



**New Zealanders' views on the mining
industry, royalties and tax**

A ShapeNZ nationwide survey of 2,215 New Zealanders

May 13-18, 2010

Part 2

New Zealand Business Council for Sustainable Development



Methodology

This survey of 2,215 New Zealanders was conducted by ShapeNZ using its national online panel between May 13 and 18, 2010.

Results are weighted by age, gender, personal income, ethnicity, region and party vote 2008 to provide a representative population sample. The maximum margin of error on the national sample is +/- 2.1%.

ShapeNZ is run by the New Zealand Business Council for Sustainable Development to allow public input into policy issues. Research results do not represent Business Council policy positions.

Panel members have been recruited from purchased e-mail lists to match the population according to the 2006 New Zealand census. An independent specialist report on ShapeNZ's panel recruitment and methodology is available at: <http://www.nzbcscd.org.nz/story.asp?id=1058>

ShapeNZ research results on this and other issues are available online at: <http://www.nzbcscd.org.nz/topic.asp?topicid=2>

ShapeNZ is a member of the Market Research Society of New Zealand and follows its code of ethics for online and other research.

On the web:

www.shapenz.org.nz

www.nzbcscd.org.nz

This is Part 2 of a two part report from this survey. Part 1 covers New Zealanders' views on mining conservation land and the possible removal of areas from Schedule 4 of the Crown Minerals Act, to allow consideration of their exploration and mining on a case by case basis. Part 1 is available at www.nbcscd.org.nz.

EXECUTIVE SUMMARY

The Government is considering whether or not to remove the highest-level of conservation protection (called Schedule 4) from 70 square kilometers of land in five areas, so that applications for exploration and mining activity can be considered on a case-by-case basis.

The discussion surrounding this has included the mining industry's past and present stewardship, (including its ability to use modern mining methods and regulatory regime to mitigate against environmental or other undesirable effects), the economic value of the industry to New Zealand and royalties paid for extracting minerals.

Confidence in RMA protection:

Subjecting exploration of land which might be removed from Schedule 4 to the normal planning and environmental protection procedures under the Resource Management Act does not find favour.

46% oppose exploration subject to normal RMA protection, while 34% support. 15% are neutral and 6% don't know.

When advised which five areas are being considered for removal from Schedule 4, opposition to mining on Schedule 4 land rises to 53%, with 29% supporting, 12% neutral and 6% don't know.

Given more detailed information on the mineral and conservation values of each of the five areas, opposition ranges between 52 and 60%, and support falls to between 22 and 26%.

(Please see [Part 1](#) of the report on this survey).

Industry responsibility

New Zealanders are evenly split on whether or not the mining industry in New Zealand has been responsible in managing the effects of mining on the environment and local communities, though nearly a third don't know.

- 34% say it has been responsible (7% of those say very responsible)
- 35% say it has been irresponsible (11% of those very irresponsible)
- 31% don't know.

Among those who voted for National, Act, New Zealand First and United Future in the 2008 general election more believe the mining industry has been managing responsibly rather than irresponsibly.

Among those who voted Labour, Maori, Green and for other parties in 2008, and those who did not vote, more believe the mining industry has been managing irresponsibly rather than responsibly.

Mining responsibility by party vote 2008

PARTY VOTE 2008	Very irresponsible	Irresponsible	Responsible	Very responsible	Don't know
ACT New Zealand	16%	10%	52%	13%	9%
Chose not to vote	11%	21%	12%	4%	51%
Don't know or can't remember	11%	25%	22%	4%	38%
Green Party	31%	38%	12%	2%	17%
Jim Anderton's Progressive Party	17%	35%	21%		28%
Labour Party	12%	27%	24%	4%	33%
Maori Party	26%	27%	22%	3%	22%
National Party	7%	17%	40%	12%	23%
New Zealand First Party	13%	24%	36%	4%	22%
Other party	4%	35%	14%	2%	44%
United Future	9%	4%	22%	15%	50%
Was not eligible to vote	10%	24%	36%		30%

Distrust on restoring Schedule 4 land

A majority (51%) say they do not trust the mining industry to fully restore Schedule 4 areas after mining is complete. (Of these 25% completely distrust the industry and 26% distrust)

Some 25% trust the industry to fully restore (14% have slight trust, 11% full trust).

15% neither trust nor distrust. 9% don't know.

Current royalties inadequate

Current royalties paid to the Government by mining companies are seen as inadequate. There is strong support for increasing royalties and for a new super tax on mining companies' profits, as Australia proposes, in addition to royalties.

Currently mining companies pay the Government a royalty of 1.5 % of net revenue from the first \$1.5 million from selling gold, silver and platinum group minerals. On net revenue of more than \$1.5 million the royalty rises to 2%.

The royalty paid for extracting other high volume, lower value, minerals – like rocks for roads, coal, limestone and peat – ranges from 10c to \$1.50 per tonne sold.

Asked if these royalty payments to the Government an adequate or inadequate reward to New Zealand for extracting these mineral resources

- 60% say they are inadequate (32% of these say very inadequate)
- 15% adequate (2% say very adequate)
- 23% don't know.

There is agreement among voters for all parties that royalties are inadequate. This includes

- 53% of National voters
- 45% of Act voters
- 79% of Maori Party voters
- 63% of Labour voters
- 81% of Green voters and
- 90% of United Future voters.

Royalties adequacy by party vote 2008

PARTY VOTE 2008	Very adequate	Adequate	Not adequate	Very inadequate	Don't know
ACT New Zealand	4%	24%	18%	27%	26%
Green Party	2%	1%	17%	64%	16%
Labour Party	1%	11%	26%	37%	25%
National Party	3%	21%	35%	21%	21%
New Zealand First Party	1%	9%	27%	36%	27%
Chose not to vote		4%	15%	33%	49%
Jim Anderton's Progressive Party		7%	19%	38%	36%
Maori Party		5%	23%	56%	16%
Other party		11%	42%	28%	19%
United Future		9%	72%	18%	1%

For mining Schedule 4 land, current royalties are seen as slightly more inadequate (63%, compared with 60%).

Royalty preferences

Royalties for mining Schedule 4 land would need to be above 30% for a majority of New Zealanders to feel satisfied the economic benefits and effects on the environment are balanced.

Super tax on mining profits

Support for New Zealand having a 40% super tax on mining company profits, as announced in Australia, is supported by more than twice as many as oppose.

A 40% super tax in addition to royalties has 46% support, 20% oppose and 34% don't know.

Among business decision makers (a sub sample of 555 managers, proprietors, self employed and professionals, maximum margin of error +/- 4.6%) support for a super tax rises to 49%, while 29% oppose and 23% don't know.

Should New Zealand have a 40% super tax on mining company profits in addition to royalties?

Business decision makers:

A. Yes		49%
B. No		29%
C. Don't know		23%

Those who most want a super tax on mining company profits work in the accommodation, café or restaurant, agriculture, forestry, and fishing, and communications services and construction sectors.

Should New Zealand have a 40% super tax on mining company profits in addition to royalties?

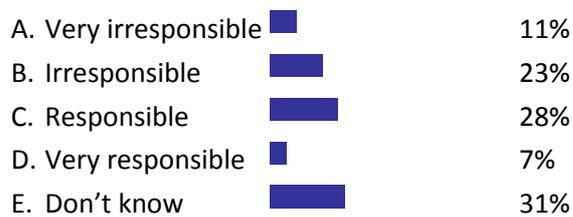
MAIN BUSINESS ACTIVITY	Yes	No	Don't know
Accommodation, Cafe or Restaurant	63%	16%	40%
Agriculture, Forestry or Fishing	58%	14%	39%
Communication Services	58%	19%	23%
Construction	53%	23%	37%
Cultural and Recreational Services	52%	35%	24%
Education	51%	11%	31%
Finance or Insurance	49%	33%	18%
Government Administration or Defence	48%	18%	29%
Health and Community Services	48%	15%	40%
Manufacturing	45%	19%	33%
Not applicable / not in paid employment	42%	19%	38%
Personal and Other Services	42%	9%	28%
Property or Business Services	41%	30%	19%
Retail Trade	39%	30%	46%
Transport or Storage	34%	21%	28%
Wholesale Trade	25%	35%	31%

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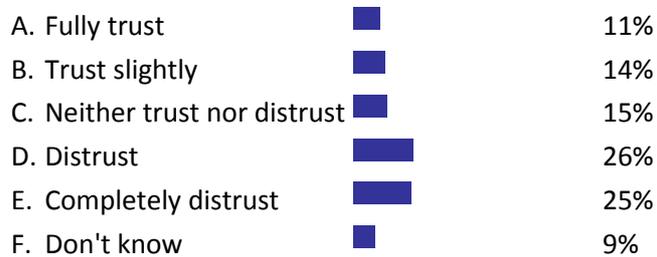
QUESTIONS AND RESULTS

The mining industry

Generally, how responsible do you believe the mining industry in New Zealand has been in managing the effects of mining on the environment and local communities?



Do you trust or distrust the mining industry to fully restore Schedule 4 areas after mining is complete?



Royalties

Currently mining companies pay the Government a royalty of 1.5 % of net revenue from the first \$1.5 million from selling gold, silver and platinum group minerals. On net revenue of more than \$1.5 million the royalty rises to 2%.

The royalty paid for extracting other high volume, lower value, minerals – like rocks for roads, coal, limestone and peat – ranges from 10c to \$1.50 per tonne sold.

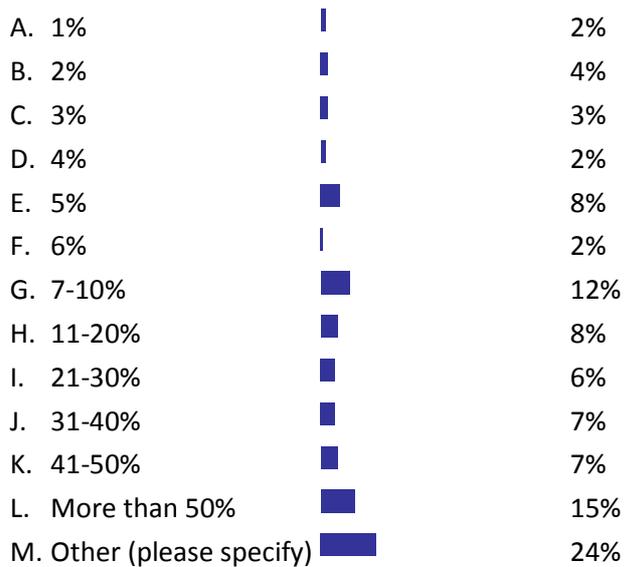
Are these royalty payments to the Government an adequate or inadequate reward to New Zealand for extracting these mineral resources?

A. Very adequate		2%
B. Adequate		13%
C. Not adequate		28%
D. Very inadequate		32%
E. Don't know		25%

Would these royalty payments be an adequate reward to New Zealand for extracting these mineral resources from an area currently covered by Schedule 4?

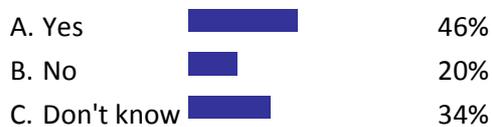
A. Very adequate		2%
B. Adequate		11%
C. Not adequate		26%
D. Very inadequate		37%
E. Don't know		23%

To achieve a balance between economic benefit and the environment, what level of royalty should the Government receive from those mining Schedule 4 conservation land?



In Australia the Government has announced it will tax what it calls super profits by mining companies at 40%, while lowering the standard company tax rate over time to 28%.

Should New Zealand have a 40% super tax on mining company profits in addition to royalties?



Should New Zealand have a 40% super tax on any profits made from mining schedule 4 conservation land?



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