

Mining in 2021

Chris Baker, [Straterra](#), talks with AdvocacyUpdate

AdvocacyUpdate: How would you describe Straterra and the mining sector?

Chris Baker: Straterra represents the mining sector in New Zealand, which is mainly focused on gold and coal.

AdvocacyUpdate: What is the environment for gold?

Chris Baker: New Zealand produces somewhere between 8 and 10 tonnes of gold a year, most of it exported to Australia. The main part of the gold industry is hard rock gold mining. OceanaGold owns most of the hard rock capability and production in New Zealand. Then there are about 30 or 40 alluvial operations in the South Island.

There's a bit of a commodities boom happening right now, because of the amount of Covid-related stimulus that's been injected into economies around the world. Prices are high for iron ore, copper, cobalt and nickel, and this has flowed through to some extent into the gold sector. Currently there are five or six listed companies exploring for gold in New Zealand, despite the fairly significant barriers to development. And OceanaGold is looking at a number of brownfield sites and a little bit of greenfield development at Waihi and Otago, so you could say the future of the gold sector in New Zealand, all things being equal, is good. A couple of gold mines here in New Zealand will still be operating in another 30 or 40 years under conditions that we can contemplate now.

AdvocacyUpdate: What is the environment like for coal?

Chris Baker: New Zealand produces about 40 million tonnes of coal a year. That includes coal used domestically to power industry and the agricultural sector and to generate electricity, as well as coking coal that's exported to make steel.

Coking coal is the highest quality coal, mined on the West Coast and exported to other countries for making steel. It's an essential ingredient in steel-making, and it could be 40 years before we'll see a significant shift away from the use of coking coal to make steel.

Coal that's used domestically to power industry and the agricultural sector is set to decline over the next 20 years or so, as industrial users transition to other fuels. Fonterra, for example, currently uses about half a million tonnes of coal a year, but expects to be at net zero carbon by 2050.

And coal is still being used for electricity generation. Currently we're importing a bit over a million tonnes a year to keep Huntly Power Station going. When the hydro lakes get a bit low, or when there are disruptions in the gas market, coal comes back.

AdvocacyUpdate: Why don't we use our own coal for generating electricity?

Chris Baker: The cost of mining the quantity needed and ramping the output up and down makes our ability to meet the demand pretty constrained. Our geology is difficult too - it's easier to get coal from Indonesia than to mine in the proximity of the Huntly power station.

AdvocacyUpdate: How would you describe the environment for mining companies right now?

Chris Baker: Unfortunately, we don't have an environment that facilitates mining. There are challenges getting access to the land to explore and getting consents.

We would argue that if a new mine is consented and allowed to develop, there will be benefits, both environmental and social, that will make the contribution of that development positive, and there will also be trade-offs that can be made to ensure that any environmental impacts can be offset.

The Resource Management Act should theoretically support this kind of debate, but we haven't been able to have much debate around trade-offs or offsetting. A combination of nationally-driven environmental policies and the shift to local and regional councils being able to bring climate change issues to bear on their consenting decisions, have made it harder for mining to survive.

As well, the Resource Management Act and the Crown Mineral Act are currently under review, which is bringing a bit of uncertainty and making the job of developing new mines harder.

AdvocacyUpdate: Is there a problem with the Crown Minerals Act?

Chris Baker: Well, there's a move under way to delete the purpose of 'promoting mining' from the Crown Minerals Act. But if you remove this purpose – promoting mining – then over time all mining in New Zealand will come to a stop. Of course, as a country, we can choose not to mine – we could pay other countries to mine their reserves, and we could simply import the metals and minerals from overseas. But why?

We should be having a conversation about that. What are the trade-offs involved for New Zealand continuing mining or buying minerals from overseas? And what about the environment? Here in New Zealand, we have environmental and health and safety standards that are as good as anywhere in the world and better than most places – so why would we import metals and minerals from overseas that have been produced in a less responsible way than they are here?

Over the last few years we've lost the flexibility that you need in legislation for resource projects to progress. Offsets and compensation have been progressively removed from decisions over resource development. For any resource project – whether it's a mine or quarry or whatever – you need flexibility in terms of being able to pay compensation or create offsets to enable trade-offs to be delivered in a way that's satisfactory to society.

Without that flexibility, we'll just be stuck in preservation mode, saying, "let's just import the minerals and we'll let any damage that occurs happen overseas." That makes no sense to me at all. Currently we have strong demand for our mining products, which are paying a lot of our bills. I think we need a more intelligent and pragmatic discussion about mining, money, and the trade-offs that can be made to ensure the environment is protected.

