



Minerals West Coast

Strategic Plan

"Work in Progress"

Update to December 2004

To the Reader

Minerals West Coast has been established to promote further growth of the mining industry on the West Coast through a co-ordinated industry approach. Most sectors involved locally in the minerals industry are represented. The success of Minerals West Coast will be determined by the continuing support from community and industry to achieve the goals outlined in the Strategic Plan.

The Strategic Plan is a draft document and “Work in Process”. It is deliberately incomplete as it is seen as a living document. We would also welcome any offers of assistance, to help work on the actions proposed.

A high level Minerals West Coast Coordinator position is also proposed to assist in achieving these goals. Minerals West Coast is continuing to receive financial contributions to assist funding this position.

We look forward to your feedback on this plan.

Yours sincerely

Eddie Davis
Chairman
Minerals West Coast

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Background

In February 2002 the Buller District Council bought together stakeholders in the mining industry to attend a mining forum in Reefton. This forum provided a platform for the industry to come together and consider key issues facing the industry and identify potential solutions to these.

Stakeholders expressed a desire to continue further work in these areas. The role of facilitating this was handed to Venture West Coast for actioning once the Project Manager was appointed. This appointment was made in October 2002.

Following meetings with key stakeholders and research throughout the wider West Coast community, a public meeting was held in February 2003. At this meeting the steering group representing the different sectors of the industry was established. A framework of issues and actions the industry felt needed addressing was also prepared. These now make up the goals and objectives of this organisation which is now known as Minerals West Coast.

Minerals West Coast was initially established as that Cluster/Action Group under Venture West Coast. It is now being incorporated as a charitable trust.

The need for a coordinator to work with Minerals West Coast in actioning the objectives in this Strategic Plan has been identified. Funding is being collected from industry, NZTE and the West Coast Development Trust to support the initial one year position with potential further support for two further years pending the success of the first year against the KPI's.

Minerals West Coast will hold an annual forum every year to bring the industry together to discuss issues and ensure the work of the trust is inline with the key industry needs.

Overall Purpose of Minerals West Coast

To bring together industry stakeholders to work co-operatively to develop, expand and increase opportunities for the minerals industry on the West Coast.

Scope of Minerals West Coast

Minerals West Coast includes all those involved directly or in an ancillary role in the following areas coal and other fossil fuels, gold, limestone industry minerals, mineral sands, aggregates and decorative stone within the West Coast area as defined by the West Coast Regional Council boundaries.

Legal Status

Minerals West Coast has prepared a trust deed, established six trustees and is currently seeking legal status as a Charitable Trust.

Minerals West Coast Trustees

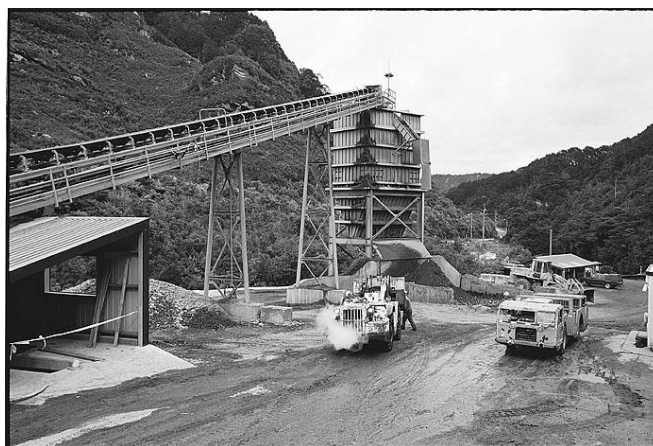
Eddie Davis	Minerals West Coast Southern Gold Buyers	Chairman
Glenys Perkins	Birchfield Coal Mines	
Ian Hustwick	Roa Mining, Westland District Council Representative	
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Overview of the Minerals Industry on the West Coast

Importance to the West Coast economy

Mining has been identified in the West Coast Economic Development Strategic Plan (WCEDSP) as a driver industry on the West Coast growing strongly and expected to be between 50% and 100% larger by 2010.

Mining is the second highest paying industry in New Zealand, and the West Coast is the second largest mining region in New Zealand after Waikato.

Currently worth in excess of \$200m to the West Coast economy, the West Coast is poised to become the largest mineral producing region in New Zealand.

Industry plans point to a strong increase in output and employment over the next five years. Solid Energy intends to double West Coast coal production from 2 to 4m tpa by 2005, Roa to expand to 200,000 tpa while Oceana Gold Ltd plan to develop their hard rock gold mine near Reefton.

These developments have the potential to increase direct employment in the region's mining sector by about 280 FTEs by 2005 and perhaps by 380 FTEs by 2010, which would double the industry's present workforce. If projects like Pike River proceed, even this rate of employment growth will be exceeded.

The plans being revealed now involve high-tech mining techniques requiring a high proportion of skilled workers. Therefore an increase in average incomes can be expected.

The mining sector is characterised by a high level of Value Added per FTE. In addition, the expansion of the gold mining in Reefton can be expected to see the average level of Value Added per FTE increase, given that the per unit value of output would increase (i.e. more gold relative to coal etc). Together with conservative projections of labour productivity improvements of about 1% per annum, the level of Value Added generated by the mining industry could increase significantly from about \$140 million in 2000 to about \$350 million in 2010.

Development of the West Coast Industry

For many planned developments there are challenges to overcome. These include access to the resource through the DOC estate, agreement of the level and nature of bonding, upgrading of road, rail and port systems to cater for the growth and the limitations of the Grey and Westland districts energy supply and transmission systems, which are currently unable to cater for any further increases in demand.

This growth, in what is now a highly skilled industry, presents the region with the opportunity of a significant number of jobs for local people and the expansion of the region's population through new employees moving to the Coast. Sound linkages need to be established between education providers and the industry to ensure both the employment opportunities in the industry and qualification requirements are promoted.

To attract people to these jobs the industry needs to be presented as highly desirable to work in. The important role of mining to the other industries and the New Zealand economy also needs to be promoted. In addition a wide range of settlement and social issues, for example housing, will need to be addressed.

The West Coast's Tai Poutini Polytechnic is the only New Zealand institution delivering mining industry training. In 2003 Tai Poutini Polytechnic, in partnership with industry, opened the Reefton Education Centre for training in civil plant operation. Following the success of this initiative Tai Poutini Polytechnic has now expanded these training opportunities through the development of a "sand pit" for higher level training with heavy plant for the Civil Construction, underground and surface mining and forestry industries. Tai Poutini Polytechnic has expanded further the range of training to the mining and construction industry.

Critical to the future development of the minerals industry is the need to ensure the best practices in environmental management and rehabilitation.

Capitalising on the opportunity mining presents to expand other industries such as tourism and enable sustained economic activity to West Coast towns during and following the conclusion of mining activity also needs to be considered.

This plan incorporates a holistic approach considering all these aspects of industry development.



Mineral Production on the West Coast

WEST COAST MINERAL & COAL PRODUCTION & VALUE				
Commodity	2001 Quantity (tonnes)	2001 Value (\$NZ)	2002 Quantity (tonnes)	2002 Value (\$NZ)
Building and dimension stone	0	0	2,550	55,500
Decorative pebbles including scoria	0	0	13,100	94,550
Limestone and marl for cement	800,000	4,000,000	750,000	2,842,500
Limestone for agriculture	161,000	2,443,850	87,300	1,300,100
Limestone for industry	0	0	100	1,000
Pounamu	365	380,000	350	441,150
Rock for reclamation & protection	48,300	225,150	67,500	431,700
Rock, sand and gravel for building	10,300	123,450	27,350	214,200
Rock, sand and gravel for roading	185,850	1,620,450	194,650	1,652,200
Rock, sand, gravel & clay for fill	40,300	238,600	10,150	30,550
Sand for industry	6,000	55,000	4,700	37,950
Talc	0	0	10	4,000
	1,252,115	9,086,500	1,157,760	7,106,400
Gold	0.86	18,010,850	0.59	12,891,000
Coal	1,986,600	145,021,8000	2,384,000	178,800,000
TOTAL	3,238,716	172,119,150	3,541,761	198,797,400

Goal 1: Access to Minerals Estate

To work with stakeholders, both public and private, to achieve a workable framework for gaining access for minerals opportunities and the expansion of exploration.

Key Issues/Opportunities:

Opportunities for mining exploration and development could be enhanced through building partnerships and addressing the areas where difficulties occur in securing access to minerals resources.

Objective 1.1: Access to Crown land

To establish what land is open for mining and under what conditions.

Action Areas:		Time/Budget
1.1.1	To work with NZMIA to advocate for amendments to the legislation in the Crown Minerals Act and Resource Management Act as they affect industry particularly with respect to the access provisions of the Acts.	In progress
1.1.2	To provide input into the West Coast Conservation Management Strategy and to establish where and when mining will be permitted.	Submission Lodged

Objective 1.2

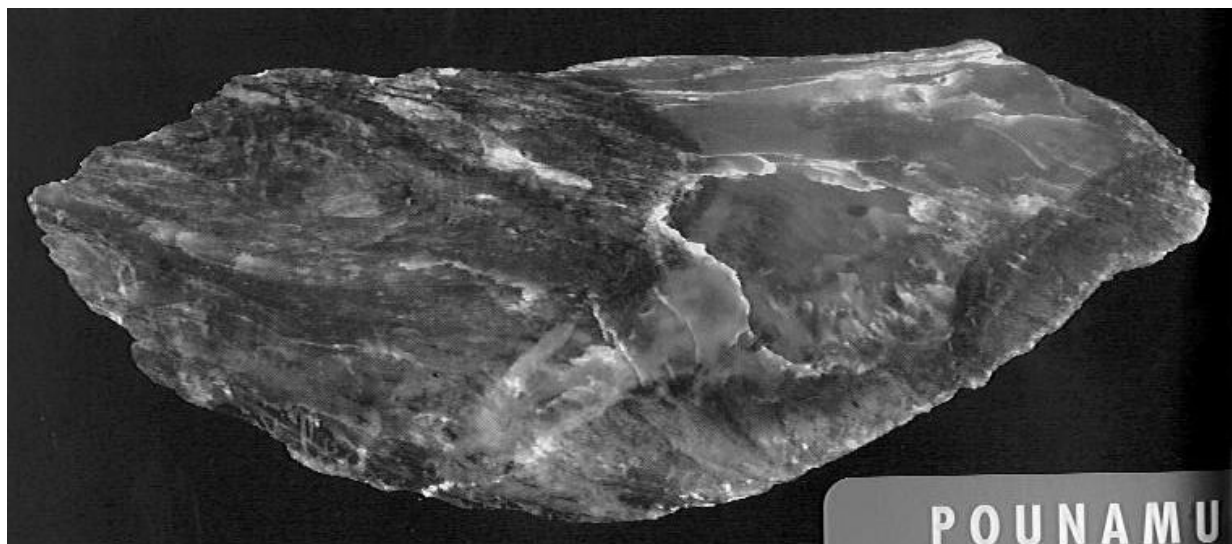
To consult with government agencies concerning changes to relevant Acts that effect mining

Action Areas:		Time/Budget
1.2.1	To become the established point of contact on West Coast Minerals issues and opportunities (including facilitating exploration investment) for industry, Government and all other stakeholders.	In progress
1.2.2	To organise a meeting with Crown Minerals and provide input into coal and minerals programmes that will benefit the West Coast industry and achieve Minerals West Coast Strategic Goals.	
1.2.3	To co-ordinate with mining and other industry groups on a range of issues that affect not only the mining industry but also other natural resource users.	

Objective 1.3

To liaise with local runanga, Ngai Tahu, and Ngai Tahu Holdings to advance mining opportunities and exploration on the West Coast including the potential of Joint Ventures.

Action Areas:		Time/Budget
1.3.1	To arrange meetings to discuss potential for partnerships	Dec 2005
Objective 1.4 To develop a discussion document on the potential of a fund to support small mining companies to unite on appropriate legal issues.		
Action Areas:		Time/Budget
1.4.1	Fund investigation undertaken.	Dec 2005
Objective 1.5 To advocate for the return of levies paid to government on mineral production to come back to the West Coast for the development of industry and community infrastructure needs.		
Action Areas:		Time/Budget
1.5.1	To help identify the basis for the collection of the coal production levy and where the funds are currently being spent.	Dec 2005
1.5.2	To co-ordinate with the mining sector, Venture West Coast, other appropriate Action Groups and TLA's to advocate for the return of the coal production levy paid for West Coast coal, to come back to the West Coast for infrastructure development.	Dec 2005



Goal 2: Perception and Promotion of the Industry

To promote the importance of mining and the minerals industry on the West Coast.

Key Issues/Opportunity:

The vital role minerals play in daily life appears unrecognised.

The perception of the minerals industry in some sectors is one of being neither a desirable or productive use of land compared with the environmental disturbance that occurs, yet it can be shown that this is not the case. Mined land can become very productive for other industries and the environment through rehabilitation.

Not only does this lack of information lead to opposition to mining it also impacts on the number of people prepared to work in the industry.

Objective 2.1:

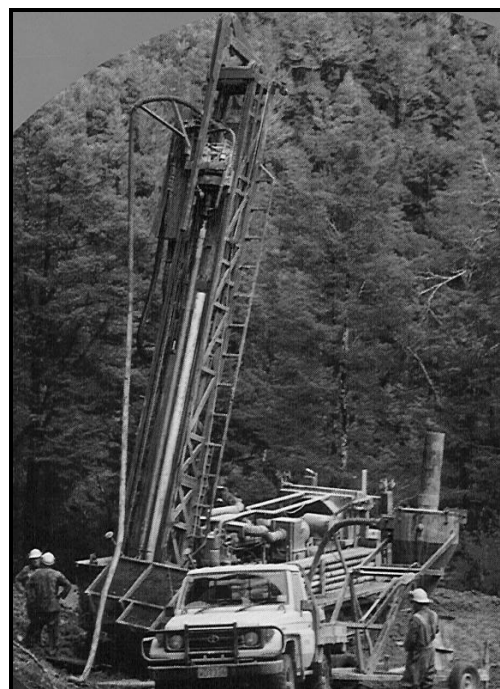
To obtain accurate data on the resource production and value of the Minerals Industry on the West Coast, and its role in the West Coast and New Zealand economies.

Action Areas:		Time/Budget
2.1.1	To collate annual West Coast resource production volume and value figures.	Immediately
2.1.2	To collate the employment statistics for the West Coast mining industry, both direct and indirect.	Immediately
2.1.3	To promote and demonstrate the role of the West Coast minerals industry in the West Coast and New Zealand economies.	Immediately

Objective 2.2:

To raise the profile of the Minerals industry to local government, central government, government departments and general public.

Action Areas:		Time/Budget
2.2.1	To work with NZMIA promotion strategies and the Crown's Draft Minerals Programme	Dec 2005
2.2.2	To identify West Coast programmes to promote the minerals industry at local and national level.	To be established
2.2.3	To identify and implement education programmes within schools to promote the industry as a whole and the employment opportunities the industry offers.	Commenced September 2003
2.2.4	To liaise with universities to provide opportunities for students to gain experience and knowledge of mining issues through field trips to West Coast sites and establishing short and long term practical work with companies involved in the West Coast industry.	To be established



Goal 3: Industry Bonding

To identify potential solutions to the issues relating to bonding

Key Issues/Opportunities:

Mining companies must put up bonds to Local Authorities and the Department of Conservation as protection against risk caused from adverse affects of mining operations. Given the global situation, particularly following 9/11, it is difficult for mining companies to secure cash bonds. Bonding also removes from company’s large amounts of working capital that could be invested in the mining operations.

Objective: 3.1

To investigate the formation of a West Coast Captive Insurance Company for mining and other industries.

Action Areas:		Time/Budget
3.1.1	<p>Research into captives undertaken, options considered, proposal drafted.</p> <p>Discussion with key stakeholders and potential funders.</p> <p>Further actions to be identified based on outcomes above.</p>	On going
Objective 3.2		
To investigate the options of a single bond.		
Action Areas:		Time/Budget
3.2.1	To hold discussions with DOC, the WCRC to explore options of a process for single bond, or universal bond for projects suitable to all parties.	On going
3.2.2	To undertake research into how many bonds are called by DOC and WCRC and establish if the bond was adequate when it was called and establish the appropriate level of risk for large and small operators.	

Goal 4: Employment Skills and Training

To attract employees into the minerals industry and meet the future employment requirements.

Key Issues/Opportunities:

With the expansion planned in the industry a shortage of people with appropriate skills in a range of disciplines is anticipated. These range from heavy machinery operators to geologists.

This is compounded by the perception many people hold of the West Coast not being a desirable place to live and further by the shortage in good rental properties and limited health care service on the West Coast, particularly outside the main centres.

The West Coast region needs a co-ordinated approach to these recruitment/employment issues. Work on this has been started by the establishment of an interim coast wide committee and strategies in this area by GROW Industry which has evolved into an Employment Action Group (EMPAG).

Objective 4.1:

To work with EMPAG in identifying and address the skills shortage, future work-force needs and barriers to employment on the West Coast.

Action Area:	Time/Budget
4.1.1 Short term skills shortage To work with EMPAG to locate and/or provide industry based training for potential employees through the range of partners (Work and Income, Immigration, Schools, Tai Poutini Polytechnic) and strategies being implemented by EMPAG.	Dec 2005
4.1.2 Longer term skills shortage To work with EMPAG and industry partners to establish apprenticeships and graduate programmes for potential employees.	Dec 2005
4.1.3 To identify solutions to the shortage of rental housing.	Dec 2005
4.1.4 To work with EMPAG strategies to promote the West Coast Region as an attractive place to live and work.	Dec 2005
4.1.5 To assist EMPAG with the development of a recruitment coordinator role for the West Coast.	Completed

Objective 4.2:

To work with education providers to develop industry training in areas where skill gaps have been identified.

Action Area:	Time/Budget
4.2.1 Industry Training. To work with the Tai Poutini Polytechnic and EXITO to assist with the provision of facilities, equipment and other appropriate assistance to enable ongoing short term and full time training	On going



Ex Tai Poutini Polytechnic Student in employment after completing Mining Course

Female Student during Tai Poutini Polytechnic course at Mining School Reefton



Practical learning with diggers during Tai Poutini Polytechnic Mining Course

Goal 5: Freight Transport Infrastructure Development

To develop a sound freight transport infrastructure for the exportation of West Coast minerals to domestic and international markets.

Key Issues/Opportunity:

Significant development work is required, particularly in rail, road and port infrastructure to both manage the existing demand and cater for future forecast growth.

Examples include Solid Energy's planned expansion to double coal production to 4m tpa by 2005, Pike River potential output of 1m tpa along with potential growth in the shipment of aggregates.

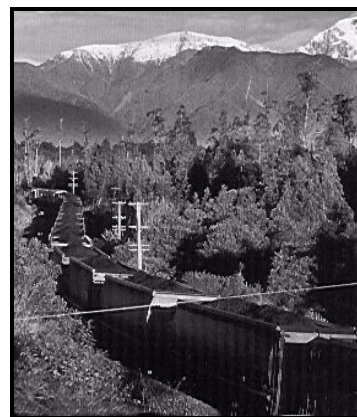
As the operations of many stakeholders impact on the infrastructure, a West Coast wide solution is required that incorporates all users and all methods of freighting.

Venture West Coast has established a taskforce as a sub committee of the West Coast Regional Council Regional Land Transport Committee to prepare a West Coast Freight Transport Strategy.

Objective: 5.1

To work with the Venture West Coast West Coast Freight Transport Strategy Taskforce to identify freight transport solutions for the minerals industry on the West Coast.

Action Areas:		Time/Budget
5.1.1	To ensure freight transport needs of the minerals industry are represented in the planning work of the taskforce.	February 2005



Goal 6: Energy Needs

To ensure the West Coast region has sufficient supplies of energy to meet the needs of the Mineral industry on the West Coast.

Key Issues/Opportunity:

The expansion plans of West Coast mining companies will place significant demands on West Coast power supply and transmission potentially exceeding the current level of supply and capacity of transmission lines into the West Coast region.

Objective 6.1:

To ensure the energy needs of proposed mining projects are promoted to transmission companies and stakeholders promoting increased generation in the region.

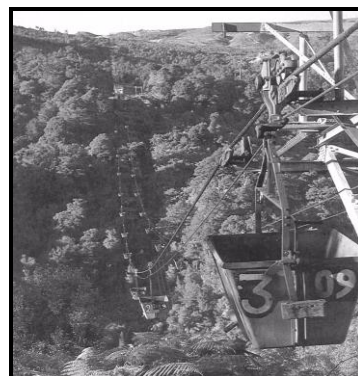
Action Areas:		Time/Budget
6.1.1	To identify the energy needs of scheduled mining projects.	Dec 2005
6.1.2	To identify the energy needs of projects in the conceptual phase	Dec 2005 Dec 2005
6.1.3	To outline these needs to West Coast energy transmission and generation companies, Local Territorial Authority's and Venture West Coast.	

Objective 6.2:

Coal Fired Power Stations

To advocate for the development of Coal Fired Power Stations in New Zealand and specifically the West Coast to service future needs.

Action Areas:		Time/Budget
6.2.1	Liaise with the Ministers for Economic Development, Energy and State Owned Enterprise, the Buller District Council and Grey District Council to support initiatives to advance the opportunities for the development of coal fired stations on the West Coast.	Dec 2005



Goal 7: The West Coast as a Centre of Excellence in Environmental Management and Rehabilitation

To establish the West Coast as a centre of excellence for environmental management and rehabilitation.

Key Issues/Opportunity:

The mining industry needs to build on existing efforts in re-establishment of the environment and ecosystems, minimising the impact on the landscape.

Objective:

Action Areas:		Time/Budget
7.1	Develop and promote education and training programmes that increase the capacity of the industry to minimize the impact and effect rehabilitation of the environment.	Dec 2005
7.2	Promote the benefits of low impact extraction techniques.	Dec 2005
7.3	To establish one or more beacon sites of excellence in environmental management in mineral extraction.	Dec 2005
7.4	To promote the wise use and management of land within the extractive industries.	Dec 2005



Goal 8: Recognising Mineral Heritage Tourism

To recognise the important role the minerals industry can play in sustaining mining communities in the longer term through heritage tourism. This can also play an important part in education about past, current day and future mining practices and the past, present and future roles of the West Coast minerals industry in the development of the West Coast and New Zealand culture, society and economy.

Key Issues/Opportunity:

Gold and coal were key ingredients in the foundation and settlement of the West Coast and played a major role in the New Zealand's development.

Many archaeological sites relate to significant parts of mining history. The West Coast's mining heritage can be used, not only to tell the stories of the past, but also as a means to educate people about mining practices today and in the future and to change the perception of the industry.

Objective:

Action Areas:		Time/Budget
8.1	To work with Heritage West Coast and local heritage groups to promote the development of significant mining heritage sites and facilities which tell the stories of the past, present and future of the industry, as part of the West Coast Heritage Strategy. e.g Ross Goldfield, Reefton, Denniston, Brunner Mine Site, Big River, Hokitika Goldfields Capital and Port, Coal Town Westport , Coal River Park Greymouth, Runanga Miners' Hall, Blackball Centre of Working Class History, and current mining operations.	On going
8.2	To work with DOC and people seeking concessions to visit mine sites (old and new) on conservation land for mining tourism.	On going

