

## Submission on A Mineral and Petroleum Resources Strategy for Aotearoa New Zealand: 2019-2029

Thank you for the opportunity to provide feedback on the draft Resources Strategy.

FFARN is an informal network of academics, independent researchers and environmental activists engaged in multidisciplinary collaborative research and information dissemination about government energy policy and the activities of the fossil fuel industry in Aotearoa New Zealand.

Our comments on the draft Resource Strategy are as follows:

(Draft p 5) **Why we need a strategy**

(Draft p 5) *"We are in a moment in history where the New Zealand economy must transition in response to climate change."*

The opening context of the Research Strategy fails to reflect the urgency of the situation confronting New Zealand and other countries regarding the continued extraction and combustion of fossil fuels. The consensus of climate scientists, the United Nations and progressive governments globally is that we are in the midst of a rapidly escalating climate crisis. We have *little over a decade* according to the IPCC 1.5C special report to make rapid reductions in global emissions if we are to stay below the 1.5C warming target as agreed in the Paris Climate Agreement, or suffer catastrophic social, economic and environmental consequences. Climate research regarding the remaining carbon budget indicates that if we are to reduce emissions in time to stay below the 1.5C limit (with a 50% probability), we cannot extract and burn around 60% of the known global coal, oil and gas reserves. So there is little to gain from exploring and drilling for more, and much to lose for oil companies if governments act boldly to achieve their Paris commitments.<sup>1</sup>

MBIE officials have estimated New Zealand has only about ten years of gas reserves left. Minister for Climate Change James Shaw stated in June: *"We need to phase this [gas] out and what that means is actually, as a transition fuel, now is the transition and what we need to be doing is investing heavily in the alternatives."*<sup>2</sup>

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<sup>1</sup> Newshub, 2019. 'Oil companies wasting trillions investing in fossil fuels – report.' 7 September.

<sup>2</sup> Newshub, 2019. 'Climate Change: What New Zealanders have to change and when.' 1 June.

This Resource Strategy provides an opportunity to set out an orderly, planned and just phase-out of most oil and gas exploration and extraction by the end of the decade covered by the Research Strategy. Several stakeholders raised this option in preliminary feedback to the MBIE policy team. As the draft stands, not only does it not acknowledge this opportunity. It intentionally ignores it.

(Draft p 5) *Low Carbon Economy*

Like most countries, New Zealand is not on track to meet its Paris nationally determined contribution commitments (without purchasing international credits or undertaking large areas of forest planting). Our emissions continue to rise, primarily due to Agriculture (48%) but also from Energy production and use (14%). In 2017 according to the OECD, the Energy sector produced 32,972 kt CO<sub>2</sub>-e of climate emissions, the majority of which were generated by combustion for electricity, industrial heat and domestic transport. But 6% of Energy emissions came from fossil fuel exploration, extraction and distribution.<sup>3</sup>

Transformation in agricultural practices and land use will take time, although there are clear alternatives available. The Government has already introduced certain *demand-side measures* aimed at reducing Energy sector emissions. It has also moved to begin phasing out oil and gas exploration and production through the CMA (Petroleum) Amendment Act. This Resource Strategy, particularly in parallel with further reforms of the CMA, provides a mechanism for progressively introducing further *supply-side measures* to reduce the country's reliance on fossil fuels, halt exploration, and rapidly phase out fossil fuel extraction.

(Draft p 5) *Growing a Productive, Sustainable and Inclusive Economy*

The minerals and petroleum sector has little to do with growing an 'inclusive economy,' and such rhetorical spin should be deleted from the document.

It is heartening to see reference to a 'sustainable economy' though the statement should be about 'maintaining' rather than 'growing' such an economy in accordance with the UN Sustainable Development Goals. The 2019 Wellbeing Budget Policy Statement stated, "too narrow a focus on economic growth can be associated with negative outcomes such as growing income inequality and environmental degradation." It must not be assumed mining will always be to New Zealand's economic benefit and ignore the negative effects on the climate, environment, communities, and iwi Maori. There are potential benefits from deferring or ceasing exploration and mining for certain types of resources (e.g. fossil fuels). A sustainable economy, including resource extraction, requires that benefits and costs of activities be identified and trade-offs assessed to achieve true wellbeing outcomes.

Ten years is the timeframe for the proposed Mineral and Petroleum Resources Strategy and the approximate time left before our current gas reserves run out, according to MBIE and PEPANZ. It is also the time we have left before climate scientists warn we will breach the 1.5C warming threshold. The Government envisions a protracted shift away from fossil fuels, relying on natural

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<sup>3</sup> OECD, 2017. *Environmental Performance Reviews: New Zealand 2017*. <https://www.oecd.org/newzealand/oecd-environmental-performance-reviews-new-zealand-2017-9789264268203-en.htm> See also Ministry of Business, Innovation and Employment, 2019. 'Energy Statistics.' <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/>

gas as a bridge fuel. The draft Strategy states (p. 5) “oil and gas have a role in providing us with the energy we need to run our economy as we transition.” The Minister of Energy and Resources told the NZ Minerals Forum recently that the Resources Strategy will be “driven by the objective of transitioning from fossil fuels to renewable energy”<sup>4</sup> but it must be a “planned and deliberate transition *over the coming decades*, rather than an abrupt and unplanned one overnight.” She implied that those wanting to “go faster in moving away from particular fuels” were advocating a disruptive, chaotic process rather than a carefully planned one.

In our view the Government’s transition timeframe is much too long given New Zealand’s record in reducing climate emissions. The gas bridge fuel argument has been widely debunked in expert commentaries and international studies.<sup>5</sup> Scientific evidence indicates that when CO<sub>2</sub> and methane leakage from gas exploration and production are taken into account, natural gas releases as much GHG as coal. That’s why the petroleum industry has put so much stock in advocating for government support and regulation of carbon capture and storage (CCS), even though it is unproven, costly, requires considerable energy input and not yet sufficiently scalable.<sup>6</sup> More gas simply won’t get us where we need to go. For a short-term fix, betting on ‘cheap’ gas<sup>7</sup> will delay greater uptake of renewables and commit us to decades of continuing GHG emissions, costly new infrastructure, environmental risks and rig decommissioning liabilities.

(Draft p 5) *Social responsibility*

To exercise real social responsibility, the minerals and petroleum sector needs to commit itself to the balanced and measurable wellbeing of New Zealand. It is our submission that a planned, ‘careful,’ just but accelerated phase out of fossil fuel production is necessary by the end of the decade. That *does not* mean we advocate a chaotic planning process. Just the opposite. While no further Government resources (including subsidies or other support) should be committed to fossil fuels exploration, mining or promotion there should be a parallel programme of accelerated investment in alternative energy technology and renewables infrastructure.

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<sup>4</sup> Bruce Munro, 2019. ‘Digging up the past.’ Otago Daily Times, 28 May.

<sup>5</sup> E.g. Lorne Stockman and Greg Muttitt, 2018. *Gas is not a Bridge Fuel: Why Ireland’s Climate Goals Cannot be Met with More Gas*. Oil Change International, July. Lorne Stockman, Kelly Trout and Barb Blumenthal, 2019. *Burning the Gas ‘Bridge Fuel’ Myth: Why Gas is not Clean, Cheap or Necessary*. Oil Change International, May. Michael Lynch, 2017. ‘The Myth of Natural Gas as a Bridging Fuel.’ Forbes Magazine, 14 August. Financial Review (Australia), 2019. ‘Research shows LNG bigger climate change threat than coal,’ 2 July. Fossil Fuels Aotearoa Research Network, 2018. *Why Natural Gas isn’t a Bridge Fuel to a Low Emissions Economy*. May. Rod Oram, 2018. ‘Earlier is better for climate change action.’ Newsroom, 8 April. Rod Oram, 2019. ‘All gassed up: shedding light on the gas sector’s claims.’ Newsroom.pro, 20 April.

<sup>6</sup> According to a recent article in Physics World (<https://physicsworld.com/a/whatever-happened-to-carbon-capture/>) “CCS has increasingly been seen as expensive and uncertain – the UK abandoned its £1 bn CCS power plant competition in 2015. It’s the same elsewhere. The flagship US Kemper coal CCS project has been halted. Norway, a CCS pioneer with its enhanced oil recovery technology, has now cut its CCS funding. Some work on CCS is still continuing, and there are around seventeen projects running worldwide, although all but two of them are industrial gas processing or chemical plants, not power plants, and only four have dedicated geological CO<sub>2</sub> storage. While CCS may have some important industrial applications, as far as the power sector is concerned the overall message seems to be that for the moment it is “game over” for CCS, in the EU especially, with renewables offering a cheaper option.”

<sup>7</sup> I.e. ‘Cheap’ only if the opportunity costs of a slow uptake of renewables and the externality costs of increased CO<sub>2</sub> and methane emissions, environmental impacts, and government (taxpayer) financial support for additional infrastructure and speculative carbon capture and storage ventures are ignored.

(Draft pp 19-20) **Purpose statement**

We are concerned that the online submission survey form does not seek comment on the strategy Purpose statement. This sets the context for the whole Resource Strategy. For instance, it is stated that “Minerals and petroleum will continue to generate royalties and taxes for the foreseeable future.” This statement prejudices the scope of the Strategy, and contradicts statements by the Minister of Energy and Resources and the Prime Minister (“Fossil fuels are not part of New Zealand’s future”) indicating that fossil fuel exploration and production will need to be phased out over time. The statement should be deleted.

(Draft p 22) **Vision**

“A world-leading minerals and petroleum sector that delivers value for New Zealanders, both now and in the future, in an environmentally and socially responsible way.”

FFARN survey response:

Disagree

*What is your vision for the minerals and petroleum sector in New Zealand?*

FFARN comment:

The draft vision statement is based on the untenable proposition that it possible to explore for and mine fossil fuels in an era of escalating climate crisis in an environmentally and socially responsible way. A more appropriate vision statement that recognises the changing role of extractive industries in the context of the climate crisis might be: “An environmentally, socially and climate-aware minerals and petroleum sector that contributes to the wellbeing of New Zealanders.”

*How can New Zealand sustainably derive value from its petroleum and minerals resources?*

FFARN comment: (See our earlier critique of how ‘sustainability’ is misunderstood in this Resource Strategy) If by ‘sustainably’ is meant ‘long-term’ then in the context of the current climate emergency, the continued long-term extraction of fossil fuels will not be possible. The best ‘value’ from an economic, social and environmental perspective will be derived from a purposeful, measured phase-out of fossil fuels extraction and rapid development of alternatives in clean renewable energy, agricultural inputs and transport.

(Draft p 22ff) **Objectives for the minerals and petroleum sector**

(Draft p 22) “Responsibly delivers value for New Zealand (a) Supporting a productive, sustainable and inclusive economy (b) Supporting New Zealand's transition to a carbon neutral economy”.

FFARN survey response:

Disagree

FFARN comment:

The explanatory statement for this objective [omitted from the submission survey form] states that the sector will “deliver value for New Zealand in a way that maximises wellbeing across the

four capitals (natural, social, human and financial).” It is not clear in this Strategy how either the sector or the Crown will deliver on that commitment.

The chart on p 15 titled ‘How the minerals and petroleum regulatory system accounts for broader dimensions of wellbeing’ appears to be a clumsy attempt to show how by complying with laws and regulations, the minerals and petroleum sector somehow “ticks all the boxes” of wellbeing. Maximising wellbeing across the four capitals is not a silo, tick box exercise. Like a holistic impact assessment, it requires identification, measurement and evaluation of the economic, social, human and financial costs and benefits (impacts) of a development project and the trade-offs that need to be made to achieve the best wellbeing outcomes. There is now an extensive research literature in New Zealand and overseas on the negative impacts of extractive industry. A ‘game-changing’ gas discovery will have harmful climate impacts, could devastate the social fabric of the local community and may well generate few permanent local jobs depending on the type of project.

When the Local Government Act 2002 was passed, requiring local councils to take a four wellbeings approach to local planning, few councils had a model or process for doing so. An officials groups had to be established to offer workshops for council staff on how to undertake this kind of planning process. There is no reference in the draft Resource Strategy as to how the minerals and petroleum sector will be upskilled to measurably maximise wellbeing across the four capitals either at a national level (e.g. emissions reductions) or local project level.

There is now an extensive literature on this kind of holistic impact assessment, and it is now being applied in the policy arena. Statistics NZ has been developing indicators for progress toward UN Sustainable Development goals. The New Zealand Treasury has done considerable work in this area in developing a wellbeing approach to the Budget, and the Ministry for the Environment is finalising a Climate Implications Policy Assessment (CIPA) tool. There is no evidence that this Resource Strategy has adopted such a holistic wellbeing assessment and trade-off approach in identifying objectives, action areas and future actions.

(Draft p 23) “Is productive and innovative”. [Poor survey design; how could one disagree?]

FFARN survey response:

Agree

(Draft p 23) “Is efficiently and effectively regulated”. [Poor survey design; how could one disagree?]

FFARN survey response:

Agree

(Draft p 24) **Guiding principles**

*Principles relevant to both the Crown and industry*

(Draft p 24) “The environment, ecosystems, and biodiversity are respected now and in the long term.

FFARN survey response:

Strongly disagree

FFARN comment:

This is a meaningless statement since it lacks teeth. How are either the Crown's regulatory actions or minerals and petroleum sector operations to be assessed for an attitude of respect? It should be restated something like "The risks and appropriate protections to the climate, environment, ecosystems and biodiversity will be identified and taken into account in all policy development and operations."

(Draft p 24) "Māori cultural interests are understood and respected."

FFARN survey response:

Disagree

FFARN comment:

(Refer to previous comment). An alternative statement might be: "Māori cultural, social, economic and environmental interests are understood and accorded appropriate priority under the Treaty in operational planning, consultation and policy development."

(Draft p 24) "Support the transition to a 'carbon neutral' economy by 2050."

FFARN survey response:

Disagree

FFARN comment:

This principle fails to capture the urgency to address climate change. It also introduces new and vague terminology regarding emissions targets that can be exploited by polluters to dodge accountability for their emissions reductions. An alternative statement might be: "Support the rapid, planned, and just transition to a zero carbon economy by 2050." This accords with Government's climate policy goals and the terminology in the Zero Carbon Bill.

(Draft p 24) "The impact on people, communities and regions are managed in a just and inclusive way."

FFARN survey response:

Disagree

FFARN comment:

This principle reflects a one-sided approach to consultation and development (unfortunately typical of extractive industries worldwide according to the research literature). There is an implied assumption that operations will continue or a development will proceed regardless of the outcomes of a holistic impact assessment. An alternative statement might be: "People, communities and regions are meaningfully engaged as stakeholders in identifying and assessing the economic, social, environmental and financial impacts of proposed developments including the option of no development."

(Draft p 24) "Support a circular economy by meeting resource needs through resource efficiency, recycling and reuse."

FFARN survey response:

Disagree

FFARN comment:

The reference to 'resource efficiency' is vague. If it refers to resource extraction and use, this should be stated.

(Draft p 24) "Actions taken within the mineral and petroleum sector should align with the strategic direction of other related sectors and Government strategies."

FFARN survey response:

Agree

*Principles relevant to the Crown*

(Draft p 24) "The Crown honours its duty towards Māori as a Treaty partner, adheres to the Principles of the Treaty of Waitangi and its duty to meet settlement commitments."

FFARN survey response:

Agree [Poor survey design; how could one disagree?]

(Draft p 24) "The Crown receives a fair financial return for its minerals and petroleum."

FFARN survey response:

Agree [Poor survey design; how could one disagree?]

(Draft p 24) "The Crown regulates in a way that is fair, transparent, reasonable and proportionate."

FFARN survey response:

Agree [Poor survey design; how could one disagree?]

(Draft p 24) "The Crown honours the rights of current permit holders to continue production or exploration activities under existing permits."

FFARN survey response:

Agree [Note: The substantial effect of this principle is likely to be affected by reform of the CMA 1991].

(Draft p 24) "The Crown makes policy decisions based on the best evidence, and accounting for the foreseeable need for minerals and petroleum, both now and for future generations."

FFARN survey response:

Disagree

FFARN comment:

This principle is unnecessary, since it simply states best practice which the Crown is presumed to follow anyway. It could be taken as implying criticism of how the current Government has developed policies affecting the sector today (e.g. the ban on future offshore oil and gas exploration), and possibly providing a basis for overturning or reviewing these policies. Do officials really intend that with this statement?

(Draft p 24) "The Crown proactively engages and consults with relevant stakeholders and decisions are communicated in a clear and transparent way."

FFARN survey response:

Disagree

FFARN comment:

This principle is unnecessary for the same reason as the previous principle.

(Principles relevant to the minerals and petroleum industry)

Survey questions – FFARN agrees with all

(Draft p 25) **Action Areas**

FFARN general comment:

It is useful to see sub-points under each Action Area are divided into completed, current and future actions. But how will stakeholders and the public know what exactly has been achieved by the proposed actions. The problem lies with the first section in each Action Area, which is titled ‘What do we aim to achieve?’ These are all stated like descriptive characteristics or qualities of results. They are a far cry from *measurable outcomes* which any strategy needs to be effective and useful for evaluating results. Each should be restated something like ‘Measurable results we aim to achieve.’

At the end, the Resources Strategy should include an indicative timeline of key actions in each Action Area and an indication of the measurable outcomes each of these actions are intended to achieve by the end of the decade.

(Draft p 26-27) **Action Area 1: Modernise the Crown Minerals Act**

FFARN has previously raised questions with the policy team about the timing and interdependency of the two work streams (this Resource Strategy and the CMA review tranche 2). We were particularly concerned that the policy process being followed (finalising the Strategy and then amending the CMA 1991) was getting the cart before the horse, potentially resulting in stakeholders being confused and/or constrained in what they could say in their submission, and a Resource Strategy that was not based on an amended CMA. Illustrating this potential confusion, the draft Resources Strategy lists the current review of the CMA 1991 as its first ‘action area’ although the Minister has confirmed the Strategy will be “used to underpin a review of the Crown Minerals Act 1991”.

Our comments in this submission therefore assume reform of the CMA 1991 as a basis for identifying objectives and action areas. In particular, before finalising the Resources Strategy (especially Objectives and Action Areas), we strongly recommend that the CMA 1991 Purpose statement and other provisions be amended to take account of wider effects of resource extraction than previously covered in the Act. The Act does not provide for climate change considerations to be given regard to in considering providing access to Crown and private land for the purposes of petroleum exploration and production. The revised version of the Purpose section will need to incorporate the following:



- Support for emerging climate policy (the Zero Carbon Act and Government's Response to the Productivity Commission's report)
- Recognition of Treaty rights
- Protection of biodiversity
- Compliance with conservation and environmental policy
- Support for sustainable consumption and production
- Efficient use of natural resources, and
- Broadening consideration of natural resource extraction and environmental impacts beyond simple calculation of economic returns in the transition to a low carbon future.

In addition, Part 1A of the Act provides for minerals programmes and Section 14 specifies the content that must be included in these programmes. These provisions and the current Minerals Programme 2013 should be amended to require consistency with any changes to the principles and purposes of the Act. The sections in Clause 1.3 and 1.4 interpreting 'benefit to New Zealand' will require particular attention

(Draft p 27) "Future actions"

1) The CMA review and final evaluation of the regulatory and climate change implications of the Resource Strategy must be located within and assessed with regard to the Government's Response to the Productivity Commission's Report. Specifically the Commission's recommendation 7.5 that "the Government should align its project and programme funding so that it discourages high-emissions, path-dependent activities, and encourages low-emissions, path-dependent activities." Among other actions, the Government responded that "The Ministry for the Environment is also developing a *Climate Implications of Policy Assessment (CIPA) tool* kit to complement this, which will support Ministers to consider the potential climate change impacts of policy proposals [and investments] when making decisions." This tool should be applied to development of the Resource Strategy and review of the CMA.

Furthermore, in responding to the Commission's recommendation 8.2, the Government responded: "The Ministry for the Environment is developing a Climate Implications of Policy Assessment toolkit, which will support Ministers to consider the potential climate change impacts of policy proposals. This work is also investigating how to best implement a CIPA requirement, including choices about the range of policy proposals to which it would apply, the expectations for consultation and/or quality assurance, and how the CIPA requirement would interact with the existing Regulatory Impact Analysis requirements.

2) "On November 8 2017, the Government announced that there would be no new mines on conservation land. A discussion document is being developed and it will seek feedback from the mining sector, iwi, local government, environmental and community groups, and the wider public on the details of the policy. Changes to the CMA may be required to reflect this policy." We concur with this action, but recommend clarification in the amended CMA that the policy refers to mining and oil and gas exploration and extraction 'on or under' Conservation land. New technologies and drilling techniques make it possible to drill under the Conservation estate from outside conservation boundaries.

### **[ADD] Action Area: Phase out fossil fuel exploration and production**

Pursuant to New Zealand's Paris climate commitments of achieving 100% renewable energy by 2035 and net zero emissions by 2050, the Government has embarked on a just transition that includes banning new offshore oil and gas exploration and phasing out reliance on fossil fuels for energy production. The Prime Minister has stated that fossil fuels (coal, oil and gas) are not part of New Zealand's future. As a complement to the Government's investment in clean energy technology and incentives to transition to renewables, the exploration and production of coal, oil and gas must be phased out by the end of the decade.

PEPANZ has estimated that if the Minister were to adopt a strict interpretation of Section 35a of the CMA and refuse further work programme extensions, all thirty existing exploration permits could be dropped by 2022 and few onshore permits would remain by 2035.<sup>8</sup>

“Future actions:”

- Future bidding rounds for on-shore Taranaki exploration permits will be cancelled.
- From the commencement of this Strategy, in accordance with Section 35A of the CMA 1991 no further extensions will be granted to existing exploration permits (work plans).
- No taxpayer funding will be available for infrastructure development or tax incentives in the unlikely case of a new discovery.
- All existing coal mine permits, including mines on Conservation land, will be reviewed and phase-out plans negotiated with their owners, and
- Expedite safe, efficient and cost-effective decommissioning of existing infrastructure, both on- and offshore, with focus on minimizing ongoing hazards and pollution (e.g. from leakage of old wells etc.).

### **(Draft p 28) Action Area 2: Securing affordable resources to meet our minerals and energy needs**

Officials have apparently opted to accept an industry/PEPANZ perspective that gas keeps energy costs down and helps assure energy security (regardless of evidence of negative externalities). We recommend given the debates around such claims returning to the previous focus, and perhaps adopting a title like ‘Improve knowledge and value of the country's mineral resources.’ The phrase ‘strategic resources’ is no longer relevant due to a shift in assumptions about the purpose of resource extraction, from simply economic growth and contribution to GDP to include wider values and outcomes (see earlier discussion of sustainability and wellbeing).

We recommend adding: ‘New Zealand's reserves of non-fossil fuel minerals are valuable taonga offering unique opportunities for enhancing the country's sustainable economic and social development now and into the future.’

(Draft p 28) “Future actions:”

Indicate what specific research, surveying and inventorying projects are proposed during the initial part of the decade at least.

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<sup>8</sup> Offshore exploration permits could end by the end of 2021: Energy Voices [PEPANZ] blog 7 November 2018 ‘What does 100,000 sq kms to explore really mean?’

(Draft p 30) **Action Area: Improve Treaty partnership**

FFARN survey response:

Disagree

FFARN comment:

These are aspirational aims again. Much of this 'engagement' is already going on, though not particularly well.

(Draft p 30) "Future actions:"

A review should be undertaken to determine specifically what needs to change and what will be done concretely. How will Maori (and local communities) be *authentically engaged* in decision-making in a way that gives them effective influence over the nature and scale of mining operations, and equally importantly whether a development project proceeds? I.e. the 'no development' option.

(Draft p 32-33) **Action Area: Improve community and stakeholder engagement**

FFARN survey response:

Disagree

FFARN comment:

'Stakeholders' is another vacuous term. Better to specify "Improve engagement with communities, local councils, the wider business sector and Maori/Iwi." Maori/Iwi are Treaty Partners in a special relationship with the Crown, the Government and government agencies. This issue arises frequently in consultations and needs to be corrected here. It is also the case that most extractive industry community/Iwi consultation and engagement practices are little more than PR exercises, according to feedback from Maori and local research. This corresponds with similar research findings overseas about the extractive sector.

(Draft p 33) "Future actions:"

Possibly a review of New Zealand and international research on mining impacts on communities and indigenous peoples, as well as research studies and practical models around authentic stakeholder engagement approaches. A follow up action could be a workshop exercise with iwi, communities and other stakeholder representatives sharing results of the research review, identifying past problems, and building a consensus on a best practice model appropriate to New Zealand circumstances.

(Draft p 34-35) **Action Area: Improve industry compliance**

FFARN survey response:

Disagree

FFARN comment:

We suggest changing the title to read 'capability and compliance' and emphasising actions that improve industry adoption of best practice technology, monitoring and reporting not simply to regulators, but to communities, iwi and other stakeholders.

(Draft p 36-37) **Action Area: Research and investment in better mining and resource use**  
FFARN survey response:

Agree

FFARN comment:

This action area would be an acceptable additional demand on taxpayer funding if it specified minerals and technologies relevant to enhanced development and uptake of renewables.

#### **Attachment A**

Dr Terrence Loomis (ed), 2018. *Why Natural Gas isn't a Bridge Fuel to a Low Emissions Economy*. Fossil Fuels Aotearoa Research Network (FFARN). May.

PROACTIVELY RELEASED

## Attachment B

### A Brief Review of the use of CSR by Extractive Industries

(Source: Terrence Loomis, 2017. *Petroleum Development and Environmental Conflict in Aotearoa New Zealand*. Lexington Books, Lanham, MD. Pp 13-14)

Extractive industries have increasingly embraced the corporate social responsibility (CSR) movement that has become popular in business circles. Hilson<sup>i</sup> notes that multinational mining and petroleum companies operating in Africa, Latin America and Australasia have adopted CSR as a strategy for responding to criticisms of their performance. Jenkins and Yakovleva suggest that the spread of the CSR agenda has made extractive companies more aware of the need to “justify their existence and document their performance through the disclosure of social and environmental information”<sup>ii</sup>. Nevertheless, Jenkins<sup>iii</sup> found in examining the ‘sustainability’ and CSR reports of several mining companies that they were long on PR spin, but short on demonstrating understanding of what made local communities tick, what gave rise to conflicts and the company’s responsibility for causing and resolving them.

The CSR movement has been perpetuated by industry organizations, consultants and even academic institutions. Queensland University’s improbably-named Centre for Social Responsibility in Mining within the Sustainable Minerals Institute is a case in point. The Centre serves extractive industries with education courses on sustainability and social responsibility, research reports and techniques for managing conflict and engaging with communities affected by mining. CSR is a main focus. In 2011, for example, Centre director Daniel Franks teamed up with Rachel Davis of Harvard’s Kennedy School of Business to present a paper at the first International Seminar on Social Responsibility in Mining in Chile, suggesting community conflict and protest were the result of “*badly managed ‘transformations’ of local communities and environments,*” [!] and may lead to a complete breakdown of company’s social license to operate.<sup>iv</sup>

Owen and Kemp<sup>v</sup> maintain, based on a critical international review of mining and sustainable development, that the idea of a social license has been used as a survival strategy for ensuring the viability of companies and the sector as a whole. It has been of little useful benefit for communities and has little to do with sustainable development. Frynas<sup>vi</sup> as well as Gilberthrope and Banks<sup>vii</sup> are similarly skeptical of adoption of CSR in extractive industries. They suggest it has been used to “legitimize the sector after decades of environmental disasters and the trampling of indigenous rights” and has produced little real development at the grassroots level.

Petroleum companies and trade associations also claim to be open and transparent in their reporting and activities, but such claims often serve merely to deflect attention from risky and harmful operational practices. Corporate executives and industry advocacy groups have recognized the public relations value in speaking out for improved environmental stewardship and action on climate change, although they and their companies often act differently in private.

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<sup>i</sup> Gavin Hilson, “Corporate Social Responsibility in the Extractive Industries: Experiences from Developing Countries,” *Resources Policy*, Special Issue 37, 2 (2012): 131-137, accessed December 14, 2013, <http://dx.doi.org/10.1016/j.resourpol.2012.01.002>.

<sup>ii</sup> Heledd Jenkins and Natalia Yakovleva, “Corporate Social Responsibility in the Mining Industry: Exploring Trends in Social and Environmental Disclosure,” *Journal of Cleaner Production* 14, 3-4 (2006): 272.

<sup>iii</sup> Heledd Jenkins, “Corporate Social Responsibility and the Mining Industry: Conflicts and Constructs,” *Corporate Social Responsibility and Environmental Management* 2, 1 (2004): 23-34.

<sup>iv</sup> Daniel Franks and Rachel Davis, “The Costs of Conflicts with Local Communities in the Extractive Industry” (paper presented to the First International Seminar on Social Responsibility in Mining, Santiago, Chile, October 19-21, 2011), emphasis added.

<sup>v</sup> John Owen and Deanna Kemp, “Social License and Mining: A Critical Perspective,” *Resources Policy* 38, 1 (2013): 29-35.

<sup>vi</sup> Jędrzej George Frynas, “The False Developmental Promise of CSR: Evidence from Multinational Oil Companies,” *International Affairs* 81, 3 (May 2005).

<sup>vii</sup> Emma Gilberthorpe and Glenn Banks, “Development on Whose Terms? CSR Discourse and Social Realities in Papua New Guinea’s Extractive Industries Sector,” *Resources Policy* 37, 2 (June 2012): 186.