consideration of this issue going forward is needed.
- 3.8 It is important to look beyond the short-term fluctuations suffered by all sectors including mining, to the economic fundamentals on which it operates. Doing so enables the magnitude of the *future* opportunities available to the mining sector to be discovered. For example, evidence tends to suggest that as the technological performance of an economy increases, so to does the sophistication of mineral use.
- 3.9 The underlying fundamentals are sound, and speak to a range of future opportunities across the minerals spectrum that if realised, could create new industries, jobs, and grow the economy.
- 3.10 In terms of gross value-add, and even in premium alternative-use areas, mining is already demonstrably more productive than most, if not all other land-intensive applications. In respect of gold mining, gross returns are on average more than 300 times those available from sheep and beef farming and more than 50 times those of dairying. Mining jobs are also of high value to the economy. Labour productivity is high with an average income of \$60,000 – over double the national average over the period 2000/05.
- 3.11 Future opportunities are primarily going to be driven by global demand for all of New Zealand's abundant resources, of which non-energy minerals are a small but important part. Global demand for most commodities and natural resources are expected to nearly double in the space of the next generation. The recession pulled demand back below 2008 levels, alleviating supply constraints. As demand increases, supply constraints are likely to bind once again when combined with declining production from traditional mining regions, driving prices upwards. The opportunity cost of leaving the minerals in the ground is expected to grow commensurately.
- 3.12 By the end of 2009, many commodity prices were already significantly above 2009 lows. Most forecasts predict commodity prices to continue to rise over the long-term as world demand, particularly from Asia, grows. Prices of most resources will rise to 2008 levels, and eventually surpass them.

- 3.13 The mining industry is well placed to seize the opportunities on offer. New Zealand’s mineral resources are substantial. New Zealand’s resources are also significant in proportion to domestic needs or current production levels. The application of technology to access these resources or convert them into higher value-added products is not constrained by the size of the domestic market – the global market facilitates scale.
- 3.14 Monetisation of the opportunity cost across the range of resources is a prize worth pursuing.
- 3.15 A study undertaken by a reputable independent economics consultancy (NZIER) in 2002 found that fuller utilisation of mineral resources under conservation lands could increase the level of GDP by 1.3% or more, depending on how much area was opened up to mining:

“In today’s dollars, that equates to around \$2.3 billion of additional national income per year, or over \$550 per person.”⁵

- 3.16 A more recent assessment of the potential contribution from mining, by



McDouall Stuart, shows that New Zealand could reverse its balance of payments deficit in relatively short order within the context of a “conservative development” scenario (as shown in the graph on the left).⁶ Of note in this particular scenario is the relatively small contribution of on-shore non-energy minerals (“New Coromandel Goldmine”), the substantial potential

contribution of the predominantly off-shore bulk ironsands, and the absence of any contribution from lignite or gas hydrate developments.

- 3.17 BusinessNZ understands that New Zealand's ironsands deposits are the most extensive and the most concentrated in iron in the world with the Waikato North Head mine alone estimated to contain 150 million tonnes. BusinessNZ also understands that early technical and economic models suggest that ironsands mining off the coast of New Zealand will be relatively low cost and much less capital-intensive than

⁵ NZIER Insight, 15/2010, page 5.

⁶ Presentation by John Kidd to the Australasian Institute of Mining and Metallurgy Conference entitled 'Investment Barriers & Opportunities to Realising NZ's Mineral Potential', dated 27 August 2009.

comparable land-based mining operations in countries such as Brazil and Australia.⁷

- 3.18 Iron ore prices around \$US100 a tonne would mean (all things being equal) that just one successful iron ore project could earn up to \$7 billion a year at current exchange rates, enough to halve New Zealand's balance of payments deficit.
- 3.19 With respect to coal, these resources are huge, known, on-shore, secure and relatively easy to develop. Various estimates have been made of the total in-ground resource but it is generally believed to be around 15,600 million metric tons (Mt), of which about 8,700 Mt (56 percent) is thought to be recoverable. Most of the resource is in the South Island with more than 13,000 Mt (84 percent) of the in-ground coal being lignite deposits.⁸ Depending on use, these levels potentially equate to thousands of years of resource.
- 3.20 Access to highly prospective Schedule 4 land is an important start, as are the other access related initiatives contained in the consultation paper, and BusinessNZ welcomes all of these initiatives. However, access to New Zealand's full set of mineral resources, not just on-shore, non-energy minerals, is critical to being able to deliver on the wider range of mining industry opportunities.
- 3.21 The consultation document appears to acknowledge this when it states:
- “A significant amount of New Zealand's untapped mineral potential also exists in non-Schedule 4 land and facilitating development of that potential is a priority for the Government.”⁹
- 3.22 Yet the expectation appears to be that improved access conditions to minerals on Crown-owned land are sufficient to ensure that the available opportunities are able to be realised. BusinessNZ is less sure.
- 3.23 This assessment is reinforced by the most recent Canadian based International Fraser Institute Annual Survey of Mining Companies for 2009/2010 (issued April 2010). Despite the World Bank placing New Zealand second only to Saudi Arabia in the world in terms of natural capital per capita – including minerals and coal – the 2009/2010 Fraser Institute survey ranked New Zealand only 33rd out of 72 countries for the attractiveness of its policies for utilising those resources. While this was up from 45th out of 71 countries (presumably boosted by the renewed emphasis being given to exploration by the new Government),

⁷ Crown Minerals <http://www.crownminerals.govt.nz/cms/minerals/facts-and-figures>, and http://www.ttrl.co.nz/cms.aspx?page=What_are_Iron_Sands&flag=1

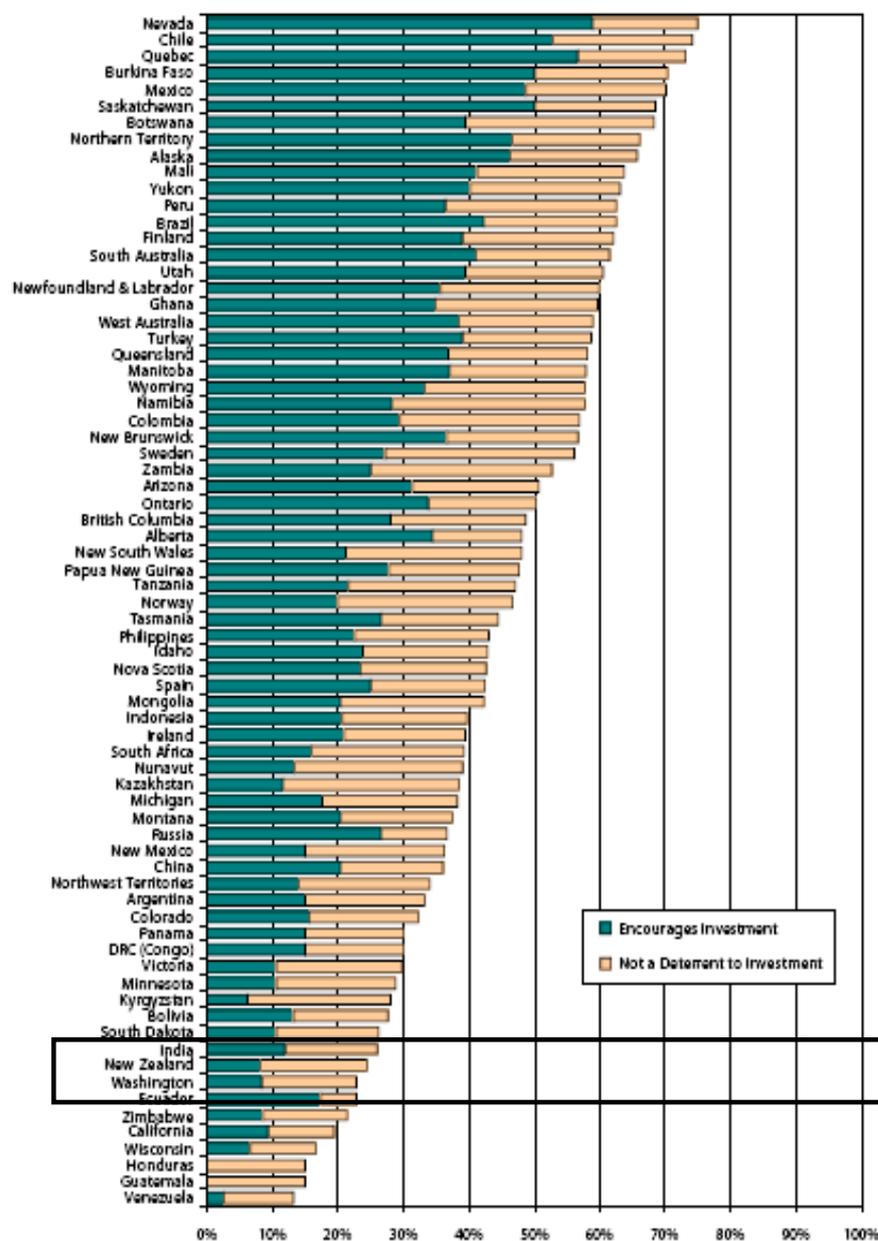
⁸ U.S. Geological Survey Fact Sheet 2004-3089 September 2004 - Online Version 1.

⁹ Ministry of Economic Development/Department of Conservation consultation document entitled 'Maximising our Mineral Potential: Stocktake of Schedule 4 of the Crown Minerals Act and Beyond' dated March 2010, page 5.

this means New Zealand ranks relatively poorly for the ability to actually use its mineral wealth, ranking just ahead of Ghana, and below Botswana (rank: 21st), and Mali (rank: 27th).

3.24 Unsurprisingly, New Zealand also ranks lowly on an assessment of its mineral potential assuming current regulations and land use restrictions. New Zealand's ranking has fallen over the period 2006/07 to 2008/09 from 55th out of 65 countries, to 66th out of 71 countries, showing the most modest of increases in the most recent survey to 64th out of 72 countries. The chart is replicated below with New Zealand highlighted in the box.

Figure 2: Current Mineral Potential assuming current regulations and land use restrictions



Source: Fraser Institute Report entitled 'Survey of Mining Companies 2009/2010', page 14

- 3.25 These rankings support BusinessNZ's contention that a more fundamental set of issues than access to Crown-owned land needs to be addressed. For example, BusinessNZ is unclear regarding the extent to which Government policies are being aligned for the best contribution to the economy once significant new mineral deposits are found.
- 3.26 There would appear to be plenty of room for improvement. The Fraser Institute survey asked mining companies to rate mineral potential assuming no land use restrictions and assuming industry best practice. The responses appear to indicate that New Zealand could (assuming all other jurisdictions do not improve) lift its potential significantly.
- 3.27 BusinessNZ considers that in order to increase the chances of more minerals-based opportunities being realised, more active consideration is needed of a broad, integrated minerals strategy that ties together in a coherent way:
- (a) access to capital (both domestic and international) and appropriate investment vehicles;
 - (b) a flexible and responsive labour market;
 - (c) a supportive policy and regulatory environment (e.g. environmental policy [including climate change response¹⁰], access regulation and governance arrangements [such as Crown Minerals or any successor arrangement]); and
 - (d) the tax and royalty systems.
- 3.28 Clear and durable property rights are relevant to all of these issues. However, this issue is of particular relevance to ironsands. The licensing and access regime for offshore seabed mining (particularly beyond the 12 nautical mile limit), is in its infancy. Processes tend to be slow, expensive and often prone to uncertain outcomes, particularly where interests cross into the exclusive economic zone.
- 3.29 In addition, the allocation of rights to the foreshore and seabed (including potentially the associated mineral resource¹¹) is being debated as a part of the proposed repeal of the Foreshore and Seabed Act 2004. While it is as yet unclear how this may play out with respect to access and rights, the prospect of increased uncertainty as to the nature of the regime may act to stifle developments in this area at least in the short to medium term.

¹⁰ BusinessNZ is mindful that much of the opposition to mining, particularly coal mining, is related to its contribution to the level of greenhouse gas emissions. BusinessNZ does not consider sterilisation of the resource (by leaving it in the ground) to be an appropriate response to the climate change problem. The avoided carbon emissions are likely to be negligible in the global context and imply an extremely high price of carbon (much higher than the global price). In such an instance, the benefit of emissions avoidance is likely to be far outweighed by the detriment of the revenue foregone. New Zealand has established an Emissions Trading Scheme to ensure the cost of carbon to be internalised by coal miners and BusinessNZ considers this to be an appropriate policy response.

¹¹ Chris Finlayson, Minister of Treaty Negotiations, recently said that "I can rule out petroleum, uranium, silver and gold, I'm prepared to listen to other people on those other minerals."

3.30 Ultimately, the proof of the pudding will be in the eating. Improved policies should translate into more exploration, and in turn increase New Zealand’s mineral potential. Higher survey rankings should result, as should tangible economic improvements.

Economic Chauvinism Misplaced

3.31 Those seeking no further mining development in New Zealand rely heavily on the predominance of foreign ownership and its implied evils:

“..... So we will get rid of what is a public good, a public conservation estate and exchange it for private profit for overseas companies.”¹²

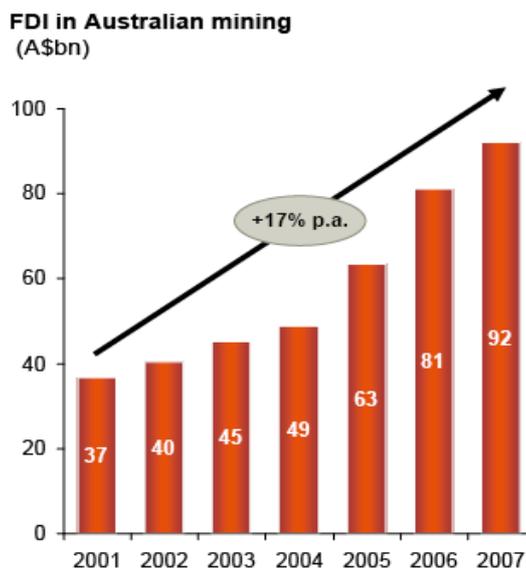
and

“ considered how much of that wealth would be retained in New Zealand, by New Zealanders – a relevant factor, given that our mining industry is dominated by foreign multinationals who would be sending offshore any profits they make from mining the irreplaceable aspects of our natural heritage.”¹³

3.32 BusinessNZ considers these fears to be largely unfounded. Most sectors of industrial activity in New Zealand have substantial elements of foreign direct investment and the prevention of foreign direct investment more broadly would have widespread ramifications for the New Zealand economy.

3.33 In a capital-intensive industry such as mining, foreign direct investment is a particularly crucial growth enabler. But the domestic conditions need to be conducive to such investment being made. New Zealand needs to have a more informed conversation about the fact that:

- a. capital is mobile and the market for it highly competitive: accompanying the period of economic growth through the early to mid-2000’s was a significant amount of new regulation, at times poorly designed, co-ordinated and focused. Such measures increased the cost of business and sent bad signals to foreign investors. As demand for New Zealand’s resources grows, capital constraints in the mining sector are likely to become prevalent, stifling investment



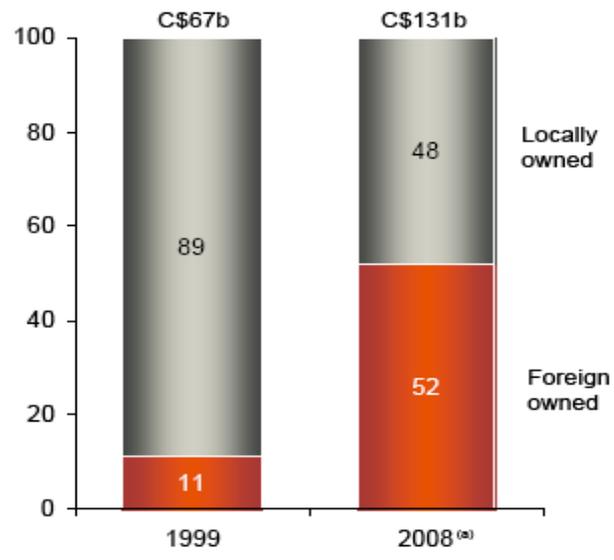
¹² TVNZ interview on Q and A News, 14 February, 2010.

¹³ Gordon Campbell article entitled 'On the Economics of Mining DOC Land', posted on March 16, 2010, <http://gordoncampbell.scoop.co.nz/2010/03/16/gordon-campbell-the-economics-of-mining-doc-land/print/>

opportunities. However, investments should be encouraged by creating a welcoming environment for foreign direct investment. As suggested by the OECD, New Zealand could eliminate foreign direct investment screening requirements, or, at a minimum, shift the burden to the government to demonstrate harm to the economy before turning down an investment proposal.¹⁴ As shown in the graph above, foreign direct investment in Australian mining since 2001 has grown significantly,¹⁵ and New Zealand should look to emulate this. Much of the investment has originated from Asia, in particular from China; and

- b. the benefits of foreign direct investment are not all one-sided: much concern has been expressed about foreign ownership used primarily to extract profits, resulting in little or no economic contribution to New Zealand. It is easily forgotten that a significant amount of revenue from mining stays in New Zealand – from capital purchases, contracts, wages (alone amounting to \$409 million and \$488 million in 2007

Canada case example
(Controlling ownership of mining assets, %)



and 2008 respectively), taxes and royalties. For example, the Waihi economy receives about \$40 million a year from the Martha mine operations, and accounts for about 16 per cent of the Hauraki district's GDP. The value retained in the New Zealand economy not only sustains jobs directly in the mining industry, but more broadly throughout the local communities in which they are located. In turn, this sustains local communities more generally as schools, hospitals and other social services are able to be retained. Evidence of foreign direct investment in the Canadian mining sector¹⁶ shows how foreign direct investment can unlock growth potential, with an increase in foreign direct investment of 95% in the value of the sector. New Zealand's approach to the possibility of such investment is immature by comparison. Anecdotal evidence emerging from Australia regarding Chinese investment is that it is

¹⁴ OECD April 2009 Policy Brief, Economic Survey of New Zealand, 2009.
¹⁵ Presentation by Don Argus, Chairman of bhpbilliton to the Melbourne Mining Club entitled 'Being Lucky is not Enough', dated 22 October 2009.
¹⁶ Op cit, Melbourne Mining Club presentation.

long term and tends to be focused on capital growth, not short term dividend repatriation.

Mining and New Zealand's 'Brand'

- 3.34 National brands have been shown to matter. How the New Zealand 'brand' is perceived internationally is important and this is reinforced by the strength of the tourism industry which has utilised the 100% Pure New Zealand promotion over the last decade. And many businesses utilise this, or similar branding in order to gain a strategic marketing advantage.
- 3.35 Greater utilisation of New Zealand's natural resources, including from mining, should not be to the detriment of the tourism sector, or those businesses who have leveraged increased value from the country's green credentials. But neither should it be seen as a zero-sum game, where growth opportunities for one must limit the growth opportunities of the other. Balance is the key.¹⁷
- 3.36 Advances in mining technology, the case-by-case consideration of the access arrangements under the Crown Minerals Act, the need to take into account the purpose for which the land is held by the Crown, and the requirements of the RMA should all act to ensure that an appropriate balance is reached.

4. MINING BY NUMBERS

- 4.1 Significant coverage has been given to the apparent high degree of uncertainty associated with the potential size of the value available from an increased level of mining activity. The uncertainty is being used by those who wish to cast doubt on the scope of the potential benefits and whether they do actually outweigh the costs.
- 4.2 For example:

“Minister of Energy and Resources Gerry Brownlee said the resource sector would be a key element in the economic recovery of the country, with \$140 billion of minerals.....”¹⁸

and

“An estimate of the value of New Zealand's on-shore minerals, excluding hydro-carbons, is about \$194 billion.”¹⁹

and

¹⁷ The use of the Blue Lake at St Bathans, Central Otago, which is entirely man-made - created by the sluicing and channelling of the gold diggers during Otago's gold rush - could be seen as an exemplar of such balance.

¹⁸ ODT, Thursday 27 August, 2009.

¹⁹ Ibid, Ministry of Economic Development/Department of Conservation consultation document, page 2.

“ according to the Crown Minerals agency within the Ministry of Economic Development, lies beneath the Conservation Estate, and value of the gold and precious metals alone is currently estimated at \$200 billion.”²⁰

- 4.3 BusinessNZ considers that the differences can be readily explained by any number of factors. For example, commodity price changes over time,²¹ shifts in the costs of technology, the location of the minerals (onshore or offshore), the type of mineral included (or excluded, for example, energy or non-energy minerals), and whether gas and petroleum is included.
- 4.4 However, BusinessNZ finds it hard to get excited by the differences, for the following reasons:
- (a) the debate is akin to “angels on a pinhead”: there will always be uncertainty around the value of the prize at stake. The debate assumes that we know the value of our mineral resources and their location and can therefore make judgements about Schedule 4. But mineral deposits are often found in places where the consensus view is that there is low mineral potential. The regime needs to allow exploration to continue so that better informed decisions can be made when required following intensive, site-specific investigations, rather than prejudging the outcome based on inadequate information. BusinessNZ supports the ability for business to determine whether the economic value is actually there. Ultimately, no-one will mine if the prospecting shows it to be uneconomic; and
 - (b) most of the numbers commonly being used pale into insignificance when set in the wider context of New Zealand’s mineral estate: Consistent with BusinessNZ’s desire to broaden the conversation, the commonly used \$140 billion figure only applies to one part of the debate. The most likely value New Zealand has from its in-ground natural resources is trillions of dollars – enough to double New Zealand’s exports for more than a hundred years, and significantly boost its GDP and standard of living, and New Zealand’s ability to fund retirement, education, and healthcare. For example, the number for lignites and coal is far better known, and according to Solid Energy, is well over a trillion (i.e. \$1,000 billion) at today’s prices (assuming simply briquetting lignites – near the lowest value use). Converted to higher value products at future prices, this has the future potential worth of around \$2-4 trillion. Oil and gas is less certain, but also probably in the realm of hundreds of billions or over a

²⁰ New Zealand Minerals Industry Association E-News, #3, June 2006.

²¹ Interestingly, high fluctuations in price is another reason often put forward by those who argue that the potential return from greater mining activity is too uncertain to be proceeded with. Those who argue this also, presumably argue that the volatility in the price of milk powder also means that New Zealand should not seek to produce more of that (or any other) commodity.

trillion at future prices. Ironsands likewise and while currently prospective only, gas hydrates are potentially in the same realm. The potential value of these resources swamp the smaller minerals element being discussed in the consultation paper.

The Role of Mineral Royalty Payments

- 4.5 Much has also been made of the low level of royalty paid to the Crown, variously as proof that the taxpayer is not getting its fair share or to indicate that the meagre returns demonstrate why more mining is not worthwhile pursuing. Much of this conversation appears to misconstrue the purpose of royalty payments.
- 4.6 A royalty relates to the owner of the resource (in this case, the Crown) obtaining a fair financial return from it. Determining royalty regimes is a complex undertaking, requiring a balancing of issues including a fair return, competitiveness with regimes in other jurisdictions, the use of the resource and the wider economic benefits derived from its use. Critically, royalties are not about building up the Government's coffers nor should they be confused with taxation.
- 4.7 In New Zealand, the applicable royalty regime depends on the relevant minerals programme, with those operating under the most recent Minerals Programme (2008) subject to either a specific rate royalty (for low value to volume minerals) or a tiered ad valorem royalty (for precious metals and platinum group elements). This was derived after considerable analysis by Crown Minerals and consultation with stakeholders.
- 4.8 Royalty payments amounted to around \$1 million in 2007 and rose to just under \$4 million in 2008. This is broadly consistent with the rising prices experienced over this time. This clearly does not represent the full economic benefits from mining (e.g. from wages, services, capital investment and taxes) and is not intended to. BusinessNZ considers that these wider economic benefits will come from more jobs, higher wages and a stronger export sector associated with a higher level of mining activity.

5. ACCESS TO SCHEDULE FOUR LAND

- 5.1 In light of the above, it is BusinessNZ's view that the issue is not whether there should be more mining but how use of New Zealand's suite of natural resources can contribute in a balanced and environmentally responsible way to a fuller extent to New Zealand's future economic prosperity.
- 5.2 While likely to be of small overall consequence in this broader context, access to greater tranches of highly prospective Crown-owned land is a vital first step on this path. The Government's proposed changes are limited in scope, affecting relatively small areas of highly prospective land that amount to about 0.2% of the land within Schedule 4. BusinessNZ welcomes and supports the Government's proposals.
- 5.3 BusinessNZ considers that the reassessment of the highly prospective areas of Schedule 4 land is simply a reflection of reality - vibrant economies tend to be open and resilient, able to adapt to changing circumstances. BusinessNZ sees the reassessment as a chance to reflect on what appears to be a promising opportunity to fulfil New Zealand's economic potential. It makes sense for the Government to do this stock take.
- 5.4 A recent publication by the NZIER showed a cross-country comparison of protected areas. This comparison (replicated below) shows that New Zealand has the highest proportion of its land area in major protected areas, substantially higher than the OECD average. It also shows that amongst the comparator countries, New Zealand has the lowest GDP per capita, below the OECD average.

	Population density <i>per sq km</i>	Major protected areas <i>% of total</i>	GDP/ capita <i>US\$ppp</i>	Protected area per capita <i>hectares/head</i>	National parks only <i>% of total</i>
New Zealand	15.8	19.5	27,247	1.24	11.4
Australia	2.7	13.0	37,761	4.78	3.1
Canada	3.3	6.7	38,506	2.03	2.3
USA	31.3	19.5	46,503	0.62	
UK	249.9	18.3	34,957	0.07	9.0
Ireland	62.0	0.5	44,572	0.01	
Finland	15.6	8.2	35,319	0.52	
Norway	14.5	4.6	53,769	0.32	4.1
OECD total	33.6	12.4	33,149	0.37	

Source: NZIER Insight 15/2010, page 2

- 5.5 In a society that strives to be more prosperous, the inverse relationship between conservation land and GDP per capita relative to our economic peers is notable.

- 5.6 BusinessNZ considers that New Zealand simply cannot afford to foreclose economic development options. BusinessNZ believes that New Zealand should not eliminate options for growth but neither should we blindly pursue them. Balance is required.
- 5.7 It is important that land with the highest conservation values be protected, and BusinessNZ supports the Government in not removing National Parks from Schedule 4 with the exception of Paparoa in the first instance. It is also important that the impact of the proposals on international perceptions of New Zealand and, in particular, the tourism industry be taken into consideration. Considerable concern has been expressed by some in the tourism sector though it does not seem implausible, on the face of it, that both mining and tourism activity can continue to grow.
- 5.8 All conservation land is not created equal. There is a range of conservation values included in land in Schedule 4. However, some believe that once in Schedule 4, the conservation values must predominate, indefinitely, over all others. For example, Gary Taylor, Chair of the Environmental Defence Society was recently quoted as saying:
- “.....is that the land that’s in Schedule 4 is the land that has the highest status for nature conservation, it’s all of our national parks, it’s our marine reserves, it’s ecological areas andand it’s land that where multiple use objectives are no longer appropriate. It needs to be managed *exclusively* for nature conservation and recreation purposes”²²
- (emphasis added)
- 5.9 But arguments over whether the land, once in Schedule 4 is permanently ‘off-limits’ to mining (or other activities for that matter) misses the point. It:
- (a) assumes that the land already in Schedule 4 is of high enough conservation value to be in Schedule 4 (and that the judgements involved in including land in Schedule 4 were unambiguous);
 - (b) fails to recognise that land has multiple values, some significantly higher in economic terms than others;
 - (c) assumes that there are not more sophisticated ways (other than blanket restriction) to manage the environmental impact; and
 - (d) assumes that all mining activities have the same impact on the landscape.

²² Interview on ‘Sunday Morning with Chris Laidlaw’, Sunday 14 April, 2010.

- 5.10 It is informative to note that Parliament clearly never intended the inclusion of land in Schedule 4 as a 'one-way' trip. At the time Parliament passed the amendment to the Crown Minerals Act establishing Schedule 4 in 1997, Parliament also inserted a requirement for the Minister to consult those deemed to be likely to be substantially affected by amendments to it (the basis of the current consultation process). The possibility of changes being made to Schedule 4 land was expected at the very time of its establishment.

Transparency and Careful Execution the Keys to Success

- 5.11 The assessment of economic, environmental and cultural values and whether there are trade-offs required between them is, by its very nature, a complex exercise. But complexity should not result in inertia. Arguments over the level of competing values could be endless. Ultimately judgement is required (just as it was required when land was added into Schedule 4). Instead, transparency of the judgement and the factors taken into account in making the judgement is vital to the robustness of the decision. In this instance, BusinessNZ considers that the consultation process required under the Act is a sufficient discipline.
- 5.12 The Government has stated that it seeks responsible development and BusinessNZ considers this to be appropriate. The threshold for extraction should be high but it should not be so high that it precludes New Zealand from enjoying standards of living comparable with the first fifty countries in the world.
- 5.13 Much has also been made by some to deliberately blur the boundary between mining as an activity that could bring prosperity, and the means by which the mining occurs (e.g. with emotive references to open-cast mining and cyanide-filled slurry dams). Like most things, careful execution will be critical to the successful delivery of the new approach - appropriate care for the natural environment is an important facet of the renewed emphasis on accessing our resources.
- 5.14 New methods and equipment mean it is possible to get precise access to and the retrieval of minerals and we now have very sophisticated standards and technology for rehabilitating and enhancing landscapes. These issues are properly addressed under the Resource Management Act framework and other protections designed to manage them, as outlined in section 3.2 of the consultation document. In addition, existing planning documents (such as regional and district plans) are not over-ridden by the Schedule 4 proposals. Combined, these constraints are significant, and it cannot be implied that the removal of land from Schedule 4 will result in that area being mined.

Maximising Improved Access

- 5.15 While improved access arrangements to Crown-owned land (including Schedule 4 land) is important, we should not lose sight of other initiatives that could be taken to ensure that the improved access arrangements are well supported. This could include consideration of a broader suite of initiatives that would act as supporting pillars to the access-specific proposals. These could include, for example, extending the scope of the research and investigation to off-shore mineral resources, clarifying access arrangements to the continental shelf, and using the tools available under the RMA.
- 5.16 Up-to-date information about the scope of New Zealand's mineral potential is important to future decisions on future Schedule 4 stocktakes. BusinessNZ supports the investment proposed by the Government in gathering this information. However, it seems clear from section 5 of the consultation document that the investment is not intended to stretch to include off-shore mineral resources. Given the potential magnitude of the resources, BusinessNZ would urge that consideration be given to extend the scope of the research to offshore minerals.
- 5.17 New Zealand's mineral estate beyond the 12 nautical mile limit is undeveloped and improvements to its access arrangements would be consistent with the intent of the proposals set out in the consultation paper. While BusinessNZ understands that some progress is being made on the access regime to the continental shelf, our initial assessment of the issues associated with access to mineral prospecting and mining on the continental shelf suggests that improvements could be made in at least the following two areas:
- (a) certainty of tenure: longevity of access rights (subject, of course, to the successful completion of appropriate conditions) and the presumption of on-going use-rights over relevant technical data are important; and
 - (b) consistency across access regimes and licences (i.e. onshore and offshore, minerals versus petroleum): while BusinessNZ recognises that differences will be inevitable (driven by both resource and technical differences), the objective should be to minimise these where possible. This speaks to both fairness across applicants and cost minimisation.
- 5.18 With a probable increase in the number of consents to be sought, the development of a National Policy Statement on mining activities may be appropriate. Such a policy statement would be tangible evidence of the Government's desire to see the profile of all mining activities lifted, and not just those of Crown-owned land. It would also:
- (a) acknowledge the national significance of mining, which would have to be considered in local decision making on resource management

- (b) recognise the national benefits from mining activities; and
- (c) give guidance to local decision makers in the management of the impacts of the mining on its environment.

6. OTHER ISSUES

- 6.1 BusinessNZ wishes to raise two final issues in the context of this submission. These relate to needing to ensure that strategies are 'joined-up' across government, and the timeframe for future consultation on access to Crown-owned land.
- 6.2 The Government's renewed interest in mining needs to be linked into strategies for skills availability and training and literacy. While not an integral part of the consultation process, an important corollary to it is that the government's strategic objectives for the education and training sectors and immigration are aligned with its enhanced expectations for the mining industry.
- 6.3 For example, previous experience among the business community suggests that one arm of government creates skill demands in the private sector (e.g. through increased emphasis on mining) that are not adequately supported by the other arm through allocations to industry training (or the wider education and training system). This is further complicated as government determines (among a number of other things) the number of students funded through a particular tertiary education organisation (for example, a university, polytechnic, private training establishment, or industry training organisation). Therefore, the ability of the Tertiary Education Commission (i.e. government) to link funding decisions to industry need in recent years has been hampered by inadequate funding mechanisms and a lack of clear results focused accountability.
- 6.4 The quality of education and training provision has been, and continues to be, an ongoing concern for business. Care must be taken to ensure that skills provision is focused on quality (for example, education and training that produces value for business and employees).
- 6.5 Finally, with respect to the issue of the consultation process, BusinessNZ welcomed the extension of the consultation period to just over nine weeks. There has been a significant level of interest in this issue, particularly from the business community. Given this, BusinessNZ suggests that future consultation periods on issues relating to access to Crown-owned land be of a similar timeframe to enable the broader range of business interests the opportunity to marshal their resources and express a view.

7. CONCLUSION

- 7.1 The issue of whether land should be removed from the ambit of Schedule 4 has elicited strongly held views. These views have not always been balanced or open to the consideration of doing things differently.
- 7.2 New Zealand's living standards remain well below the OECD average. This is attributable to persistently low productivity, which in turn is related to economic geography as well as structural policy factors. The small size and remoteness of the economy diminishes its access to world markets, the scale and efficiency of domestic businesses, the level of competition and proximity to the world's technology frontier. This points to the need for a 'New Zealand policy advantage', that is, a set of structural policies attractive and welcoming enough to overcome such handicaps and attract the drivers of prosperity - investment, skills and ideas – to New Zealand. BusinessNZ considers that the mining industry has a role to play in this.
- 7.3 Greater access to Crown-owned land is important but must be kept in context - the opportunity from non-energy minerals is likely to be the tip of the iceberg and wider consideration needs to be given to the commercialisation of the broader set of natural resources, including minerals not located on Crown-owned land. In many ways, it is the latter that will be most important to New Zealand future long-term prosperity.
- 7.4 To this extent, it's BusinessNZ's desire to see an informed and balanced public discussion about the potential value and use of all our natural resources. From this, national decisions can be made.
- 7.5 BusinessNZ looks forward to working co-operatively with the Ministry for Economic Development and the Department of Conservation as they work through the issues contained in the consultation document and the broader issues they raise.

APPENDIX ONE: ABOUT BUSINESSNZ

Encompassing four regional business organisations¹ BusinessNZ is New Zealand's largest business advocacy body. Together with its 50-strong Major Companies Group, its 70-member Affiliated Industries Group (AIG), which comprises most of New Zealand's national industry associations and Sustainable Business Forum,² BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy on behalf of enterprise, BusinessNZ contributes to Governmental and tripartite working parties and international bodies including the ILO, the International Organisation of Employers and the Business and Industry Advisory Council to the OECD.

BusinessNZ's key goal is the implementation of policies that would see New Zealand retain a first world national income and regain a place in the top ten of the OECD (a high comparative OECD growth ranking is the most robust indicator of a country's ability to deliver quality health, education, superannuation and other social services). It is widely acknowledged that consistent, sustainable growth well in excess of 4% per capita per year would be required to achieve this goal in the medium term.

¹ Employers' & Manufacturers' Association (Northern), Employers' & Manufacturers' Association (Central), Canterbury Employers' Chamber of Commerce, and the Otago-Southland Employers' Association.

² See <http://www.businessnz.org.nz/membership> for details.

APPENDIX TWO: RESPONSES TO SPECIFIC CONSULTATION QUESTIONS

<u>Question</u>	<u>Comment</u>
<p>1. On the areas proposed for removal from Schedule 4:</p> <p>Section 7 of this document 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?</p>	<p>BusinessNZ's views on greater access to Schedule 4 land are set out in section 5 of this submission. In summary, BusinessNZ supports the removal of proposed areas from Schedule 4 (outlined in section 7 of the discussion document) so that applications for exploration and mining can be considered on a case-by-case basis.</p> <p>BusinessNZ supports a general policy of New Zealand earning revenue from responsible minerals development undertaken in a manner that enhances the conservation estate.</p> <p>However, BusinessNZ considers it important that this initiative is seen in the broader context of the wider set of New Zealand's natural resources, and minerals that are not on Crown-owned land. BusinessNZ sets out its reasons for this in sections 2 and 3 of the submission.</p> <p>In essence, greater access to Crown-owned land, including some land currently in Schedule 4 is welcomed, particularly as this is where a large tranche of New Zealand additional mineral resources are likely to be found. But the Schedule 4 initiative needs to be set within a broader strategic approach to New Zealand's mineral estate and productive capacity <i>per se</i>, and not an isolated policy response targeted solely at Crown-owned land.</p>
<p>2. On the areas proposed for addition to Schedule 4:</p> <p>Section 8 of this document 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?</p>	<p>BusinessNZ supports the addition of the proposed areas to Schedule 4 (outlined in section 8 of the discussion document) as an indication of good faith and support for New Zealand's conservation values.</p> <p>Their inclusion in Schedule 4 would mostly appear to be consistent with the balancing of economic, environmental and cultural values undertaken for those areas proposed for removal.</p> <p>However, it is unclear from the information provided for both the Tapuae and Parininihi Marine Reserves as to the extent of the potential mineral resource involved and BusinessNZ requires more information on this before being able to make an informed decision.</p>

<u>Question</u>	<u>Comment</u>
<p>3. On the assessment of areas:</p> <p>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.</p> <p>(a) What are your views on the assessment of the various values (conservation, cultural, tourism and recreation, mineral, other) of the land areas discussed?</p> <p>(b) Do you have any additional information that may be important for Ministers to make their decisions?</p>	<p>The assessment of areas is a complex task and one that, on the basis of information gathered, ultimately requires informed judgements to be made. BusinessNZ considers that sufficient information has been gathered on those areas proposed for removal from Schedule 4 on the basis that:</p> <ol style="list-style-type: none"> 1. the removal only provides for the opportunity to better understand the in-situ prospectivity and that significant environmental and access hurdles remain to be passed before mining can proceed; and 2. the mineral potential of areas listed in section 7 of the discussion document is likely to be understated and that the true potential can only be determined through investigation. <p>As for the inclusions, see the comment regarding the Tapuae and Parininihi Marine Reserves in response to Q2 above.</p>
<p>4. On the proposal to further investigate the mineral potential of some areas:</p> <p>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, including the Coromandel, parts of Paparoa National park and Rakiura National Park, and a number of non-Schedule 4 areas.</p> <p>(a) Do you have any comments on the type of information that would be the most useful to mineral investors?</p> <p>(b) Are there any particular areas that the Government should consider including in its investigation programme?</p>	<p>BusinessNZ endorses a policy of open information flow regarding minerals investigation, in the interests of economic benefit for all New Zealanders.</p> <p>But BusinessNZ questions the apparent one-off nature of the programme. BusinessNZ believes that there is a strong case for a <u>continued</u> rolling programme of Government research into New Zealand's mineral resources and prospectivity. BusinessNZ considers this an appropriate adjunct to encouraging overseas investors to New Zealand.</p> <p>BusinessNZ also considers that the research and investigation programme should not be limited to Schedule 4 areas, or even areas of Crown-owned land, but more broadly. Given the potential value of off-shore ironsands, these should be in the frame.</p>

<u>Question</u>	<u>Comment</u>
<p>5. On a new contestable conservation fund:</p> <p>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.</p> <p>(a) A broad objective, to enhance conservation outcomes for New Zealand, is proposed for the fund. Do you agree with the proposed objective?</p> <p>(b) What do you think the fund should be used for? What should its priorities be?</p> <p>(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?</p> <p>(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?</p> <p>(e) Do you have any other comments that might help the Government to make decisions on a new conservation fund?</p>	<p>BusinessNZ supports proposals to establish a Conservation Fund, its funding by a portion of royalties, and its operation by an independent panel.</p>
<p>6. On approval of access arrangements:</p> <p>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?</p>	<p>BusinessNZ supports access arrangements being jointly approved by the land-holding Minister and the Minister of Energy and Resources.</p> <p>BusinessNZ considers that this will ensure that the economic values will be more carefully and fully assessed against conservation and cultural values.</p>

<u>Question</u>	<u>Comment</u>
<p>7. On any other issues:</p> <p>Do you have any further suggestions or comments on what has been said in this document?</p>	<p>BusinessNZ welcomes the initiative taken by the Government in regard to the Schedule 4 land investigation of mineral potential. However, it is important that the Government has a 'clear-line-of-sight' to the policy and regulatory framework requirements that will be needed once evidence of New Zealand's greater mineral potential has been established.</p> <p>In other words, what are the broader range of supportive initiatives required to enable the mining sector to move beyond establishing that the potential exists to commercialising it and creating high value-added products.</p> <p>While BusinessNZ canvasses these issues in section 2 and 3 of this submission, suggestions such as the need for a National Policy Statement under the RMA (see paragraph 5.14), and other regulatory issues (such as improved access to the Continental Shelf) should also be given consideration.</p>