



COVERSHEET

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| Minister | Hon Shane Jones | Portfolio | Resources |
| Title of Cabinet paper | Final Minerals Strategy and Critical Minerals List for Approval | Date to be published | 31 January 2025 |

List of documents that have been proactively released

| Date | Title | Author |
|------------------|---|--------------------------------------|
| November 2024 | Final Minerals Strategy and Critical Minerals List for Approval | Office of the Minister for Resources |
| 25 November 2024 | Final Minerals Strategy and Critical Minerals List for Approval ECO-24-MIN-0266 Minute | Cabinet Office |

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

In Confidence

Office of the Minister for Resources

Cabinet Economic Policy Committee

Final Minerals Strategy and Critical Minerals List for Approval

Proposal

- 1 I am seeking Cabinet's approval of a final Minerals Strategy for New Zealand to 2040, and New Zealand's Critical Minerals List.

Relation to Government priorities

- 2 The Government has included mineral development as an important component of its economic strategy. The Minister of Finance recognised this as part of the speech on economic growth earlier this year. Increasing the scale and pace of mineral resources development strengthens trade and investment.
- 3 The Government's coalition agreements refer to a commitment to facilitate the development of mineral resources for the country's economic benefit:
 - a) The Coalition Agreement between the National Party and New Zealand First commits to investigating the strategic opportunities in New Zealand's mineral resources, including vanadium, and developing a plan for these opportunities.
 - b) The Coalition Agreement between the National Party and the ACT Party commits to explore the potential for a critical minerals list, where such minerals would have a preferential pathway for development once identified.
- 4 Development of government policy on critical minerals also supports the Government's objective of economic growth through increased cooperation with international trading partners. There is an opportunity for New Zealand to position itself as a reliable supplier of critical minerals to our partners, strengthen critical supply chains and leverage our relationships and international partnerships to drive economic benefits for New Zealanders.

Executive Summary

- 5 The Government has indicated that minerals will be critical to New Zealand's export-led economic recovery. Minerals play a vital role in our economic functions, but we need to take a long-term, strategic approach to the management of our minerals estate and to ensure we have access to, and a reliable supply of, the minerals we need.
- 6 A Minerals Strategy for New Zealand to 2040 (the Strategy) and New Zealand's Critical Minerals List (the List) are fundamental first steps in this strategic approach. These will enable us to progress work to secure access to

the minerals we need for our economic functions and build resilience against domestic or international supply disruptions.

- 7 Following Cabinet's approval earlier this year, I released a draft Strategy and List for public consultation in May and September, respectively. Cabinet invited me to report back with the final Strategy and List in November (CBC-24-MIN-0035).
- 8 Feedback was broadly supportive for both the Strategy and List.
- 9 Stakeholders considered that socially and environmentally responsible practices and honouring obligations under Te Tiriti o Waitangi should be given more prominence in the Strategy. Officials have adjusted the Strategy to reflect this alongside other revisions to improve the document.
- 10 Some submitters suggested adding specific minerals to the List which were not originally included because they are not vulnerable to domestic or international supply disruptions.
- 11 I propose to add gold and metallurgical coal to the List due to their economic importance for New Zealand. Although these minerals do not have the same risk of supply disruptions, they are the backbone of our minerals sector and our regions. They will help unlock other critical mineral opportunities and are essential to achieving the Strategy's goal of doubling our exports to \$3 billion by 2035.
- 12 I am seeking Cabinet's approval of a final Strategy and List.

A Minerals Strategy and Critical Minerals List are key steps to support our economic objectives

- 13 Minerals play an essential role to New Zealand's economic functions. They generate export and Crown revenues and are used as inputs into products. Minerals are also essential for other sectors to thrive, such as the importance of aggregates in construction and infrastructure.
- 14 The gross domestic product (GDP) contribution of petroleum and minerals to the nation's economy is \$2.61 billion annually. The value of non-petroleum minerals exports in the year to June 2023 was \$1.46 billion.
- 15 The demand for minerals is increasing globally due to the clean energy transition. Projections by the International Energy Agency suggest the demand for each of the five most important minerals (lithium, cobalt, nickel, copper, and neodymium) will likely increase between 1.5 and 7 times by 2030.¹ Production of these minerals is geographically concentrated in a few countries which puts New Zealand's supply chains at risk from disruption.

¹ IEA Energy Technology Perspectives 2023.

- 16 The Strategy and List will focus our efforts over the medium and long-term and help secure access to the minerals we need for our economic objectives and prosperity.

A Minerals Strategy for New Zealand to 2040

- 17 The Strategy communicates the Government's vision for minerals development and the actions we will take to get there. The Strategy will provide certainty and direction to the sector and the public.
- 18 The Government's vision is a minerals sector that delivers for New Zealanders, now and into the future, by supporting a productive and resilient economy through responsible and sustainable practices. It sets the goal of doubling the value of New Zealand's mineral exports to \$3 billion by 2035.²
- 19 Following Cabinet's approval (CBC-24-MIN-0035), I released a draft Strategy for public consultation in May.
- 20 Feedback received on the draft Strategy indicates broad support for having a plan to manage the future of minerals production in New Zealand. The Ministry of Business, Innovation and Employment (MBIE) published a summary of submissions online. Key themes included more strongly reflecting responsible practices (eg environmental and social impacts), obligations under te Tiriti o Waitangi/the Treaty of Waitangi and ensuring minerals development increases benefits to New Zealanders and regional communities.
- 21 MBIE officials have finalised the Strategy following this feedback and additional analysis.
- 22 The final Strategy has three key outcomes for minerals in New Zealand: Productive, Valued and Resilient. The outcomes are guided by overarching principles to ensure we honour Treaty obligations, and that the system supports responsible practices. The outcomes and objectives are set out in detail in the diagram below.

² This figure has been revised from \$2 billion based on updates to export figures from Statistics New Zealand and submissions that sought a more ambitious target.

Figure 1: Our Strategy



- 23 The final Strategy includes a delivery roadmap that sets out key actions to achieve the Strategy's goal and vision. Many of the actions are already in progress, including undertaking promotional activities in Australia, resource management reforms and developing a Critical Minerals List.
- 24 In the short term, key actions include creating a network to support minerals research and development, and making information about minerals and regulations more accessible to potential investors. I will keep Ministers updated as work under the delivery roadmap progresses.
- 25 The Strategy will be reviewed initially after 12 months and then every three years. I propose that the delivery roadmap is updated annually on MBIE's website.
- 26 I seek Cabinet's approval of the final Strategy, which is attached at **Appendix One**.

A Critical Minerals List for New Zealand

- 27 Ensuring our critical minerals are sought after and support resilient supply chains, here and overseas, is a key outcome of the Strategy.
- 28 Critical minerals are necessary for modern life, such as within rapidly growing clean energy technologies - from wind turbines and electricity networks to electric vehicles.
- 29 On the back of increasing demand and volatile supply, many countries, including our international partners, recognise the importance of minerals supply resilience and have developed critical minerals lists.
- 30 The purpose of these lists is to identify minerals that require targeted actions to reduce supply risks. Examples of targeted actions taken by our international partners for critical minerals include improving regulatory settings to attract investments; international agreements to foster strategic cooperation and research on critical minerals; and bespoke programmes such as exploration or research initiatives.
- 31 Cabinet noted that minerals on New Zealand's Critical Minerals List should be those that meet the definition of a mineral under the *Crown Minerals Act 1991* (other than petroleum) that are (CBC-24-MIN-0035):
- 31.1 economically important to New Zealand, and/or
 - 31.2 in demand by New Zealand's international partners, **and**
 - 31.3 vulnerable to supply disruptions domestically and/or internationally.
- 32 I released a draft List for public consultation in September. It identified 35 minerals covering a range of applications throughout our economy.

- 33 Around 20 of the critical minerals are currently, or have potential to be, produced in New Zealand. We have an opportunity to support key developments, facilities, and capabilities for these minerals in New Zealand.
- 34 The remainder of the critical minerals on the List are not produced here but are essential to products that we or our partners rely on, such as those used for clean technology, electric vehicles, or medical equipment. We have a vested interest in these globally significant critical minerals, and we must build international partnerships to support resilience for them.
- 35 Feedback received on the draft List was generally supportive, with some questions about the chosen methodology, inclusion/exclusion of specific minerals and environmental concerns. Some submitters suggested including certain minerals because of their importance to our economy (eg gold, coal, lithium, silver, ironsand, and garnet). These were originally excluded because they were not considered vulnerable to international and/or domestic supply risks in the technical analysis. A summary of submissions will be published on MBIE's website.
- 36 The final technical report developed for the Critical Minerals List is at **Appendix Two** and the minerals identified as critical remain unchanged from the draft.
- 37 I also propose to include gold and metallurgical coal on the List due to their economic importance, despite being less vulnerable to supply disruptions than other minerals on the List.
- 38 Gold and metallurgical coal (coal used in international steelmaking) are the backbone of our minerals sector and are economically significant, both regionally and nationally. Part of growing minerals development and achieving our goal of doubling minerals exports by 2035 is to continue to support what we do well. Gold and metallurgical coal had export revenues of approximately \$1.2 billion in the financial year to June 2023 (80 per cent of our mineral exports).³
- 39 Gold and coal exploration and development also enable other critical mineral opportunities. They help us to understand our wider minerals estate and ensure we have the information, skills, resources, and capability to support a modern and responsible mining sector for critical minerals. Gold mining can also produce a range of critical minerals as byproducts (eg antimony), supporting critical mineral resilience. Including gold and metallurgical coal on the List signals to investors and financiers that these projects are important and supported in New Zealand.
- 40 I seek Cabinet's approval of the final New Zealand Critical Minerals List as set out in the table below, which includes gold and metallurgical coal.

³ Gold export revenues were approximately \$680 million and metallurgical coal approximately \$480 million for the financial year to June 2023.

Table 1: New Zealand Critical Minerals List

| Mineral | Key identified uses | Domestic production/potential |
|------------------------------|--|--------------------------------------|
| Aggregate & Sand | Roading and construction | Yes |
| Aluminium | Packaging, automotive, aerospace, defence | Yes |
| Antimony | Defence applications, EVs and medical | Yes |
| Arsenic | Treatment of wood and electronics including semiconductors | Yes |
| Beryllium | Aerospace parts | |
| Bismuth | Data storage | Yes |
| Boron | Permanent magnets, electronics, PV cells | |
| Cesium | Cancer treatments, electronics and optics, space, and PV cells | Yes |
| Chromium | Key alloying element in steels | Yes |
| Cobalt | Battery and energy storage applications, steel alloys | Yes |
| Copper | Power transmission, electronics and EVs | Yes |
| Fluorspar | Used in aluminium production, insulating foams, refrigerants, and steel | |
| Gallium | Photovoltaic cells, electronics (semiconductors) | |
| Germanium | Electronics (semiconductors) | |
| Gold | Jewellery, electronics, architecture, dentistry, and aerospace sector | Yes |
| Graphite | Battery and energy storage applications | |
| Indium | Electronics, solders, batteries, photovoltaic (PV) cells, bearings | |
| Magnesium | Lightweight alloys | Yes |
| Manganese | Used in steels, aluminium alloys, batteries, catalysts, glass, fertilisers, and electronics | |
| Metallurgical coal | Steelmaking and industrial processes | Yes |
| Molybdenum | Common alloying element for steels and alloys | |
| Nickel | Alloying in steel, stainless steel, batteries, and energy storage | |
| Niobium | High-temperature superalloys | |
| Phosphate | Agriculture fertilisers, battery, and energy storage applications | Yes |
| Platinum Group Metals | Catalysts, hydrogen fuel cells, EVs, electronics and communications | Yes |
| Potassium (Potash) | Agriculture fertilisers | |
| Rare Earth Elements | Permanent magnets, glass polishing, ceramics, metal alloys, LEDs, lasers | Yes |
| Rubidium | Medical and electronics | Yes |
| Selenium | Agricultural uses as well as photovoltaic (PV) cells (also called solar cells) and electronics | |
| Silicon | Glass, casting sand, nanomaterials, and electronics | Yes |
| Strontium | Magnets, alloys, and paints | |
| Tellurium | Photovoltaic (PV) cells (also called solar cells), electronics | |
| Titanium | Aerospace parts, medical implants | Yes |
| Tungsten | Drilling, mining, cutting | Yes |
| Vanadium | Steel/titanium alloys, catalysts, magnets, coatings, batteries | Yes |
| Zinc | Anodising and corrosion protection | |
| Zirconium | Fuel cells, auto catalysts, bearings | Yes |

- 41 Following the release of the List, officials will explore preferential pathways and settings for development and supply of minerals on the List and engage with our international partners to support supply chain resilience. This work programme forms part of the Strategy's delivery roadmap. I will keep Ministers updated as this work progresses and will return to Cabinet if any specific policy decisions are required.

Cost-of-living Implications

- 42 There are no cost-of-living implications from this paper.

Financial Implications

- 43 Any costs associated with actions in the Strategy and the List can be met from existing agency baselines.
- 44 Specific financial implications analysis will be provided where Cabinet decisions are required for any actions under the Strategy. Any increase in minerals production as a result of the actions within the Strategy would likely lead to increased revenue, through royalties and levies to the Crown over time.

Legislative Implications

- 45 There are no legislative implications from this paper.

Impact Analysis

Regulatory Impact Statement

- 46 No decisions in this paper require a Regulatory Impact Statement.

Climate Implications of Policy Assessment

- 47 No decisions in this paper require a Climate Implications of Policy Assessment.

Population Implications

- 48 There are no population implications from this paper.

Human Rights

- 49 The proposals in this paper are not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external resources

- 50 I have not used any external resources in the development of the Strategy.
- 51 MBIE undertook a public tender process to procure a supplier to develop the List because of the technical expertise required to develop the List.

Consultation

- 52 The following agencies or authorities have been consulted: Ministry for the Environment, Treasury, Department of Conservation, Ministry for Foreign Affairs and Trade, New Zealand Trade and Enterprise, Ministry for Primary Industries, Ministry of Housing and Urban Development, Environmental Protection Authority, Parliamentary Commissioner for the Environment, New Zealand Infrastructure Commission, Office for Māori Crown Relations, Te Puni Kōkiri, and WorkSafe. The Department of the Prime Minister and Cabinet was informed.

Communications

- 53 Following your approval, I propose to release the Strategy and the List before the end of the year.
- 54 The documents will be released on MBIE's website with an accompanying press release and proactive release of the relevant Cabinet papers. MBIE officials will work with my office on questions and answers to support the launch of the Strategy and List.

Proactive Release

- 55 This Cabinet paper will be proactively released alongside the Strategy and List to meet the requirement for release within 30 business days of Cabinet's confirmation of this decision.

Recommendations

The Minister for Resources recommends that the Committee:

- 1 **note** that minerals play an essential role in our economic functions, and we need a strategic approach to minerals development to ensure we have access to, and a reliable supply of, the minerals we need;
- 2 **note** that a draft Minerals Strategy for New Zealand to 2040 and New Zealand's Critical Minerals List were released for public consultation in May and September, respectively;
- 3 **note** that Cabinet invited the Minister for Resources to report back to the Cabinet Economic Policy Committee with the final Minerals Strategy and List in November 2024 (CBC-24-MIN-0035);
- 4 **note** that feedback received in public consultation was generally supportive of having a plan to manage the future of minerals development and resilience in New Zealand;
- 5 **note** that MBIE officials have finalised the Minerals Strategy for New Zealand to 2040 and New Zealand's Critical Minerals List following feedback received from public consultation and additional analysis;
- 6 **note** that the Minerals Strategy for New Zealand to 2040 includes a delivery roadmap setting out key actions and deliverables which officials will update annually;
- 7 **agree** to the final Minerals Strategy for New Zealand to 2040;
- 8 **agree** to the final New Zealand's Critical Minerals List of 37 minerals described within this paper, which includes gold and metallurgical coal;
- 9 **approve** the release of the Minerals Strategy for New Zealand to 2040 and New Zealand's Critical Mineral List along with its technical report before the end of the year;
- 10 **authorise** the Minister for Resources to make any graphical, technical, and necessary minor amendments to both documents prior to release.

Hon Shane Jones

Minister for Resources

Appendices

Appendix One – Minerals Strategy for New Zealand to 2040

Appendix Two – Final Wood Mackenzie Report on the Development of a Critical Minerals List for New Zealand