



Minerals West Coast submission to the Productivity Commission on “Issues paper: Improving economic resilience”.

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To: Productivity Commission info@productivity.govt.nz

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Introduction

Minerals West Coast is an advocacy group representing the shared and collective interests of the West Coast region’s miners and wider minerals sector.

Minerals West Coast’s membership ranges from individual members, through to small-medium family/private owned enterprises, through to publicly listed and internationally financed companies with operational mines in the West Coast region.

Miners on the West Coast produce coal as a source of energy for food production and space heating, coal for steelmaking, alluvial and hard rock gold, aggregates and gravels for roading and construction, limestone for fertiliser, pounamu (often as a by-product of gold mining), and mineral sands producing industrial minerals and rare earth elements.

Minerals West Coast’s membership also includes geologists, engineering firms, ecological consultants, and research groups, among others.

In total the mining sector on the West Coast in 2021 accounted for 8.4% of the region’s GDP (third highest after dairy cattle farming at 10.6%, and electricity and gas supply at 9.1%). The sector also directly employs about 600 people, or 3.5% of the total West Coast population.

Minerals West Coast’s submission

Our submission on the Productivity Commission’s issues paper, [improving economic resilience](#), is an opportunity to discuss the West Coast region of the South Island, as an example of the importance of supply chains, in the minerals industry.

Note that mining and quarrying of minerals is New Zealand’s most productive activity and the sector in which people earn more per annum than any other, and that policy and regulation, generally, are not enabling of this activity.

Executive summary

The West Coast is thin and long, and vulnerable to natural hazards such as earthquakes, and extreme weather events, evidenced by recent, repeated flooding in Westport, and interruptions to the KiwiRail Midland line.

Repairs to infrastructure necessarily require aggregate, and therefore, access to that **aggregate**, close to where it is needed.

A resilient supply chain for aggregate on the West Coast means being able to access aggregate on public conservation land, besides other land tenures.

Access to minerals on conservation land is also important to safeguard the supply chain of **pounamu** / greenstone for Ngāi Tahu, the owners of that minerals resource / taonga.

That in turn requires access to alluvial **gold** for alluvial gold miners, including on conservation land, because pounamu is frequently a by-product of that gold mining.

Having entered into the subject of minerals, it is logical to broaden a discussion of supply chains to all minerals. As the old saying goes, you either grow it, or dig it. Minerals feed into almost every facet of life and human wellbeing.

Besides aggregate, pounamu and gold, the West Coast also mines **coal**, both for export (steel-making) and for domestic use (a wide range of industries, including export industries), and mineral sands, which are prospective for various minerals, including **ilmenite** (a source of titanium), **garnet**, and **rare earth elements**.

The West Coast also has minerals prospectivity for **lithium** (in granitic rocks), and, potentially, **platinum group elements**.

New Zealand, and the West Coast in particular, could be a supplier into the growing demand the world is experiencing for critical minerals for the lower-emissions transition.

That includes REEs, lithium, and the PGEs, for electronics, magnets for wind turbines, and batteries for electric vehicles and the like.

Before being able to supply the minerals, one must first find them in economic deposits, and then be able to mine or quarry them, commercially. The starting point is access to land for minerals prospecting, exploration and, all going well, mining or quarrying.

Resilience for the West Coast in relation to minerals supply chains begins with a policy and regulatory environment that enables access to land for minerals activities.

It goes without saying that minerals activities must be undertaken responsibly. To that end, West Coast (and all New Zealand) miners must comply with all, or much of the following legislation, as examples, from an environmental and heritage perspective:



- Crown Minerals Act 1991
- Resource Management Act 1991
- Conservation Act 1987
- Wildlife Act 1953
- Animal Welfare Act 1999
- Heritage NZ Pouhere Taonga Act 2014

In late 2019 the Government introduced a Minerals and Petroleum Strategy for Aotearoa New Zealand. Among action points was to develop a critical minerals list for New Zealand.

To that end, the Ministry of Business, Innovation and Employment was going to release a discussion document for public consultation in the second half of last year. To date this has not occurred.

At issue for Minerals West Coast is a Government policy direction to ban all new mines on conservation land, which as the above discussion demonstrates is impractical, unworkable, and unnecessary, given the extensive regulatory safeguards attached to minerals activities in New Zealand.

Most OECD countries have minerals strategies, recognising that the minerals industry is highly productive, and essential to economic, social and environmental wellbeing. New Zealand is a laggard in this field, and in this respect is failing New Zealanders.

Recommendations

Minerals West Coast recommends the Productivity Commission to include in its report:

1. a recommendation for MBIE to expedite the development of a critical minerals list, and include within it a strategy for safeguarding access to minerals and their supply chains;
2. a recommendation to the Government to abandon the “no new mines on conservation land” policy direction, because it is impractical, unworkable, and would interfere with supply chains for critical and other minerals that New Zealand and the world needs, including for the lower-emissions transition, and;
3. a recommendation to the Government that greater weight is given to energy security in policy making. At present the extraction and processing of minerals relies heavily on diesel and electricity, the supply and distribution of which is currently stifled by regulatory measures such as the Resource Management Act and its prospective replacements. Government policy at present is hostile to coal supply, despite it being a major input into productive sectors such as manufacturing and food processing and production, and having been deemed



an essential service or a key utility throughout all Covid-19 alert levels¹.

Answers to the Productivity Commission's Questions

1 What supply chain disruptions and trends are you worried about?

Minerals West Coast is concerned about developments in Government policy that would adversely affect the resilience of supply chains for the minerals discussed in the executive summary, which New Zealand and the world needs.

The particular concern is reducing or stymying or preventing access to land for the responsible prospecting for, exploration of, and mining and quarrying of minerals.

2 What is your industry/community currently doing or planning to do to address supply chain concerns?

Minerals West Coast is an advocacy organisation, and our mandate is to share information on the importance of minerals for people's wellbeing, and for New Zealand's economy and productivity, as well as advocate to government via submissions on policy consultations, and meetings with politicians and officials.

3 How can the government help to enhance the resilience of your industry/community to supply chain disruptions?

Government should implement Minerals West Coast's recommendations to the Productivity Commission.

In addition, the Government should rescind the current resource management reform, because this risks being unworkable for most minerals activities (noting it is enabling of critical infrastructure, but not the minerals required to provide it).

4 What should the Commission study to learn more about the economic resilience of industries and communities?

We suggest the Productivity Commission engage directly with Minerals West Coast to learn more about the minerals industry on the West Coast, and elsewhere in New Zealand, and more about the contribution of minerals to the resilience of communities, and the related importance of domestic minerals supply chains.

¹ [Miners exempt from lockdown as govt classifies coal as essential energy](#)