SUBMISSION

New Zealand MINERALS COUNCIL

Submission from New Zealand Minerals Council to Ministry of Business, Innovation and Employment Going for Growth

May 2025

Introduction

1. New Zealand Minerals Council, formerly Straterra, is the industry association representing the New Zealand minerals and mining sector. Our membership is comprised of mining companies, explorers, researchers, service providers, and support companies.

2. We are grateful for the invitation from the Minister of Finance to provide feedback on the Going for Growth document (the document) and to provide our views on how mining can further strengthen the platform for growth. We agree economic growth is the key to raising living standards and we are broadly supportive of the initiatives set out in the document.

3. We are pleased the document recognises that the minerals sector will play an increasingly important role in driving economic growth in New Zealand. In this submission we expand on the contribution it can make and what the Government can do to facilitate this contribution as we go through the document chapter by chapter.

4. We are happy to talk to officials in more detail about any of the points raised in this submission.

Summary of key points – contribution to innovation and growth from mining

5. This submission looks at the contribution all parts of the mining industry make to the economy and highlights areas where innovation is world-leading and has further potential to contribute to economic growth and showcase innovation.

Innovation

6. New Zealand has tremendous innovation in the minerals and mining sector that could add to the economy and be part of knowledge exports.

7. We have world-leading mine water management systems, environmental management and mine closure projects. An example is using recycled waste shells from commercial mussel farming to clean up mine water. Our member companies identifying the value of resources for mining are working all over the world with their cutting-edge technology and geological expertise. As the world races to both identify critical mineral resources and establish viability for mining, these are sought after skills.

8. The Robinson Institute is known for its world-leading expertise in superconductors and magnets and has developed processing methods for critical minerals from New Zealand resources leveraging that.

9. It is essential we don't lose the depth of talent across the earth and environmental sciences working in New Zealand and that in fact, as mining increases, we foster and encourage these vital paths of study and research.

Case study – innovation in affordable housing

We have mining companies quietly going about finding affordable housing solutions for an influx of workers, as mining booms in provincial New Zealand.

There are two projects in Reefton that will result in longer term community assets. Federation Mining and Development West Coast, with support from Buller District Council and the Government, will construct additional units at the Reefton Motor Camp which will be able to be used by both mine workers and visitors to the town. Local businesses, including construction business South Peak Homes will establish the units.

Federation is also working with Development West Coast to provide two and three-bedroom homes for workers – 10 houses have been built and 10 more are in the pipeline. Each house build utilises 25 trades, labouring or service people (all from the West Coast). All furniture and whiteware are purchased on the West Coast. Building materials and frames are sourced from the West Coast and 90 percent of the spend of this project is in the Buller District.

We believe there is much to be learned from these projects when it comes to providing affordable housing and boosting local economies in the process.

Productivity – we are number one

10. It is no secret that New Zealand has a productivity problem. Not so in mining.

11. The mining and exploration sector is ranked number one in New Zealand for both labour productivity and land use. It stands to reason that if New Zealand's mining sector was a larger share of the economy, New Zealand's total productivity would be higher.

12. We need to enable and keep our skilled workers with training, research opportunities, growth in the sector and improved perceptions of the value of the industry.

Promoting global trade and investment – mining has a role to play

13. New Zealand is a trading nation and we have been trading minerals for many years. Minerals will be an important commodity to increase our export receipts.

14. Government agencies that promote trade and investment have underestimated the importance of minerals in recent years. We welcome the effort that has gone into promoting New Zealand's minerals globally, by Resources Minister Shane Jones and the Ministry of Business, Innovation and Employment (MBIE). We very much appreciate this support but believe it is time for mining companies to be part of trade missions, particularly within the Asia-Pacific region.

15. Gold is the number one goods export to Australia. Gold is used in electronics, telecommunications, aerospace, medicine and dentistry, and jewellery. There is potential for opportunities to process gold in New Zealand for manufacturing here.

16. Coking coal is the number two goods export to India, an increasingly desirable trade partner for New Zealand. Coal companies have been trading with India for many years and have deep relationships. India has indicated it will be using coal for many years to come.

17. Coking coal from the West Coast is highly sought after by international steelmakers because of its high quality, low ash, and high blast furnace fluidity. Its emissions intensity is lower than coals from other countries which makes a positive contribution to reducing global emissions.

18. Coal also makes a major contribution to the international competitiveness of New Zealand's export sector as an essential component in our food production, particularly for dairy, meat and fruit and vegetable processing.

19. There is tremendous opportunity for New Zealand to be part of the global supply chain of critical minerals and some projects that are up and running, and others that are in the fast-track process, will easily meet the goal of doubling mineral exports by 2035.

Foreign direct investment

20. Mining is a capital-intensive industry and it is essential that there are pathways for foreign direct investment and there is long-term consideration of the risks to that investment that come from policy chopping and changing with government changes.

21. Given the changed, more positive profile of New Zealand mining, there is strong interest from overseas investors, with a number of new mining projects underway. It is essential we retain this enabling environment.

22. There are negative narratives about overseas investment in New Zealand mining. While some mining profits are retained by overseas investors (logical), this is after considerable local expenditure. For every dollar of minerals dug up and sold, typically more than 80 percent is spent procuring local goods and services; paying wages and salaries; and contributing to the government sector through the tax take, royalties, and local council rates etc.

Reconsider where mining has been overlooked

23. Mining has been overlooked in the *Innovation, technology and science* and *Infrastructure for growth* chapters of the document and this should be reconsidered.

24. Increased research and development in the prospecting – including determining prospectivity and viability of resources, extracting, processing, and use of minerals has the potential to add considerable value for New Zealand. We have research capability that has been built up over many years and we should foster and grow that, particularly given the global race to secure and maximise minerals for technology, medicine, energy, and the like.

25. Minerals are a key component of the infrastructure supply chain and will become increasingly important for renewable energy and technology infrastructure to manage the huge demand for energy to fuel big data centres and artificial intelligence.

26. There is a lot of innovation and talent in the mining sector that can make a bigger contribution to the Government's desires expressed in *Going for Growth*.

Strong foundations to foster economic growth

Productivity

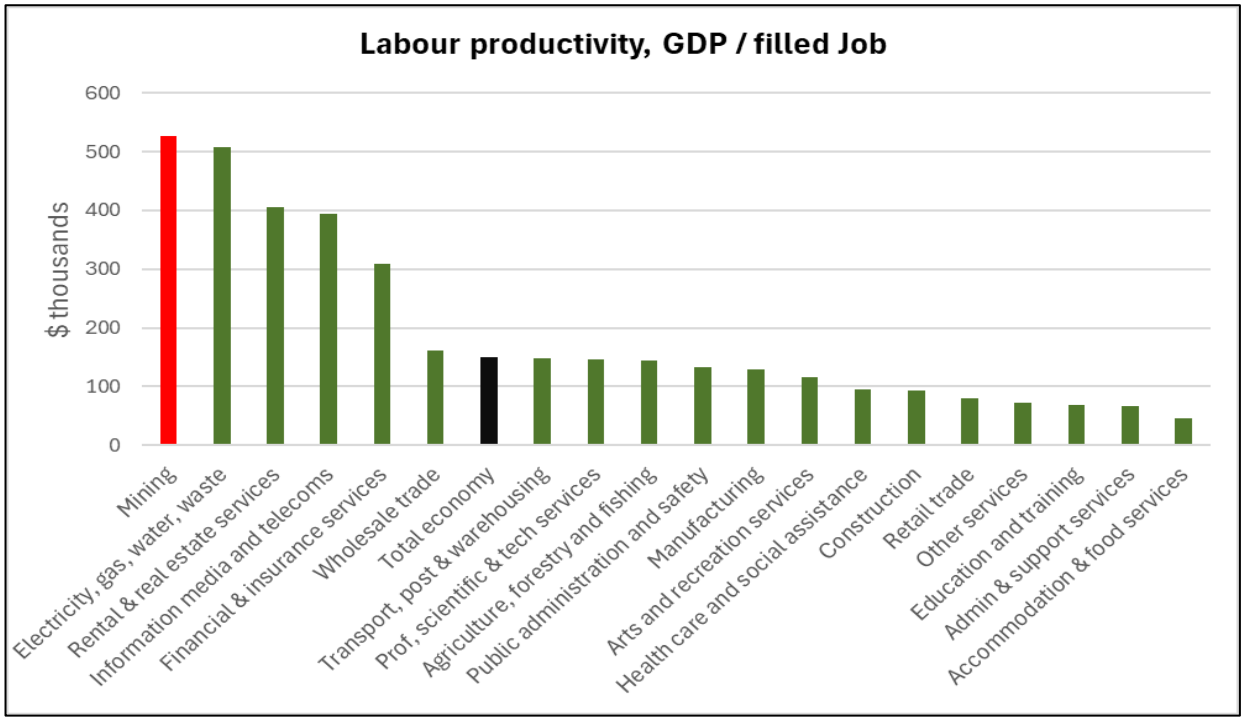
27. We agree that lifting New Zealand's productivity is critical to increasing economic growth, raising incomes and supporting high-quality public services in the short and long term.

28. The minerals sector contributes greatly to productivity in New Zealand and mining is near the top of most industry productivity measures.

29. Labour productivity in the mining and exploration sector was $526,609 per filled job, compared with $149,163 across the economy. Mining and exploration is the number one ranked sector in New Zealand for productivity.

30. Mining is also the most productive land use. Mining revenue per hectare of land is higher than other primary production while the resource is in place, including dairying and horticulture. At the end of a mine's life, the land can be restored back to pasture for agriculture to resume.

31. It stands to reason that if New Zealand's mining sector was a larger share of the economy, New Zealand's total productivity would be higher.



Labour shortage / incomes

32. Due to the sector's high labour productivity, New Zealand mining incomes are high relative to other sectors. The median mining income is more than 50% higher than the New Zealand average ($92,790 vs $59,030 in 2023 according to Stats New Zealand linked employer/employee data (LEED) data).

33. However, incomes are significantly lower than those available in Australia, and this mining income gap is larger than the general income gap between the two countries. A major risk of disruption faced by the sector is labour shortages – particularly as skilled labour is easily able to shift to the potentially more lucrative and reliable Australian mining sector.

34. Measures taken by the Government to grow the mining sector and improve its standing in New Zealand would go some way to reversing the loss/outward flow of skilled workers to Australia.

Chapter 1 – Developing talent

35. The mining sector is growing with a significant number of new mines and extensions in the pipeline. This is leading to growing job numbers in provincial areas and increasing demand for labour is expected in the coming years.

36. To meet ongoing demand for labour and to address skill shortages a combination of vocational training and looser migration settings will be needed. Given the timeframes involved, offshore recruitment will be an important part of the mix. The Government sees a flourishing mining sector as a means of encouraging New Zealanders working overseas to return home as well as attracting new talent to New Zealand and we support this.

37. We broadly support the proposed redesign of the vocational training system with greater industry input as set out in the document.

38. We also urge a return to the relative levels of expenditure on earth sciences at the university level, as well as in research. We recommend more flexible immigration settings with more of a focus on filling skill gaps and encouraging international research collaboration.

Chapter 3 – Promoting global growth and investment

39. As Chapter 3 says, global trade and investment are essential for New Zealand to maximise its potential.

40. We fully support the Government's goal of increasing exports and negotiating new trade agreements. This is particularly important at this time as geopolitical developments lead to shifting trade alliances.

Mineral exports

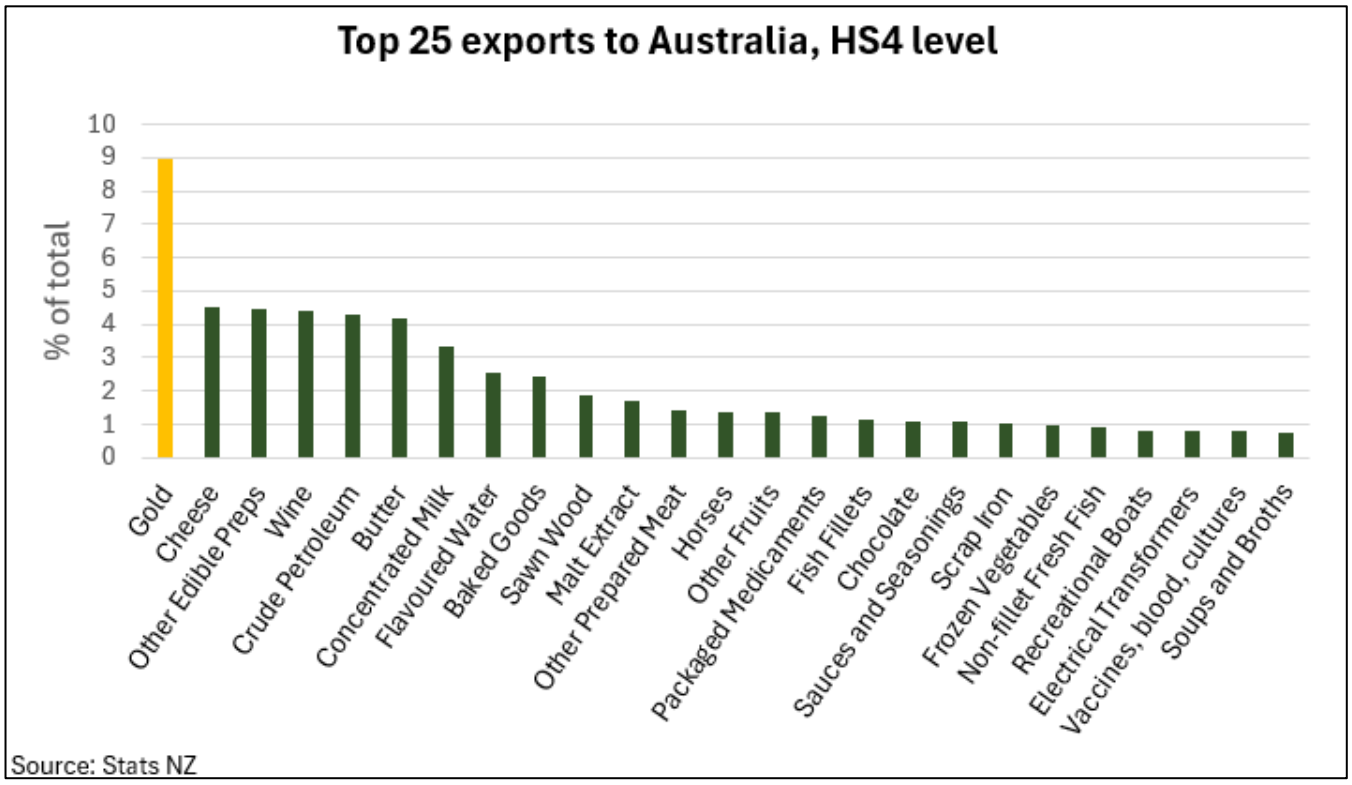
41. We are pleased that the Government has identified the minerals sector as an increasingly important contributor to New Zealand exports.

42. The goal of doubling minerals exports by 2035 has been set, matching the Government's goal of doubling exports for the economy as a whole.

43. While the economy-wide goal is quite ambitious, most observers are of the view that minerals exports will easily meet the target driven by a combination of higher prices, increased production, and new mines across a range of minerals.

44. Minerals exports are already making a significant economic impact in some parts of New Zealand and with some minerals, particularly gold, being at record high prices.

45. Gold which has important uses in electronics, telecommunications, aerospace, medicine and dentistry, as well as jewellery, is a major source of export revenue for New Zealand. Gold is the number one goods export to Australia earning $708 million in export receipts in 2023 and $855 million in 2024 (a 21% increase).



46. Coking coal is also an important export earner – it being the number two goods export to India, an increasingly desirable trade partner for New Zealand. New Zealand coking coal from the West Coast is highly sought after by international steelmakers because of its high quality, low ash and high blast furnace fluidity. Its emissions intensity is lower than coals from other countries which makes a positive contribution to reducing global emissions.

47. Equally important, coal makes a major contribution to the international competitiveness of New Zealand's export sector indirectly, it being an essential component in our food production. Coal provides 54% of the energy consumed by the dairy sector, 31% of the meat sector and 61% of fruit and vegetable processing[1]. Without coal, production costs for these important exports would be much higher and in some parts of the country a lack of alternative fuels available means production would not be viable.

48. Aluminium, the number one goods export to Japan is reliant on bauxite, an important mineral sourced from Australia.

49. There are also significant quantities of silver, ironsands, and mineral sands containing rare earth elements which are exported and there are projects in the pipeline for the production and export of a wider range of minerals including vanadium, antimony and ilmenite. Many of these minerals are in demand internationally with uses in the low carbon economy as well as in traditional areas.

50. New Zealand has a large and varied mineral endowment and so we are pleased with what the Government is doing, and has done, to enable the industry to diversify and increase its export earnings. This includes developing a minerals strategy, a critical minerals list and a detailed

[1] These percentages are anticipated to decline as some companies transition to lower-emission fuels, but the transition is proving harder than expected for most as alternatives are proving harder than expected to access and so it's likely coal will remain a major input for these products for some time yet.

stocktake of the known mineral potential. It has highlighted the sector as a key beneficiary of upcoming resource management reform and the recently passed fast-track legislation.

Foreign direct investment

51. We agree the New Zealand economy needs to be connected internationally and welcoming of foreign capital to grow.

52. Foreign investment is an important provider of capital for the mining sector as well as New Zealand as a whole. It also provides access to new expertise and technology and links to the global distribution chains. This is particularly so for the mining sector, which benefits greatly from these connections.

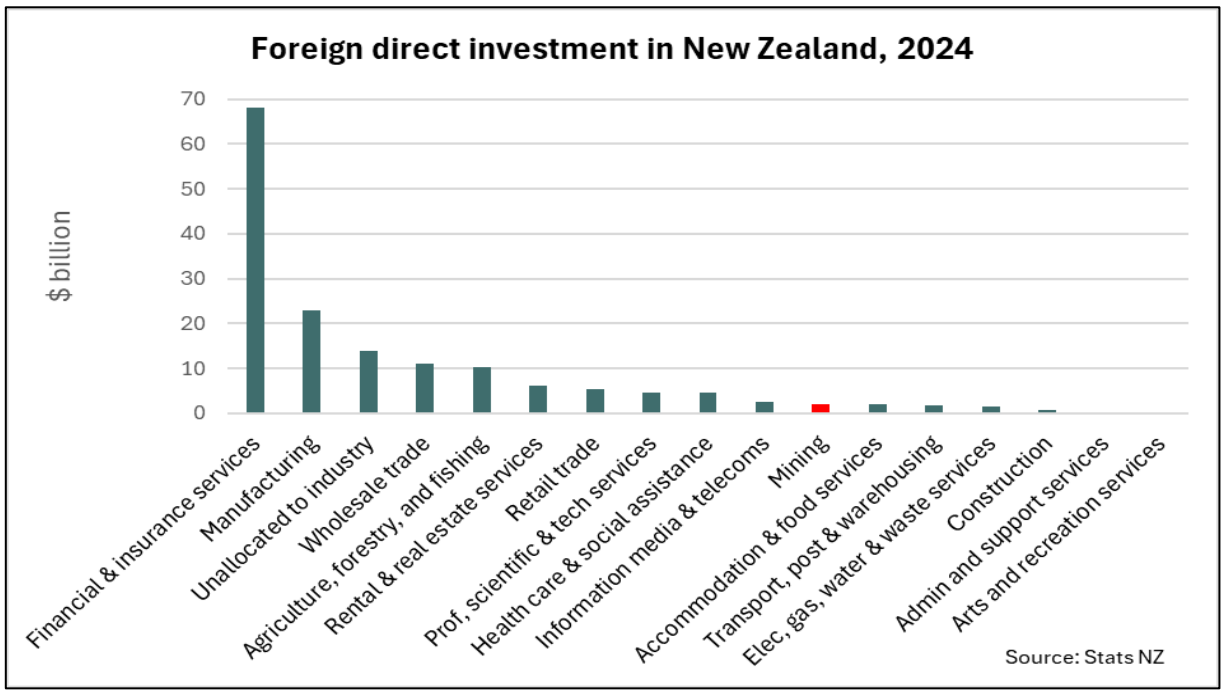
53. The renewed interest in the New Zealand minerals sector has attracted a range of overseas investors with a number of new mining projects underway.

54. We are concerned at the anti-foreign investment sentiment that currently prevails in some segments of New Zealand particularly as it relates to the mining sector.

55. There is a perception among some critics that New Zealand mining is dominated by overseas interests who are extracting all the value and siphoning it offshore.

56. While there are a handful of multinationals, most mining businesses in New Zealand are small locally owned businesses employing less than five people. In 2024 small and medium enterprises (SMEs) accounted for 94.1% of all employment in the Mining and Exploration sector in New Zealand according to Infometrics.

57. As shown in the following graph, the mining industry does not rank high when it comes to foreign direct investment with a stock of only $2.125 billion invested in 2024.



58. Other land-using sectors such as wine and forestry have a much higher concentration of overseas ownership but don't seem to attract the same degree of animosity.

59. While some mining profits are retained by overseas investors this is after considerable local expenditure providing significant economic impact is made. For every dollar of minerals dug up and

sold, typically more than 80% is spent procuring local goods and services; paying wages and salaries; and contributing to the Government sector through the tax take, royalties and local council rates etc. Of the 20% that remains as profit, much of it is reinvested as capital in the mining operation with the remainder paid out in dividends to owners, some of whom are local.

60. We agree with the initiatives in the document to enable faster and more efficient foreign investment, including the intention to amend the Overseas Investment Act and we will provide feedback on this at the appropriate time.

61. We believe that it is timely for the New Zealand Government to promote New Zealand's minerals wealth and to include mining executives on trade missions, particularly in the Asia-Pacific region.

Chapter 4 – Innovation, technology and science

62. We agree with the importance the document places on technology and science to develop better ways of doing things to help grow the economy, as set out in Chapter 4.

63. The minerals sector represents huge opportunities in this area and could be said to be under-represented in the chapter which highlights health technology, aerospace and biotechnology as favoured sectors.

64. Increased research and development in the exploration, extraction, processing and use of minerals has the potential to add considerable value for New Zealand.

65. This is recognised in the Government's Minerals Strategy (*A Minerals Strategy for New Zealand to 2040*) but is overlooked in the *Going for Growth* document.

66. The minerals strategy signals the Government's intention to develop a minerals research strategy which we are very pleased about. There are other initiatives that have already been taken, such as the recent stocktake of New Zealand's known mineral potential published by GNS Science and the mapping of economic aggregate resources around the country.

67. Having said that, we are concerned that minerals science/geology has not featured heavily in recent government funding rounds and university funding of geological sciences has been cut. A lot of this may be due to a perception that former governments were not enthusiastic supporters of the minerals sector.

68. An example of politics trumping science is the 2021 rejection by Callaghan Innovation of a research and development funding application for research on rare earth elements on the seabed on the grounds that it would cause significant adverse public sentiment and therefore risked reputational damage to Callaghan and the Government. We reject that assertion and believe geology/science/research to be foundations of innovation, understanding our world, and responsible development.

69. It will be important that the minerals research capability that New Zealand has built up over many years is further developed, particularly given the global race to secure and maximise minerals for technology, medicine, energy and the like.

70. Strong connections and collaboration between the resources sector, the research, science and innovation sector, and government agencies including international connections will be important to ensure mineral sector research is optimised.

71. In terms of the Government's reform of the science sector we would be concerned if the transformation of the seven crown research institutes into three public research organisations

resulted in a reduced focus on geological science by which we mean fewer earth and marine scientists.

Chapter 5 – Infrastructure for growth

72. We agree investing in infrastructure is an essential component/factor to enable increased productivity and drive economic growth.

Minerals and infrastructure

73. Minerals are a key component of the infrastructure supply chain and will play a major role in the infrastructure investment that is needed for New Zealand. Many of the minerals required are sourced, or able to be sourced, locally and access to them will be necessary if investment in infrastructure is to proceed.

74. For example, aggregate (crushed rock and sand) forms the foundation of buildings and other structures and makes up 75–90% of the material in roading.

75. Cement and steel are integral in the development of infrastructure projects. Coal, sand and limestone are essential inputs for cement manufacture; limestone and sand as a mineral input, and coal through the high temperatures required.

76. Coal and ironsand are used in steel manufacturing; coal as a mineral input as well as a source of heat, ironsand as a mineral input. There is currently no commercially viable alternative to making new steel at scale without coal.

77. Minerals are needed for traditional infrastructure and increasingly as part of the low carbon economy. Low emissions technologies such as wind turbines, solar panels, electric vehicles and batteries etc. are increasing demand for a wider range of minerals. Changing technology infrastructure required to manage big data centres and processing by artificial intelligence requires even more mined minerals and huge energy use.

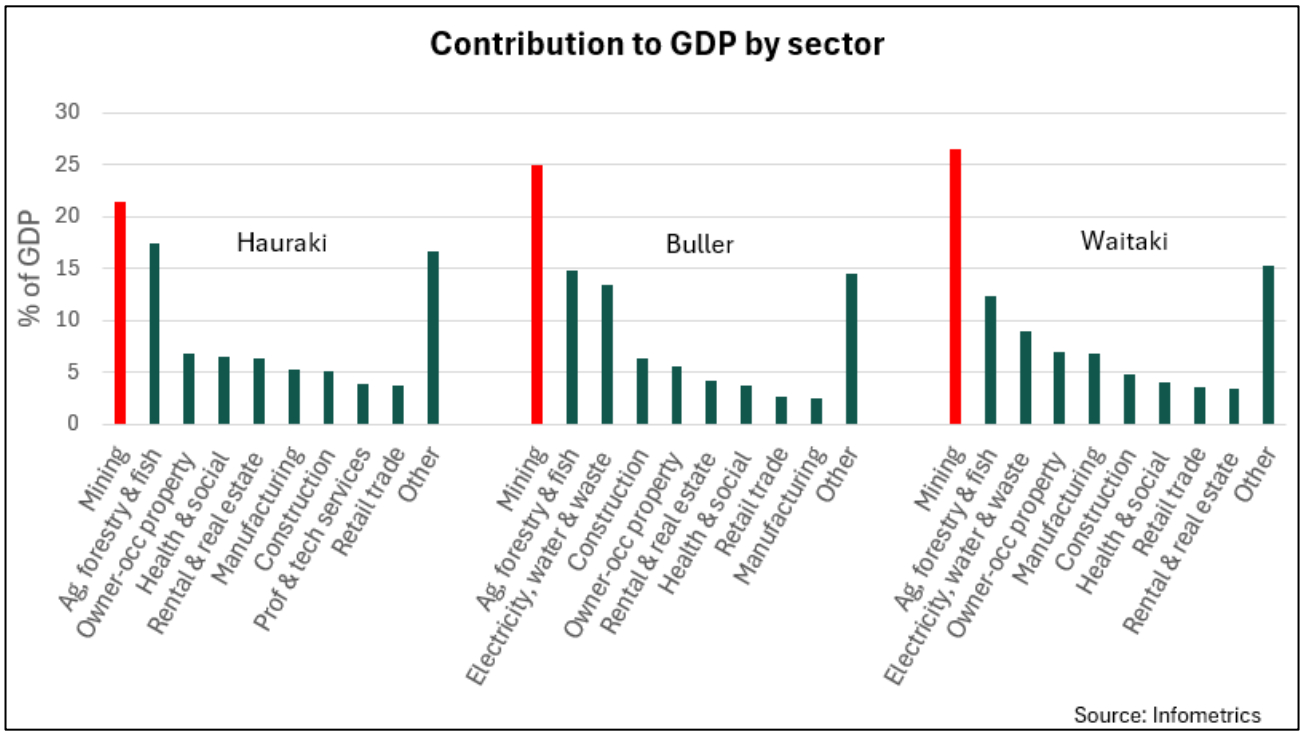
78. New Zealand has prospectivity for some of these. Vanadium, lithium, rare earth elements, tungsten, nickel-cobalt and copper are examples of low-carbon economy minerals which New Zealand has the potential to supply, provided we have access to land and sea for exploration and minerals development.

Regional economic development

79. Much is made in this chapter of the importance of regional economic development.

80. It is important to note that mining in New Zealand is concentrated in a handful of districts / small parts of the country and its contribution to the economic development of those districts is important.

81. For example, to name just three, mining is 21.3% of Hauraki District's GDP; 25.0% of Buller's GDP; and 26.5% of Waitaki's according to Infometrics. To put this in perspective, in Wellington the contribution to GDP of the entire public service is 13.9%.



82. This shows how important mining is to the districts which host it in particular and explains why it is valued by the communities which live there.

83. As well as contributing to the local economy, mining, like all industries, contributes to central government revenue through its tax take. But mining makes an additional fiscal contribution that other industries don't make, through the royalties that are collected.

84. We are aware of a proposition being floated for the Government to redirect royalty revenue back to the regions where the mining took place as part of regional deals or some other mechanism. We support this policy in principle and look forward to being consulted more fully. Retaining the revenue in the districts where it is earned would enable the mining sector to contribute even more to regional economic development.

85. We would not, however, support corresponding increases in royalty rates so that fiscal neutrality is retained at the central government level, as this would amount to an additional tax on mining.

Energy

86. We support the transition to renewable energy as championed in the document. However, we note that with questions over the security of gas supply, coal will continue to be needed as a back-up fuel for when hydro lake levels are low, the sun isn't shining and the wind isn't blowing.

87. Coal's contribution to total electricity generation in New Zealand is small but as renewable generation capacity increases to meet growing electricity demand (partly driven by the electrification of industry and the transport fleet), we don't see that percentage moving to zero for many decades.