



## COVERSHEET

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|-------------------------------|--|-----------------------------|----------------------|
| <b>Minister</b>               | Hon Dr Megan Woods   | <b>Portfolio</b>            | Energy and Resources |
| <b>Title of Cabinet paper</b> | Consultation on the draft Minerals and Petroleum Resource Strategy | <b>Date to be published</b> | 7 October 2019       |

### List of documents that have been proactively released

| <b>Date</b>    | <b>Title</b>   | <b>Author</b>                                  |
|----------------|--|--|
| 21 August 2019 | Consultation on the draft Minerals and Petroleum Resource Strategy | Office of the Minister of Energy and Resources |
| 21 August 2019 | DEV-19-MIN-0220  | Cabinet Economic Development Committee         |

### Information redacted

**YES**

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.

Some information has been withheld for the reason of Negotiations.

## IN CONFIDENCE

Office of the Minister of Energy and Resources  
Chair, Cabinet Economic Development Committee

### Consultation on the draft Minerals and Petroleum Resource Strategy

#### Proposal

1. This paper seeks agreement to release for public consultation the attached draft strategy titled 'Responsibly Delivering Value - A Minerals and Petroleum Resource Strategy for Aotearoa New Zealand: 2019-2029' (draft Strategy).

#### Executive Summary

2. The draft Strategy titled 'Responsibly Delivering Value - A Minerals and Petroleum Resource Strategy for Aotearoa New Zealand: 2019-2029' will set the Government's long term vision for the minerals and petroleum sector (the sector). It provides the direction for the sector in the transition to a low carbon and productive, sustainable and inclusive economy. This Strategy will underpin the tranche two review of the Crown Minerals Act 1991 (CMA) and will guide future Government policy affecting the sector.
3. As well as setting the Government's vision for the sector over the next 10 years, the draft Strategy will articulate objectives that build towards this vision. Achieving this vision requires collaboration across many groups. This Strategy sets out principles that should assist Government, iwi/hapū, industry and any other groups making decisions that affect the sector. Finally the draft Strategy contains action areas which the Government will focus on in the coming years.
4. This paper seeks approval for release of the draft Strategy for public consultation. Consulting publicly with Treaty partners, environmental groups, industry and the wider public will ensure the final Strategy is well informed and will allow us to better understand the public's views on the sector and how New Zealand can sustainably derive value from its resources.
5. Subject to Cabinet approval, public consultation will occur over a four week period, starting in late August 2019. I intent to report back with the final Strategy for approval in Negotiations

#### Background

##### *Review of the Crown Minerals Act 1991*

6. A two stage-legislative review of the Crown Minerals Act 1991 (CMA) was agreed to by Cabinet on 2 July 2018 [CAB-18-MIN-0306.01 refers], and was commenced following the Government's announcement on 12 April 2018 to limit the area available for future petroleum exploration permits to onshore Taranaki.

7. Tranche one of the review ran from 2 July 2018 until late 2018. The scope of tranche one was limited to changes necessary to give effect to the new offshore petroleum exploration policy, and allow onshore block offers in Taranaki to run until 2020. The necessary changes were made via the Crown Minerals (Petroleum) Amendment Act 2018.
8. Tranche two of the review is currently being progressed. Tranche two is intended to consider the key factors that will impact the CMA both now and into the future. The terms of reference of tranche two was agreed to by Cabinet [CAB-19-MIN-0317]. It is intended that public consultation on the tranche two CMA discussion document will start in Negotiations

#### *A Strategy to underpin the Tranche Two review of the CMA*

9. Following the completion of tranche one of the review I proposed to underpin tranche two of the review with a broader strategy focussed on the Government's priorities and vision for the minerals and petroleum sector (the sector). This would allow us to consider how the wider legislative framework is aligned with the Government's medium to long term vision for the sector.
10. This broader Strategy would also provide a mechanism to allow for targeted engagement with our Treaty partners and other stakeholders on how New Zealand can sustainably derive value from its resources.

#### *Why New Zealand needs a Strategy*

11. The sector contributes significantly to the wellbeing of New Zealand: it provides jobs, income, and the resources we need to power and build our economy. In the future however, the sector will have to do some things differently to meet our needs.
12. The Government has a goal to transform New Zealand's economy into a more productive, sustainable and inclusive economy. This includes our goal to transition the economy to a clean, green and carbon neutral New Zealand. Resource demands will change as we make this transition, and in response to the existential threat of climate change. This Strategy will be a first step towards transitioning our sector to a more socially and environmentally responsible sector that better supports our future.
13. The draft Strategy centres on three important themes:
  - *Low Carbon Economy* - as countries transition to low emission economies, where technologies like electric vehicles and solar panels become more prevalent, the demand for clean-tech minerals such as cobalt and lithium is projected to increase dramatically. There may be opportunities for New Zealand to meet this domestic and global demand for clean-tech minerals
  - *Growing a Productive, Sustainable, and Inclusive Economy* - as our population continues to grow we will require more housing, more energy, and expanded infrastructure. The minerals and petroleum sector has a critical role to play in building this future.



- *Social Responsibility* - our Treaty partners and communities are expecting greater engagement, and care for the environment. If the minerals and petroleum sector is to continue providing the raw materials we need to sustain and grow our economy, we need to acknowledge and address society's evolving expectations.

## Draft Strategy

14. The draft Strategy titled 'Responsibly Delivering Value - A Minerals and Petroleum Resource Strategy for Aotearoa New Zealand: 2019-2029' will set the Government's long term vision for the minerals and petroleum sector. It provides the direction for the sector in the transition to a low carbon and productive, sustainable and inclusive economy. This Strategy will underpin the tranche two review and will guide future Government policy affecting the sector.
15. The draft Strategy has been developed to contribute directly to the following Government priorities detailed in "Our Plan":
  - *Grow and share New Zealand's prosperity more fairly* – the sector will continue to generate Crown revenue through royalties and taxes for the foreseeable future. The Strategy also focuses on improving community engagement, which should help build a fairer sector through improved public participation in the regulatory process.
  - *Support thriving, sustainable regions* – mining will continue to create skilled jobs, particularly in the regions. Furthermore, the Strategy's focus on clean-tech minerals may create new mining developments which will further contribute to the success of our regions.
  - *Transition to a clean, green, carbon neutral New Zealand* – the Strategy aims to create a sector that is more environmentally responsible and efficient. It also encourages planning now for the resources we will need in the future.
  - *Build closer partnerships with Māori* - one of the action areas of this Strategy is to improve our Treaty partnership with Māori. As a signatory to the Treaty of Waitangi, the Crown owes a duty to Māori to honour that partnership, and the Crown is committed to improving that partnership.

*The Strategy sets the Government's vision for the minerals and petroleum sector over the next 10 years (2019-2029)*

16. The draft Strategy's vision is for '*a world-leading minerals and petroleum sector that delivers value for the New Zealanders, both now and in the future, in an environmentally and socially responsible way*'.
17. It is intended that the draft Strategy will:
  - provide a shared vision and principles that can help all groups think through minerals and petroleum resource issues;
  - communicate the vision the Government has for the sector thereby giving certainty to industry and the wider public; and

- inform future Government policy affecting the sector.
18. It is not intended that that the draft Strategy will:
- set future policies; rather it will provide the strategic vision and framework to which all future relevant policies will align; and
  - revisit the Government's policy to limit new petroleum exploration permits to the onshore Taranaki region only. This is a key step towards transitioning to a low emissions economy which is an aim of this Strategy.
19. This proposed Strategy will help guide the development of the sector. It will inform the direction of future government policy, and encourage stakeholders to make decisions that align with this Strategy's vision for the sector.

*Proposed principles and objectives*

20. The Strategy articulates three objectives that build towards the Governments vision for the sector. To achieve the Government's vision the Strategy aims to form a sector that:
- Responsibly delivers value for New Zealand.
  - Is productive and innovative.
  - Is efficiently and effectively regulated.
21. The Strategy articulates a range of principles that should assist Government, iwi/hapū, industry and any other groups making decisions that affect the sector.
22. The following six principles are proposed to guide everyone:
- The environment, ecosystems, and biodiversity are respected now and in the long term.
  - Māori cultural interests are understood and respected.
  - Support the transition to a carbon neutral economy by 2050.
  - The impact on people, communities and regions are managed in a just and inclusive way.
  - Support a circular economy by meeting resource needs through resource efficiency, recycling and reuse.
  - Actions taken within the mineral and petroleum sector should align with the strategic direction of other related sectors and Government strategies.
23. The following six principles are proposed to guide the Crown:
- 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.
  - The Crown receives a fair financial return for its minerals and petroleum.
  - The Crown regulates in a way that is fair, transparent, reasonable and proportionate.

- The Crown honours the rights of current permit holders to continue production or exploration activities under existing permits.
- The Crown makes decisions based on the best evidence, and accounting for the foreseeable need for minerals and petroleum, both now and for future generations.
- The Crown proactively engages and consults with relevant stakeholders, and decisions are communicated in a clear and transparent way.

24. The following four principles are proposed to guide industry:

- Pursue continuous improvements in health and safety.
- Strive to implement industry best practice in their operations.
- Seek innovative ways to improve the resource efficiency of extraction operations; and minimise the negative impacts of these operations.
- Engage with stakeholders and implement management systems to understand and manage impacts, and realise opportunities for redress where needed.

#### *Action areas*

25. Achieving the vision of the Strategy will require action from many groups in New Zealand. The draft Strategy identifies six action areas where the Government can make a significant contribution towards the vision and the objectives set out in this draft Strategy. The following are the proposed areas for action in the coming years:

- *Modernising the Crown Minerals Act 1991* – the CMA will play a role in setting the direction of the sector, as the demands on the sector changes, so too must the regulatory system to make sure the sector is best placed to meet our future demands.
- *Securing affordable resources to meet our minerals and energy needs* - New Zealand's reserves of minerals, oil and gas offer unique opportunities for economic growth and securing our supply of affordable energy. It is important that we build our understanding of our existing stock of resources so it can inform many of the choices we will confront in future.
- *Improving Treaty partnership* - improving the Māori-Crown partnership is a key step towards safeguarding Māori interests in their rohe (tribal area). As a signatory to the Treaty of Waitangi, the Crown owes a duty to Māori to honour that partnership, and the Crown is committed to improving that partnership.
- *Improving stakeholder and community engagement* - through a more engaged and informed public, communities can better input into the decisions that affect them, and the sector can better understand community attitudes, which helps to build a socially responsible sector.
- *Improving industry compliance* - an effective, efficient and transparent compliance regime underpins the objectives and integrity of the entire regulatory framework, which governs the minerals and petroleum sector.
- *Research and investment in better mining and resource use* – we need to research and invest in better mining and resource use practices to minimise

the environmental impact of mining, and explore efficiencies in our resource use and reuse.

26. Under each action, we note specific actions that we have completed within the past 12 months and actions we are currently undertaking.
27. The draft Strategy does not set future actions; instead it seeks input from stakeholders during public consultation on actions the Government needs to undertake to achieve the vision and objectives of the Strategy. Feedback during public consultation will inform the future actions proposed in the final Strategy.

### **The draft Strategy was developed with input from Treaty partners and key stakeholders**

28. I decided on a collaborative approach to the development of the Strategy, accordingly officials from MBIE engaged with Treaty partners and key stakeholders throughout the development of this draft Strategy.
29. A collaborative approach to the development of the draft Strategy was deemed critical to its ultimate success. While Government will be a chief implementer of the Strategy, the Strategy will be unable to effectively guide the sector without cooperation from non-government groups such as industry and Treaty partners. Through a collaborative approach to the draft Strategy, we maximise the chance of non-government buy-in.
30. In June 2019 an early draft version of the Strategy was circulated to Treaty partners and key environmental groups, industry groups, research institutes, regional and local councils and academics.
31. We received submissions from 17 respondents, including five Treaty partners. Their comments have been considered in the draft Strategy.
32. Submitters were supportive of the Government developing a resource strategy for minerals and petroleum in New Zealand. However, some submitters wanted the strategy to be positioned further along the environmental protection spectrum while others wanted the strategy to be positioned further along the economic spectrum.”

### **I propose that the draft Strategy be released publicly for consultation**

33. Although the draft Strategy has been developed with input from Treaty partners and key stakeholders I would like to further test the draft Strategy with a wider range of stakeholders and the general public, to allow all interested parties the opportunity to provide their views.
34. Consulting publicly with Treaty partners, environmental groups, industry and the wider public will ensure the draft Strategy is well informed and will allow us to fully understand the public's views on the sector and how New Zealand can sustainably derive value from its resources. Public consultation is critical to the success of the draft Strategy. It provides an opportunity to improve the draft Strategy and ensure the Government's vision for the future of the sector is aligned with the views of New Zealanders.



35. Subject to Cabinet approval, public consultation will occur over a four week period, starting in late August 2019. The draft Strategy will be available on the MBIE website. Stakeholders will be able to make their submissions electronically.

### **Next steps**

36. There will be around four weeks for consultation following the public release of the draft Strategy. The timeframe is short, but necessarily so, as the final version of the Strategy underpins the tranche two CMA review and so needs to be completed before the tranche two CMA discussion document is released for public consultation. The discussion document is currently scheduled to be released for public consultation in **Negotiations**
37. Following consultation, MBIE will prepare a summary of submissions and use the feedback received to refine the draft Strategy into a final Strategy. I plan to bring the final Strategy to the Committee in **Negotiations** which would allow the final Strategy to be published prior to releasing the tranche two CMA discussion document for public consultation.

### **Consultation**

38. The following agencies were consulted on the contents of this paper and the attached draft Strategy: The Treasury, the Department of Conservation, the Ministry for the Environment, the Ministry of Primary Industries, the Environmental Protection Authority, the Ministry of Foreign Affairs and Trade, Land and Information New Zealand, the Ministry for Housing and Urban Development, the Ministry for Transport and the Provincial Development Unit were consulted on the contents of this paper and the attached strategy document.
39. The Department of Prime Minister and Cabinet and the Office for Māori Crown Relations – Te Arawhiti have been informed.

### **Financial Implications**

40. There are no financial implications associated with releasing the Strategy for publication. The final strategy may have financial implications; if this is the case, they will be addressed in future Cabinet papers.

### **Legislative Implications**

41. This proposal has no legislative implications.

### **Impact Analysis**

42. An impact analysis is not required as this paper does not include any regulatory options.

### **Human Rights**

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



## Gender Implications

44. There are no gender implications with this paper.

## Disability Perspective

45. There are no disability implications with this paper.

## Publicity

46. I will issue a media statement inviting the public to make submissions when I release the draft strategy for public consultation. This will be supported by information on MBIE's website and social media, and other communication channels. The Strategy will also be emailed to our Treaty partners, and interested stakeholders at the beginning of the consultation period.

## Proactive Release

47. I intend to proactively release this paper when the draft Strategy is released for public consultation, subject to any redactions consistent with the Official Information Act 1982.

## Recommendations

The Minister of Energy and Resources recommends that the Committee:

1. **Agree** to the release of the attached draft Strategy document titled 'Responsibly Delivering Value: A Minerals and Petroleum Resource Strategy for Aotearoa New Zealand: 2019-2029' for public consultation.
2. **Authorise** the Ministry of Business, Innovation and Employment to make minor amendments and refinements to the draft Strategy document prior to its public release.
3. **Agree** that I will report back to the Cabinet Economic Development Committee for approval of the final Strategy in **Negotiations**
4. **Note** that the public consultation period is intended to commence from 27 August 2019 and conclude on 20 September 2019.
5. **Note** that this paper will be proactively released, subject to any appropriate redactions.

Authorised for lodgement

Hon Dr Megan Woods

**Minister of Energy and Resources**

PROACTIVELY RELEASED