

## Submission from New Zealand Minerals Council to Finance and Expenditure Committee on the Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Bill July 2025

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### Introduction

1. New Zealand Minerals Council 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 welcome the opportunity to make this submission on the [Financial Markets \(Conduct of Institutions\) Amendment \(Duty to Provide Financial Services\) Amendment Bill](#).
3. We are happy to speak with the committee on our submission.

### Submission

4. We support the objective of the bill to stop the debanking of certain sectors/activities on illegitimate grounds.
5. Like the Government we are frustrated by the greenwashing, virtue signalling, and moralising that is often used by banks when it comes to certain sectors/activities in New Zealand including the mining sector.
6. Our concerns are twofold:
  - There are reports of banks withholding transactional banking services from coal miners.
  - Banks are promoting the fact that they do not do business with coal miners as part of their branding and to boost their alleged sustainability credentials.
7. We note that recently one bank has been the target of activists for banking a large coal mining company in New Zealand.
8. It is imperative that lawfully established coal mining companies (and indeed any other business conducting business lawfully) have access to New Zealand banking services.
9. Coal mining is a legitimate, legal business and Parliament, through this bill, is right to highlight greenwashing where banks publicly declare they will not do business with companies engaged in coal mining.

### Coal is critical to New Zealand's energy security

10. Coal is critical for New Zealand's energy security and export competitiveness and will be for some time yet.

11. Coal is a key component in making New Zealand's food and other manufactured exports internationally competitive. 90 per cent of the energy supplied to the food production sector contains some mix of natural gas or coal.
12. Coal is also a valuable export in its own right and is primarily exported to major steel producing countries in the Asia Pacific region including China, Japan, India, South Korea and Australia. (Coal is New Zealand's number two goods export to India.) For this reason, metallurgical coal is on New Zealand's critical minerals list.
13. Coal is needed as a backup to renewable electricity generation to ensure security of supply during dry years and to meet peak demand when the sun doesn't shine, the rain doesn't fall, and the wind doesn't blow at the right speed.
14. Coal is a necessary input in the manufacture of steel and cement.
15. While many companies are looking for alternative energy sources / transitioning out of coal, the Climate Change Commission itself acknowledges that New Zealand is going to require coal up to at least 2040.
16. Withholding transactional banking services could prematurely force the exit of some coal mining companies before coal users have access to affordable, accessible, and reliable alternatives; thereby putting at risk our domestic and export industries which rely on this coal.
17. The answer does not lie with importing coal because of the ever-present threat to supply security. We have seen this recently where there is an escalation of conflict, or a global pandemic, shipping routes are disrupted or closed and this reduces supply to New Zealand.
18. It is hypocritical that banks are happy to lend to coal miners' customers who use coal, but not the miners who supply it.
19. We accept that banks have a right to choose who they do business with. But it is difficult to see where there is any financial risk to banks from continuing to supply services to successful coal mining businesses.
20. Whether or not the bill proceeds, the Government needs to continue to signal to banking institutions that their restrictions pose unwarranted harm to New Zealand's national energy security, as well as to our domestic and export economies.

## **Branding / moralising**

21. Since the issue of the debanking of coal was first raised, banks have said their decisions are made on their own risk assessments, not environmental or moral judgement grounds.
22. This is in direct contrast to what a number of banks say on their websites where their decisions on who they will and won't bank are framed under headings such as "responsible banking", "ethical investment" and "balancing purpose and profit".
23. We think the Government and the authors of the bill are right in their claim that banks' public statements on why they don't lend to fossil fuel producers have been nothing but virtue signalling. So, we welcome the attention given to this by the bill and its surrounding commentary.
24. Banks are lumping coal miners and other fossil fuel producers in with activities ranging from illegal endeavours to well-known cause célèbre - many unlikely to ever occur in New Zealand. Examples

include nuclear power; recreational drugs; military grade weapons manufacture; predatory lending; whale hunting; manufacture or testing of nuclear weapons; assault weapons for civilian use; anti-personnel mines; and pornography.

25. It is absurd that coal mining, a legal activity that provides an industrial input for which there are often no current alternatives, is being grouped with these activities. As explained above, coal is critical for New Zealand's energy security and export competitiveness and will be for some time yet.

## **Conclusion**

26. Whether or not the bill proceeds, the Government needs to continue to signal to the banking institutions, and the public, that coal is a legitimate industry and that there are sound commercial reasons for banks to continue transacting with it.
27. Banking restrictions on coal miners pose unwarranted harm to New Zealand's national energy security as well as our domestic and export economies.
28. Withholding transactional banking services could prematurely force the exit of some coal mining companies before coal users have access to affordable, accessible, and reliable alternatives. This would put at risk the industries which rely on this coal and threaten New Zealander's day-to-day living and our domestic and export economies, which are essential to New Zealand's economic prosperity.
29. We support more work being done on the bill.