



MAXIMISING OUR MINERAL POTENTIAL

QUESTIONS AND ANSWERS

ABOUT THE STOCKTAKE OF SCHEDULE FOUR

1. What is Schedule Four?

Schedule Four was added to the Crown Minerals Act in 1997 and restricts mineral related activity in specified conservation areas. Further areas that had either been created or classified after October 1991 were added in 2008. Schedule Four now effectively covers all national parks and other specified classes of public conservation land, such as marine reserves and nature reserves.

Schedule Four land areas total about 40 per cent of public conservation land or 13 per cent of New Zealand's total land area.

Only minimum impact activities are permissible in Schedule Four, including geological, geochemical and geophysical surveying, taking samples by hand-held methods, and aerial and land surveying.

2. What was the purpose of the stocktake?

Many areas of New Zealand are considered to be highly prospective for minerals but are largely unexplored. Schedule 4 areas are some of the most prospective for minerals in New Zealand and could potentially make a significant contribution to export earnings, local employment and economic development, both regionally and nationally, in New Zealand.

A stocktake has been undertaken by the Ministry of Economic Development and the Department of Conservation to identify the conservation, tourism and cultural values of Schedule 4 areas, and to identify areas possessing significant mineral potential that, with the removal of access restrictions provided by Schedule 4, could through environmentally responsible mining techniques contribute to our prosperity.

3. What did the stocktake conclude?

Four main conclusions were reached from the stocktake:

- New Zealand is mineral rich and the environmentally responsible development of this potential is a very real possibility;
- Much of the country's mineral potential is concentrated, often in public conservation areas with high conservation and cultural values;

- The mineral potential of Schedule 4 lands could be developed with only a very small proportion of the land being directly impacted; and
- Information on New Zealand's mineral potential is limited and Government has a role to improve our knowledge of the mineral estate.

These conclusions are discussed further in Section 1.2 of the discussion paper:

4. What is the Government consulting on?

The Government is seeking feedback from the public on a number of areas proposed for removal from and addition to Schedule 4.

No decisions have yet been made. The results of the stocktake are presented in a discussion paper, on which public feedback is being sought. After receiving and considering submissions on the discussion paper, Cabinet will decide on any changes to Schedule 4 in the third quarter of 2010.

The Government is also seeking feedback on proposals for a new contestable conservation fund, a proposal to further investigate New Zealand's mineral potential, and changes to Crown land access arrangements.

REMOVALS AND ADDITIONS TO SCHEDULE FOUR

5. What areas are being considered for removal from Schedule 4?

The stocktake has identified the following public conservation areas with known and significant mineral potential which are being proposed for removal:

- areas in the wider Coromandel region (2.6 percent of Great Barrier Island, areas accounting for 3.7 percent of public conservation land on the Coromandel Peninsula, and the Otahu Ecological Area and Parakawai Geological Area to the south of the peninsula),
- The Inangahua sector of Paparoa National Park.

These areas total 7,058 hectares (70 square kilometres) and account for 0.2 percent of Schedule 4 land (or 0.026 percent of New Zealand's total land area).

6. What areas are being considered for addition to Schedule 4?

The stocktake has identified 14 areas, covering 12,400 hectares (124 square kilometres), with similar protection classifications to current Schedule 4 listed areas, which are being proposed for addition to the schedule.

7. How do you value conservation land?

There is a range of values associated with conservation land. These include conservation and ecological value and associated economic values, tourism and recreation value, cultural and historic value, and mineral value.

8. How do you balance the different values of conservation land?

That is the challenge, and the reason for the discussion paper. The findings of the stocktake are that some Schedule 4 listed areas possess high mineral value and a variety of conservation and other values.

The Government believes it is possible to balance the different values of areas, and that modern mining need not be at the expense of conservation or other values. One example of that is the Pike River underground coal mine.

NEW ZEALAND'S MINERAL WEALTH

9. What is New Zealand's mineral endowment?

An estimate of the value of New Zealand's on-shore minerals (excluding coal and other hydrocarbon-based minerals) is about \$194 billion.

10. What is the value of minerals in the areas proposed for removal from Schedule 4?

The Coromandel is one of the most mineral rich areas of New Zealand with production value of gold and silver alone in excess of \$17 billion to date. The potential in-ground value of remaining metallic and non-metallic resources in the Coromandel area has been estimated at \$54 billion based on current prices.

About a third of that is estimated to be in the less than four percent of the area proposed for removal from Schedule 4.

The Inangahua sector in the Paparoa National Park is moderately to highly prospective for coal, worth at least \$1-2 billion. The sector is the subject of considerable permit interest and has been the subject of mining activity in the past.

11. What are rare earth elements?

Rare earth elements are strategically important. There are very few players in the global market, which is likely to influence their value in the future. They include dysprosium, terbium, erbium and ytterbium, which are fundamental to technologies such as hybrid and electric cars, wind turbines, computer disk drives, fibre-optic telecommunication cables, low-energy light bulbs and military equipment.

FURTHER INVESTIGATION OF PROSPECTIVE AREAS

12. Why is the government proposing to invest in acquiring further information on New Zealand's mineral potential?

The stocktake highlighted the need to improve our knowledge of New Zealand's mineral potential, and the government has a role in achieving that to facilitate investment and development of the mineral sector.

13. How and on what will the Government invest its money?

A number of areas inside and outside Schedule 4 have been identified as being highly prospective but which could benefit from further investigation of their mineral potential. They include:

- non-Schedule 4 areas – Northland, the central North Island, areas in the South Island;
- Schedule 4 areas – the wider Coromandel, Paparoa National Park and Rakiura National Park.

14. What is the budget for the mineral data acquisition programme?

The Government estimates it will spend \$4 million, from within existing budgets, on minerals data acquisition over the next nine months.

15. Will further areas be proposed for removal from Schedule 4 in the future?

Potentially, but any proposals will be limited to specific targeted areas and will be widely and publicly consulted on. In reality the

areas that will actually be directly impacted by mining operations, including access roads, would smaller again.

MINERAL ACCESS AND ENVIRONMENTAL PROTECTION

16. Will removing an area from Schedule 4 mean that mineral-related access would then automatically be approved?

No, it simply means that applications for prospecting, exploration and mining access could be considered on a “case-by-case basis” as already occurs on other areas of public conservation land. The underlying conservation status (for example, as a national park or ecological area) would remain unchanged.

17. What is meant by “consideration on a case-by-case” basis?

This means that each application for prospecting, exploring or mining activity of a particular area is considered separately, and in accordance with Section 61 (2) of the Crown Minerals Act, which states:

In considering whether to agree to an access arrangement in respect of Crown land, the appropriate Minister shall have regard to:

- (a) The objectives of any Act under which the land is administered; and*
- (b) Any purpose for which the land is held by the Crown; and*
- (c) Any policy statement or management plan of the Crown in relation to the land; and*
- (d) The safeguards against any potential adverse effects of carrying out the proposed programme of work; and*
- (e) Such other matters as the appropriate Minister considers relevant.*

18. What environmental protections exist for public conservation land?

A permit for mineral access does not include the right to access the land – that must be negotiated with the landowner. In the case of public conservation land, access currently may only be approved by the Minister of Conservation.

The Minister must consider the objectives and purposes for which the land is held, and policy or management plans applying, and any safeguards against potential adverse effects.

Any proposed operations to develop these resources would also need to meet a range of environmental and planning conditions under the Resource Management Act and relevant conservation legislation. Resource consent applications provide for public notification and consultation on the specific development. Environmental considerations are a primary focus of the rules and conditions on resource consents and permits.

19. What is meant by “environmentally responsible” mining techniques?

People generally have a poor perspective of mining, but mining practices have significantly improved to reduce environmental impacts. Advances in technology have contributed to improving the environmental credentials of mining practices. An example is the Pike River Coal Mine. Box 2 in the discussion paper discusses the environmental considerations taken into account when mining.

20. How many mines are there on public conservation land at present?

There are 82 mineral extraction operations currently operating (as at September 2009) on Department of Conservation-administered land.

21. What mining activity is happening on Schedule 4 listed land, and where?

The only current mining activity is a special purpose gold mining operation for historic purposes in the Coromandel and a small gemstone operation in the Paparoa National Park.

22. How will Treaty of Waitangi obligations be met

Removing an area from Schedule 4 would not affect the Crown's Treaty of Waitangi obligations. For any public conservation area, the Government would not approve access for minerals exploration or mining if that activity would be contrary to the Crown's obligations under the Treaty.

PROPOSED NEW CONSERVATION FUND

23. How would the new Conservation Fund work?

The Government is proposing to establish a dedicated fund based on a portion of future royalties it receives in relation to mining in public conservation areas, with an objective to enhance conservation outcomes for New Zealand.

The fund would not impact on the money that DOC receives from the Crown for its conservation work, and would be used to supplement existing conservation activities by people and organisations around the country. The fund would not be used to mitigate the effects of modern mine sites or provide compensation for mining activities.

Decision-makers would be able to use the available funds in ways that maximise conservation benefits.

24. What would be the fund's budget?

The annual budget for the fund would be based on 50 per cent of royalty revenue from minerals (other than petroleum) from public conservation areas, with a minimum of \$2 million per annum for the first four years and a maximum of \$10 million per annum.

25. How would the fund be administered?

The fund would be contestable and open to all applicants, not just government departments. Allocation and fund management would be made by an independent panel appointed by the Ministers of Energy and Resources and Conservation.

ABOUT CROWN LAND ACCESS ARRANGEMENTS

26. What changes is the Government proposing to land access arrangements for Crown-owned land, and why?

It is proposed that approval of the land-holding Minister (in the case of public conservation land this is the Minister of Conservation) and the Minister of Energy and Resources will be required for a land-access arrangement to explore or mine Crown-owned minerals. That way a full account of conservation (and other values) and mineral values of an area are considered when an application to access land is made.
