

Submitter information

The Ministry of Business, Innovation and Employment (MBIE) would appreciate if you would provide some information about yourself. If you choose to provide information in the "About you" section below it will be used to help MBIE understand the impact of our proposals on different occupational groups. Any information you provide will be stored securely.

A. About you

Name: Vera Power

Email address: Privacy of natural persons

B. Are you happy for MBIE to contact you if we have questions about your submission?

Yes

No

C. Are you making this submission on behalf of a business or organisation?

Yes

No

If yes, please tell us the title of your company/organisation:

Fertiliser Association of New Zealand

D. The best way to describe your role is:

Academic/researcher

Independent expert (please specify below)

Consultant (please specify below)

Business owner (please specify below)

Tradesperson (please specify below)

Student (please specify below)

Industry group (please specify below)

Other (please specify below)

Industry participant (please specify below)

Prefer not to say

Please specify here:

Association representing members

E. Privacy information

- The Privacy Act 2020 applies to submissions. Please check the box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.
- MBIE may upload submissions, or a summary of submissions, received to MBIE's website at www.mbie.govt.nz. If you do not want your submission or a summary of your submission to be placed on our website, please check the box and type an explanation below:

I do not want my submission placed on MBIE's website because... [insert reasoning here]

F. Confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential and have stated my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE.

If you have checked this box, please tell us what parts of your submission are to be kept confidential.

A Minerals Strategy for New Zealand to 2040

MBIE is developing a *Minerals Strategy for New Zealand to 2040* to enable us to take a long-term, strategic approach to how we develop our mineral resources. This does not include petroleum which already has an advanced regulatory regime.

Minerals play an essential role in New Zealand's economic growth through high-paying jobs, Crown royalties, direct positive impact in the regions where mining takes place, and through export revenues. Minerals are also critical inputs into products that are necessary for other sectors to thrive, including the use of aggregates in construction and infrastructure.

Minerals will continue to play a major role in New Zealand's export-led economic growth and contribute to our economic functions, but the minerals sector faces some risks and challenges. These include lack of complete understanding about our minerals ecosystem, supply risks, social license, and a regulatory system that needs to be improved to enable investments.

These challenges require a long-term strategic approach to ensure that resource development for our economic prosperity happens in a responsible manner. Developing a minerals strategy is a fundamental first step in ensuring that we have a strategic framework for resource production.

The Minerals Strategy Discussion Document seeks feedback on the context and design of the strategy. It discusses key strategic issues, challenges and opportunities facing the minerals sector in New Zealand, and how we could address them.

The strategy is built on three key pillars, **Enhancing prosperity for New Zealanders**, **Demonstrating the sector's value**, and **Delivering minerals for a clean energy transition**, and identifies specific actions the Government could take to position the minerals sector to deliver value in an environmentally responsible manner.

Please see the Minerals Strategy Discussion Document for more information.

Questions for the consultation

1. Are the strategic pillars of the Draft Strategy (**Enhancing prosperity for New Zealanders**, **Demonstrating the sector's value**, and **Delivering minerals for a clean energy transition**) suitable or is there more we need to consider?

Yes, they are suitable No, they are not suitable Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice? Or is there more we need to consider?

The draft Strategy appears to solely consider the production of minerals domestically, for local use and export. As currently presented, it appears to be a mining and exploitation strategy for New Zealand rather than what the title suggests, a true Minerals Strategy.

The draft Strategy does not consider the fact that New Zealand is critically dependent on the import of minerals to support manufacturing in New Zealand and agricultural production. The linkage between the draft Strategy and the proposed intent of the Critical Minerals List is unclear.

The supporting cabinet paper suggests that it is the intent of the associated Critical Minerals List to identify what minerals are critical for New Zealand's economic success. The utility of a Critical Minerals List is limited to awareness raising if there are no policies approaches developed to

address any identified risks. Has the proposed Minerals Strategy any role in addressing such policy approaches?

The cabinet paper approving the release of the draft Strategy for consultation suggests that policy considerations on critical minerals will happen through the National Security Strategy and the Indo Pacific Economic Framework. The National Security Strategy proposes developing a strategic approach to protecting New Zealand's economic security through supporting the rules-based international system, including multi-lateral mechanisms and bolstering the New Zealand economy's ability to withstand external shocks, through enhancing supply chain security. However there is no visibility on any strategic work on supply chain risk being undertaken. Existing work programmes at MFAT relate to short-term disruption risk without a focus on long term strategic risk for New Zealand around supply. A robust minerals strategy could be an important step in understanding New Zealand's dependence on minerals and informing responses to New Zealand's vulnerabilities.

The Indo-Pacific Economic Framework (IPEF) is cited in the National Security Strategy as an example of the type of approach that could be taken to managing supply chain risks. We agree that the IPEF agreement, and in particular the Supply Chain Agreement included in IPEF, is a model of the types of international agreements that can assist in ensuring New Zealand continues to have access to critical materials to support our agricultural economy. The IPEF parties are committing to identify the impact of potential shortages of key supplies on national security and consideration of the risk of dependence on a single supply or single countries on supply risk. The 14 parties to the agreement are an important source of fertiliser products and raw phosphate rock for New Zealand. Since 2017, imports of fertiliser and phosphate rock from parties to the agreement have ranged from \$150 to \$290 million annually. However, this represents a small proportion of the \$1.5 billion of fertiliser related products imported annually to New Zealand. The IPEF Supply Chain Agreement will assist in building a collective understanding of significant supply chain risks and create measures to deal with supply disruption. We however recognise that New Zealand's supply chain risks are somewhat unique and could fall outside the mechanisms proposed by the Supply Chain Agreement. It will be important to ensure that there is a link between any action plans developed under the IPEF agreement and New Zealand's Minerals Strategy and Critical Minerals List.

The draft Minerals Strategy needs to be broadened to consider New Zealand's need for minerals both sourced domestically and through international supply chains. While it is laudable that the Strategy is focused on delivering minerals for a clean energy transition, it also needs to consider the delivery of minerals for food production. Recent work through the OECD has highlighted the increased vulnerability of global fertiliser supplies and trade – see *Understanding the Resilience of Fertiliser Markets to Shocks*, https://www.oecd.org/en/publications/understanding-the-resilience-of-fertiliser-markets-to-shocks_43664170-en.html New Zealand is uniquely exposed to these risks because almost all minerals for food production need to be imported, and we are at the extreme end of global supply chains. The Productivity Commission's study on Economic Resilience emphasised this point.

Similar to the minerals required for a clean energy transition, the minerals for food production are from highly concentrated markets, highly susceptible to supply disruptions. Conflict, such as that resulting from Russia's invasion of Ukraine, can restrict the supply of fertilisers and mineral resources, triggering higher world prices. Higher fossil fuel prices can lead to a drop in nitrogen production, raising demand on the global market.

A broad Minerals Strategy could be an important step in both highlighting these concerns and providing a framework for addressing these risks.

2. Are the key actions the right ones to deliver on our strategic pillars, and are they ambitious enough?

- Yes, the actions are the right ones and are ambitious enough
- No, the actions are not the right ones and not ambitious enough
- Not sure/no preference

If **No**, what else might we need to consider?

There is need for an increased emphasis on understanding New Zealand's mineral needs. This is a critical element to inform the implementation of the Strategy. Consideration should be given to the scope of economic needs that will be assessed – is it just in the clean technology sector, or will it consider the wider economy, such as manufacturing and food production? Having a broad understanding of New Zealand's mineral needs is critical to understanding what aspects can be potentially met by domestic mineral resources, and what will require access to international supply chains and global resources.

An example would be the consideration of the mineral needs for agricultural production. New Zealand is solely dependent on the import of phosphate rock for the manufacture of phosphate fertilisers in New Zealand. Lack of access to phosphate rock supplies would lead to a reduction of \$44 billion annually in our export of food products. See <https://www.fertiliser.org.nz/Site/research/projects/value-of-phosphorus-2024.aspx> Similarly, New Zealand depends on the import of nitrogen, potassium, cobalt, selenium, zinc, boron etc, for use as macro-or micronutrients in fertilisers for food production.

Based on the identification of New Zealand's mineral needs, actions to address vulnerability could include the need to identify opportunities through New Zealand trade policy to ensure ongoing international supply.

3. Are there opportunities for our minerals sector we haven't considered?

- Yes, there are
- No, there are none
- Not sure/no preference

If **Yes**, what are the opportunities for our minerals sectors we should consider?

Risks and opportunities for New Zealand should be considered as these are wider than risks and opportunities for exploitation and mining of minerals in New Zealand.

4. Are there challenges for our minerals sector we haven't considered?

- Yes, there are other challenges not considered
- No, all challenges have been considered
- Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

5. Are there any other things we have missed that we should include, or things we should not include?

These things could be economic/financial, environmental, health and safety related, or other areas.

Internationally consideration of critical minerals has tended to be broad. While approaches tend to include minerals to support clean technology, they tend to be wide and consider risk across all sectors of the economy such as:

US https://www.commerce.gov/sites/default/files/2020-01/Critical_Minerals_Strategy_Final.pdf

Australia <https://www.industry.gov.au/publications/critical-minerals-strategy-2023-2030>

Canada <https://www.canada.ca/en/campaign/critical-minerals-in-canada/canadian-critical-minerals-strategy.html>

EU https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661

South Korea https://keia.org/wp-content/uploads/2024/01/Korea-Policy-V1-I3_James-Bowen.pdf

UK <https://www.gov.uk/government/publications/uk-critical-mineral-strategy>

International Critical Minerals Lists have been used as platforms to develop a range of policies to address critical risks. These international strategies consider the steps required to secure access to mineral resources that are not available domestically. Such steps include:

- improving government's understanding of critical supply chains
- prioritising the long-term strategic benefits of maintaining domestic production,
- strategically partnering with critical mineral exporting states
- utilising trade agreements to foster international cooperation.

Lack of consideration of the steps need to address New Zealand's specific risks will limit the effectiveness and utility of New Zealand Minerals Strategy as currently proposed.

Thank you

Thanks for your feedback, we really appreciate your insight. It helps us establish a long-term strategic approach to ensure that resource development for our economic prosperity happens in a responsible manner.

To help us continue to develop a Minerals Strategy for New Zealand to 2040, we would appreciate any additional suggestions or comments you may have.

Please leave your feedback here:

Happy to discuss any of the issues raised.