

BEFORE THE FRESHWATER HEARINGS PANEL

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of submissions on the Proposed Otago Regional
Policy Statement 2021: Freshwater Planning
Instrument

EVIDENCE OF ALISON CLAIRE PAUL

FOR OCEANA GOLD NEW ZEALAND LIMITED

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INTRODUCTION AND BACKGROUND

1. I am employed by Oceana Gold (New Zealand) Limited (**OGNZL**) as General Manager Corporate and Legal Affairs. I am authorised to give this evidence on behalf of OGNZL. I have a BA LLB from the University of Auckland and I have practised as a lawyer in New Zealand and England since 1992. I have specialised for most of that time in construction, heavy industry and mining.
2. I am responsible for, amongst other things, overseeing the regulatory environment within which OGNZL operates. This includes, where necessary, managing OGNZL's participation in the development of the relevant national, regional and district-level planning instruments under the Resource Management Act 1991 (**RMA**) relevant to OGNZL's current and potential future operations in New Zealand.
3. I have worked for OGNZL since September 2004 and therefore I am very familiar with OGNZL's operations and the developments that have taken place over that time at Macraes Mine. As OGNZL also operates the Martha Mine at Waihi and the Globe Progress Mine near Reefton¹, I am also familiar with operating mines in other regions and other regional and district planning regimes as well as some involvement in the review of permitting requirements at OceanaGold's mines at Didipio, Philippines, and Haile, South Carolina, USA.
4. I am also the Chair of Straterra, a group representing the New Zealand minerals and mining sector, which advocates publicly and to the Government for recognition

¹ Where construction began in 2004, the mine was operational from 2007 to 2016 and has been in closure and rehabilitation since that time, representing a full mine development life cycle.

of mining and minerals; and a member of the Mines Rescue Trust Board which undertakes statutory functions under the Mines Rescue Act in the provision of emergency response services to mines, and tunnels under construction.

5. As part of my roles at OGNZL and Straterra I have made or taken part in submissions on national, regional and district planning instruments including:
 - a. Submissions on the 2019 Otago Regional Policy Statement;
 - b. Providing submissions and consultation on the draft National Policy Statement on Indigenous Biodiversity (**NPS-IB**);
 - c. Engaging with the Ministry for the Environment in relation to the Resource Management (National Environmental Standards for Freshwater) Regulations 2020 (**NES-FW**) and the proposed review of these;
 - d. I was a member of the Energy, Infrastructure and Transport Reference Group on the Proposed Otago Regional Policy Statement (**PORPS**). The Reference Groups were developed to enable community feedback and review of the pre-notification PORPS.
 - e. I prepared evidence on and appeared before the hearings panel on the PORPS non-freshwater hearing.

6. This is a new piece of evidence prepared especially for the Freshwater Planning Instrument part of the POPRS, other than paragraphs 20-23 which were in my non-freshwater evidence.

7. In preparing this evidence I have read the evidence of Debbie Clarke, Shamubeel Eaqub and Claire Hunter.

EXECUTIVE SUMMARY

8. In summary:

- a. Macraes Mine is a large employer and an important contributor to Otago's economy and the communities of Dunedin, and the Waikouaiti and Waihemo wards.
- b. Mining is locationally constrained, which means that it needs to locate where the mineral deposits are found. Because of this, and the scale of the operations, mining the mineral resources of the world class Macraes goldfield at times unavoidably impacts on biodiversity, wetland and heritage values.
- c. Policies that retain important values through a combination of avoidance and, where impacts are unavoidable, mitigation, offsetting and compensation to achieve "no net loss" or a "net gain" overall, address this constraint and retain the "consenting pathway" that OGNZL needs to continue mining at Macraes.

OUTLINE OF EVIDENCE

9. In this evidence I:

- a. Explain the importance of freshwater at Macraes Mine;
- b. Outline the recent phases of development at Macraes Mine to emphasise the importance of obtaining necessary water permits; and
- c. Summarise the significant social and economic benefits of the Macraes Mine to the Waitaki District and the Otago region.

MINING OPERATIONS AT MACRAES

10. The company holds more than 200 resource consents for the Macraes mine, covering a mix of underground and open pit mines and related landforms. As set

out in Debbie Clarke's evidence, interaction with freshwater is a key and unavoidable part of mining at Macraes. The Regional Plan: Water rules do not always easily align with mining operations, and therefore a multitude of different water permits can be required for the one activity. For example, dewatering an open pit will include a groundwater take in respect of the groundwater which naturally flows into the pit, as well as a surface water take for the rainfall or overground flow which naturally accumulates in the pit. As a result OGNZL holds permits for:

- a. Surface water takes;
- b. Groundwater takes;
- c. Water diversions;
- d. Discharges to water and to land in circumstances where it may enter water;
and
- e. Damming.

11. These water and discharge permits are vital to the operation of Macraes Mine. Whilst OGNZL recycles water as much as possible to reduce its water take, and whilst OGNZL follows the effects management hierarchy to avoid effects as much as possible, due to the locational constraints and operational needs of mining, some effects cannot be avoided.

12. As I explained in my evidence for the PORPS non-freshwater hearing, the work of extending the mine-life through a continuous process of consenting new and extended disturbance footprints has been dependent on retaining access to the full effects management hierarchy, and that the nature of mining at Macraes makes it disproportionately vulnerable to avoidance-based "bottom lines" and bright-line tests. That need to retain access to the full effects management hierarchy applies

not just to terrestrial aspects, but to freshwater components as well. That “consenting pathway” – whereby mitigation, and biodiversity and aquatic offsetting and compensation make it possible to reduce net adverse effects on the environment to acceptable levels, and even to produce net gains in important values – has consistently underpinned the continuity of operations at Macraes and will continue to do so.

13. There seems to be a reluctance on the part of the Otago Regional Council to explicitly acknowledge what would, in effect, be an inevitable effect of policies that prevented any reasonable access to a consenting pathway at Macraes mine – that is the premature closure of the mine. In the non-Freshwater process, Melanie Hardiman, in her Reply Report on the ECO Chapter (dated 25 May 2023), has preferred to adopt the approach from the National Policy Statement for Highly Productive Land (**NPSHPL**) towards mineral and aggregate extraction because it “sets a higher test compared to the NPSFM and will be more effective at ensuring SNA and significant taoka values are not compromised.” National and regional significance, and the additional qualifier that eligible mining ‘*Could not otherwise be achieved within New Zealand*’, have been adopted by Ms Hardiman as conditions to retaining a consenting pathway, with no attempt to define or explain the meaning and effect of these tests within the context of Otago, and Macraes Mine in particular. The alternative test in the NPSFM (which does not require national significance and does not include the novel “within New Zealand” qualifier) is described as more “lenient” and rejected for that reason alone. This approach fails to engage in any meaningful way with the purpose and effect of the policy.

14. To assist the Panel in understanding the potential effect of poor policy in this area, the company has prepared a schematic (**Figure 1** attached to this evidence)

showing open pit mining activity, in project sequence, since 2013. In order of operations:

- a. This last decade of operations began with a new suite of consents, granted in May 2013, known as “Macraes Phase III”, which allowed the ore-sources known as Frasers-Innes Mills (**FRIM**), Gay Tan, Round Hill and Innes Mills to be mined²;
- b. In the first quarter of 2014, following a significant and sustained downturn in gold prices, the mine-life was reduced to 3 years and mining operations were temporarily suspended, with 140 operators (25% of the workforce) made redundant. A wall failure in Frasers Pit in April of that year meant that both economic conditions and an alternative source of open pit ore were required, in order to return to full operations;
- c. The grant of consents to mine the Coronation pit in May of that year provided that opportunity, with the relocation of open pit operations to the new project area and the recommencement of full operations that same month;
- d. The Coronation North project received consents in April 2017 and mining began in May 2017;
- e. Coronation and Coronation North were both extended in October 2019 after successful exploration drilling and supporting technical studies allowed the company to increase the known ore reserves capable of supporting ongoing mining in those areas;
- f. Finally Deepdell North received consents in September 2020;

² These last two mining projects require ongoing access to waste rock and tailings storage, which is not shown in figure 1, and forms part of a new application for consents, which is due to be lodged later this year

g. Mining beyond 2024 currently rests on the grant of a suite of consents for the project known as “Macraes Phase 4”, which importantly returns to previously consented open pit extensions at Innes Mills and Round Hill but requires additional tailings storage and the re-consenting of waste rock storage, to allow mining to continue.

15. In each of these consenting rounds, the ability to mine and produce all the benefits at a local and regional level has depended upon the ability to secure all the necessary consents. If the company cannot obtain even one of the necessary consents then the next stage of mining cannot proceed. This means that the freshwater provisions of the PORPS need to be alive to and provide a consenting pathway for OGNZL to apply for all necessary water and discharge permits.

16. All of these projects shown in Figure 1 involved a number of years of exploration, planning, consenting and development ahead of mining operations taking place. Decisions were made, years in advance, about the options that were available for locating landforms (pits, rock stacks and tailings storage facilities) to avoid and reduce, as far as possible, adverse effects on the environment. In all cases the investment leading into the consenting process was considerable. None of these consenting projects would have been consentable without access to the full range of mitigation and offsetting options that provide a consenting pathway, where the large landforms associated with mining cannot avoid impacting terrestrial and aquatic biodiversity and hydrological values.

17. In these circumstances, any final policy wording retaining a consenting pathway for mining should be as clear as possible in its choice of qualifiers so that ongoing investment decisions can reasonably be made, and “unconsentable” options for

development ruled out. The test now proposed in Ms Hardiman's Reply Report in the non-Freshwater process does not provide the level of clarity needed.

18. I agree with the amendments recommended by Claire Hunter in her evidence, as these will ensure there is a pathway open to mining.

ECONOMIC BENEFITS OF MACRAES MINE

19. Paragraphs 20-23 below (with the exception of the rates information, which is new) are the same as those included in my non-freshwater evidence and summarise the economic benefits.

20. If the FPI PORPS is enacted in its current form, with no effective consenting pathway for future mine-life extensions at Macraes, the mine will be forced to close prematurely, and the economic benefits of Macraes Mine would be lost.

21. OGNZL is a significant employer in the Waitaki District and the Otago Region employing over 600 people directly and paying (in 2021) \$61 million in wages to people living within Otago. Annual combined spending within Otago (wages and purchases from suppliers) was \$123 million in 2021.

22. Economist Shamubeel Eaquib has undertaken an analysis of the economic contributions of Macraes Mine and the modelled impacts mine closure would be expected to have on the local and regional economy, which is presented in his separate statement of evidence. Based on Mr Eaquib's analysis:

WAITAKI DISTRICT

- a. The mine injects an estimated \$36 million into the Waitaki District, through incomes of Macraes staff who live there, and from suppliers located in the district. For context, the district's GDP is \$1.5 billion.
- b. This spending supports 333 jobs in the district, compared to an estimated 12,268 jobs across all sectors. This gives a sense of the job losses that will most affect the local district.
- c. If the metal mining industry were to close, for each mining job, 3.7 jobs in other parts of the economy would be lost. Some of those workers would be redeployed in other sectors but in small regional economies, it is often difficult to quickly redeploy workers and resources to other uses, because there are few other large businesses who have need for such specialised resources.

DUNEDIN CITY

- d. Dunedin City is a significant beneficiary of Macraes. This is because over half of Macraes staff live in Dunedin (380), bringing the related \$41.6 million in income, added to which \$40.6 million is injected via purchases from suppliers (a total of \$82.2 million). For context, Dunedin's GDP is \$7.2 billion.
- e. I would add that the mine's local spend effects in the city, at approximately \$82.2 million, equated to about 5% of Dunedin City's total consumer spending over the same period;³

³ \$1.7 billion - <https://gem.infometrics.co.nz/dunedin-city/indicators/spending?compare=new-zealand>

- f. Macraes supports 757 direct and indirect jobs in Dunedin, compared to an estimated 68,566 jobs across the district.

OTAGO

- g. Macraes Mine directly and indirectly supports 1,132 workers in the Otago Region, making Macraes a large employer by national standards, but also one that operates in a single location (rather than spread across the country), added to which the jobs at the mine are paid at around double the local average.
- h. I would add that at \$123 million, estimated spend effects of the mine within Otago (based on 2021 numbers) would equate to almost 14% of tourism spend within Queenstown-Lakes over the 12 months to September 2022.⁴

23. The mine is also an important part of the local community in which it operates, contributing significant population numbers to local schools and institutions within the Waihemo (Waitaki) and Waikouaiti Coast (Dunedin) wards. Its contributions over the last six years have included:

- a. About \$241 000 in donations to community-based organizations and events within the Palmerston/ Waihemo area between 2016 and 2021
- b. About \$246 000 in donations to schools in Palmerston/ Waihemo between 2016 and 2021
- c. Waitaki District Council Rates in 2022 of \$565,423, reflective of the processing plant and other infrastructure that supports mining at Macraes

⁴ \$907 million for 12 months to September 2022 - <https://qem.infometrics.co.nz/queenstown-lakes-district/indicators/tourism?compare=new-zealand,queenstown-lakes-district>

and substantially exceeding the rural rates that would apply for the same land area once the mine had closed.

- d. Macraes Emergency Response Team regular attendance as first responders to incidents within the Macraes area

CONCLUSION

24. Macraes Mine is an important part of the local community, and is a significant employer in the Waitaki District and Otago Region. It provides economic benefits in terms of wages spent and purchase and service from suppliers.

25. The management of water is essential in allowing mining to proceed. The nature and scale of the earthworks, combined with locational and functional needs, means that effects on surface and groundwater cannot always be avoided. OGNZL will need to be able to continue to apply the effects management hierarchy as it has successfully done so in the past, and propose reasonable aquatic offsets and compensation. It is important that any policy wording retaining a consenting pathway for mining should be as clear as possible in its choice of qualifiers so that ongoing investment decisions can reasonably be made, and “unconsentable” options for development ruled out.

Figure 1 – Schematic of Project-by-Project Consenting at Macraes 2013 - 2023

