

The Chair  
Cabinet Economic Growth and Infrastructure Committee

## Update on Pike River

### Proposal

- 1 This paper provides an update on the current status of the Pike River project and sets out a proposal for extending the Paparoa National Park to incorporate the Pike River mine site, along with parts of the surrounding Moonlight Block and Saxton Ecological Area.
- 2 This paper also seeks Cabinet's agreement to funding a feasibility study of approximately \$100,000 for building a Great Walk track from the existing appropriation Crown Contribution to Pike River Recovery and Related Matters.

### Executive summary

- 3 Representatives of the Pike River families have proposed:
  - extending Paparoa National Park to include the Pike River mine site and surrounding areas in the park
  - that some of the buildings at the site be maintained
  - developing a 'Great Walk' from the Grey Valley to Punakaiki.
- 4 The Acting Minister of Conservation has:
  - suggested five areas contiguous with the park and including the mine site that could be added to the park;
  - asked the NZCA for an initial view on the proposed additions to the Paparoa National Park;
  - instructed DOC and MBIE to engage an independent contractor to undertake a feasibility study of the Great Walk proposal.
- 5 The feasibility study could cost approximately \$100,000. Funding for the independent contractor and for the implementation of the proposed additions could be drawn from the Pike River appropriation administered by MBIE.
- 6 The construction of the proposed Great Walk including hut facilities may cost an estimated

- 7 Under section 7 of the National Parks Act 1980, additions to national parks are constituted by Order in Council on the recommendation of the Minister of Conservation. The Minister may only do so on the recommendation of the New Zealand Conservation Authority (NZCA). The process for creating a national park involves a section 8 investigation by the Director-General of Conservation into the proposal, but additions may occur by a detailed section 8 process, a section 7 process or by shorted special legislation (this occurred in 2000 in respect of park additions on the West Coast from forestry policy changes).
- 8 The National Parks Act gives the NZCA the discretion to determine whether or not a section 8 investigation is required.
- 9 The NZCA has written to the Acting Minister of Conservation with their initial view that extending Paparoa National Park to include some or all of the five extension options is appropriate, and that a section 8 investigation is not required.

**Background**

- 14 A number of options for addressing the families' requests were considered. These included making the mine site a historic reserve, and including the site in Schedule 4 (Crown Minerals Act 1991). However, an extension to Paparoa National Park was selected as the preferred option, given that national park status:
- is the highest conservation protection classification available, and is publicly perceived as the 'gold standard' in environmental protection;
  - would automatically include the Pike River mining permit area in Schedule 4 of the Crown Minerals Act 1991, preventing an Access Arrangement for mining being obtained for the site; and
  - would establish unfettered access for the families and the public.
- 15 Since November the families have further developed their views on the long term management of the Pike River site. This has been a result of a survey of families and discussion of options with government. The position of the families is that:
- a suitable area around the mine should be included in Paparoa National Park as the preferred way of protecting the resting place for their loved ones and providing on-going access
  - the area included in the National Park should be the minimum needed to protect the site, but that future mining opportunities be not unduly curtailed in surrounding areas
  - a walk of 'Great Walk' status be constructed connecting the mine area to Punakaiki through the Paparoa National Park. This is seen as a way of providing a long term memorial to the lost men and as a way of the families giving something back to the community/country that has supported them
  - any memorial at the site should be discrete, such as simple plaques recording the men's' names, and aimed at setting aside the portal area as a quiet area of reflection
  - some of the buildings should be retained on site and incorporated into a visitor centre and information facility that the public could visit to understand about the history of the mine and the disaster

### **Extension of Paparoa National Park**

26 The Acting Minister of Conservation has suggested a number of options for extending Paparoa National Park to include the Pike River mine site. Some or all of five contiguous areas in Slaty Creek, Pike Stream and Saxton Ecological Area are under consideration for addition to the Paparoa National Park (see the attached map):

- Area A (2,000 ha), covering the headwater catchments of Slaty Creek and Granity Creek;
- Area B (2,391 ha), consisting of the Pike Stream and Kakapo Creek catchments;
- Area C (1,580 ha), comprised of the Saxton Creek and Blacksand Creek catchments;
- Area D (1,068 ha), including the western slopes of the headwaters of the Big River catchment, excluding the Saxton Creek and Blacksand Creek catchments;
- Area E (1,430 ha), covering the eastern slopes of the headwaters of parts of the Big River catchment;

Areas C, D and E are located within the Saxton Ecological area.

- 27 The Acting Minister of Conservation will discuss with representatives of the Pike River families which of the five areas should be added to the park before referring the proposal to the New Zealand Conservation Authority (NZCA).
- 28 It is intended that the extensions to the national park will be implemented on the same day Solid Energy surrenders its mining permit.
- 29 Given that this would automatically add the Pike River mine site to Schedule 4 of the Crown Minerals Act 1991 – which prohibits an Access Arrangement being issued over it – this would effectively prevent any future mining over the area. See appendix two: Paparoa National Park extension options for a map of these proposed areas.
- 30 There is a current coal prospecting permit application that overlaps with the southern boundary of Area A, suggesting that there is a level of commercial interest in that area. If this overlapping area is added to Paparoa National Park, prospecting could continue, but exploration and mining would be prohibited. If necessary, the small overlap area could be excluded from the proposed national park extension by leaving out the Gravity Creek catchment.
- 31 The Acting Minister of Conservation is minded to exclude the prospecting permit area from the proposed extension to the park. See Appendix three – Pike River additions and prospecting application.

#### **Construction of a visitor and information centre at the mine site**

- 32 Discussions on this would likely follow completion of the site transfer to DOC.

#### **Feasibility study of proposed Great Walk**

- 33 Construction of a Great Walk from the Grey Valley to Punakaiki through the rugged Paparoa National Park is likely to involve significant design and engineering challenges. It is anticipated that the cost of constructing a track would be significant.
- 34 To address these risks, we recommend that a feasibility study into the proposed track be undertaken by an independent consultant. The study would consider:
  - the construction issues consequent on the rugged nature of the terrain to be traversed;
  - the costs associated with construction;
  - the economic benefits to the West Coast region, including tourism; and
  - the long term economic viability of the track.
- 35 The independent consultant would be assisted by DOC and MBIE, who will provide information and expertise.
- 36 We further recommend that the feasibility study be funded from the remainder of the Pike River appropriation.
- 37 A feasibility study for the Southern Paparoa journey several years ago cost \$20,000. However, the work involved only one option and was undertaken by a former DOC staff member with skills and experience, assisted by staff from the local office.

- 38 In this case, two or possibly three routes for the proposed track may need to be considered. Given the urgency, and the need to ensure transparency, the feasibility study will be undertaken by an independent contractor. In view of this, it is anticipated that the cost will rise to approximately \$100,000.
- 39 The Great Walk will take two days to complete, necessitating the construction of a hut at the midway point. Based on the cost of similar huts built on the Heaphy Track, the cost of building a hut on the proposed Great Walk is expected to be around
- 40 The costs involved in constructing a track are variable, and cannot be confirmed until the feasibility study has been completed. However, based on the costs of constructing other tracks of a Great Walk standard, construction of the proposed track (including the construction of a hut) could cost approximately

### **Extending national parks – policy and process**

- 41 All national parks and additions to national parks are established by Order in Council under section 7 of the National Parks Act 1980, regardless of whether or not a section 8 investigation has been carried out. Before a Minister can recommend an Order in Council to create a national park, a recommendation is needed from the NZCA following consultation with the appropriate Conservation Board. Section 4 of the Conservation Act 1987 also creates a requirement for consultation with the relevant whanau, hapu or iwi.
- 42 Section 8 of the National Parks Act states that “the Authority may... request the Director-General to investigate...”. The Authority therefore has discretion as to whether it seeks an investigation of proposals to add to parks or establish new parks. The General Policy for National Parks (April 2005) also provides flexibility for the Authority to determine if an investigation is needed.
- 43 The NZCA has written to the Acting Minister of Conservation with their initial views on the proposal to extend the Paparoa National Park. The Authority has approved the proposal and advised that a section 8 investigation is not required in this case.
- 44 It is estimated that the costs of implementing the proposed additions to Paparoa National Park will amount to approximately \$50,000. This includes the costs of consultation, boundary surveys and any reports on the additions to enable the NZCA to make a recommendation under section 7.

### **Consultation**

- 46 MBIE and the Office of the Attorney-General were consulted in the development of this paper. No further consultation has been undertaken with either the public or government departments.
- 47 The Acting Minister of Conservation has had a brief discussion with the NZCA about proposed additions. The Minister has asked for and received the Authority's initial view of the proposal, including whether or not a section 8 investigation is required in this case.
- 48 Officials from DOC and MBIE have facilitated the fortnightly teleconferences with the Pike River family representatives and Solid Energy, and will continue to do so.
- 49 The Acting Minister of Conservation will consult the Pike River families and their representatives about the proposed additions.
- 50 A further Cabinet paper will be submitted following public consultation and consultation with MBIE, NZCA and the Treasury.

### **Publicity**

- 51 As expected, there is a high degree of public interest in matters related to Pike River. The Acting Minister of Conservation has announced the Government's intention to consider the proposals put forward by the Pike River families. An announcement would be made on undertaking the feasibility study on the proposed track following further consultation with families.

### **Next steps**

- 52 The Acting Minister of Conservation will discuss the expansion options with the families' representatives, and formally refer the proposal to the NZCA for action under section 7 of the National Parks Act.
- 53 The NZCA will initiate consultation with the West Coast Conservation Board, the public and the relevant whanau, hapu or iwi. This consultation could be undertaken in conjunction with the required boundary surveys. It is anticipated that these actions could be concluded within 6 months, at which point the NZCA will make a recommendation under section 7 to the Minister of Conservation.
- 54 Following this, a further Cabinet paper with the final proposal will be submitted.
- 55 It is expected that the mine will be de-commissioned, the portal sealed and the site surrendered to DOC by the middle of 2015. Subject to Cabinet agreement, the extensions to the national park will be implemented at the same time.
- 56 At this point, it is anticipated that the feasibility study will be delivered by the end of 2015, enabling the Acting Minister of Conservation to provide a more accurate estimate of the cost of the proposed track.

## Recommendations

We recommend that Cabinet:

- 1 **Note** that in response to Solid Energy's decision not to re-enter the Pike River mine drift and to surrender its mining permit, representatives of the Pike River families have presented a series of proposals for the Government to consider involving the extension of Paparoa National Park to include the Pike River mine site, the maintenance of some buildings at the site, and the construction of a 'Great Walk' track from the Grey Valley to Punakaiki
- 2 **Note** that the Government has undertaken to consider these proposals
- 3 **Agree** that an addition to the Paparoa National Park is the most suitable way to protect the area; that discussions with the families on the preferred boundaries be undertaken; and that the necessary statutory processes be progressed
- 4 **Agree** that, following consultation with the Pike River families, the Acting Minister of Conservation will report back to Cabinet on proposed additions to the Paparoa National Park
- 5 **Note** that the NZCA has provided the Acting Minister of Conservation with their initial view on the proposed additions to the Paparoa National Park, and has indicated that a section 8 investigation is not required
- 6 **Note** that the feasibility study for the proposed 'Great Walk' may cost approximately \$100,000
- 7 **Agree** that the Acting Minister of Conservation may use funds from the MBIE administered Pike River appropriation to investigate, and if approved, implement the proposed National Park additions
- 8 **Agree** that the Acting Minister of Conservation may use funds from the MBIE administered Pike River appropriation to engage an independent contractor to undertake a feasibility study of the walking track.

  
Hon Dr Nick Smith  
Acting Minister of Conservation

18 / 12 / 15

  
Hon Simon Bridges  
Minister of Energy and Resources

18 / 12 / 15



### **Appendix one – Assessment of minerals deposits**

1. New Zealand Petroleum and Minerals (NZP&M), part of the Ministry for Business, Innovation and Employment (MBIE), have provided advice on the minerals values of the proposed extension areas.

#### **Coal**

2. Significant coal resources are only affected by the inclusion of Area B of the proposed extension to the Paparoa National Park. Coal in-ground for Pike River is estimated at 58 million tonnes for the Brunner seam, which was being extracted by the Pike River mine. Pike River Coal Ltd expected to be able to recover 17.6 million tonnes of the Brunner Seam.
3. The view of NZP&M is that underground coal mining at Pike River is currently uneconomic and is unlikely to be economic even at much higher coal prices than at present (approximately US\$106.85 per tonne). This is due in part to difficulties of controlling coal quality specifications (especially sulphur), the effects on coal production that would be required to meet the limits on subsidence likely to be stipulated in any land access arrangement, and the dilution on overall project economics of having to leave coal in the existing Paparoa National Park. This is in addition to the normal level of mining engineering challenges encountered by underground mines on the West Coast.
4. Opencast mining has been suggested as an alternative at Pike River, but, even if this improved the overall project economics, there are still the formidable barriers of negotiating an access arrangement over conservation land, the construction of another substantial road, and a number of problems with waste placement (for example, where to put the overburden taken off the top of the coal).
5. There is, however, a current coal prospecting permit application that overlaps with the southern boundary of Area A. This suggests some commercial interest in that area.

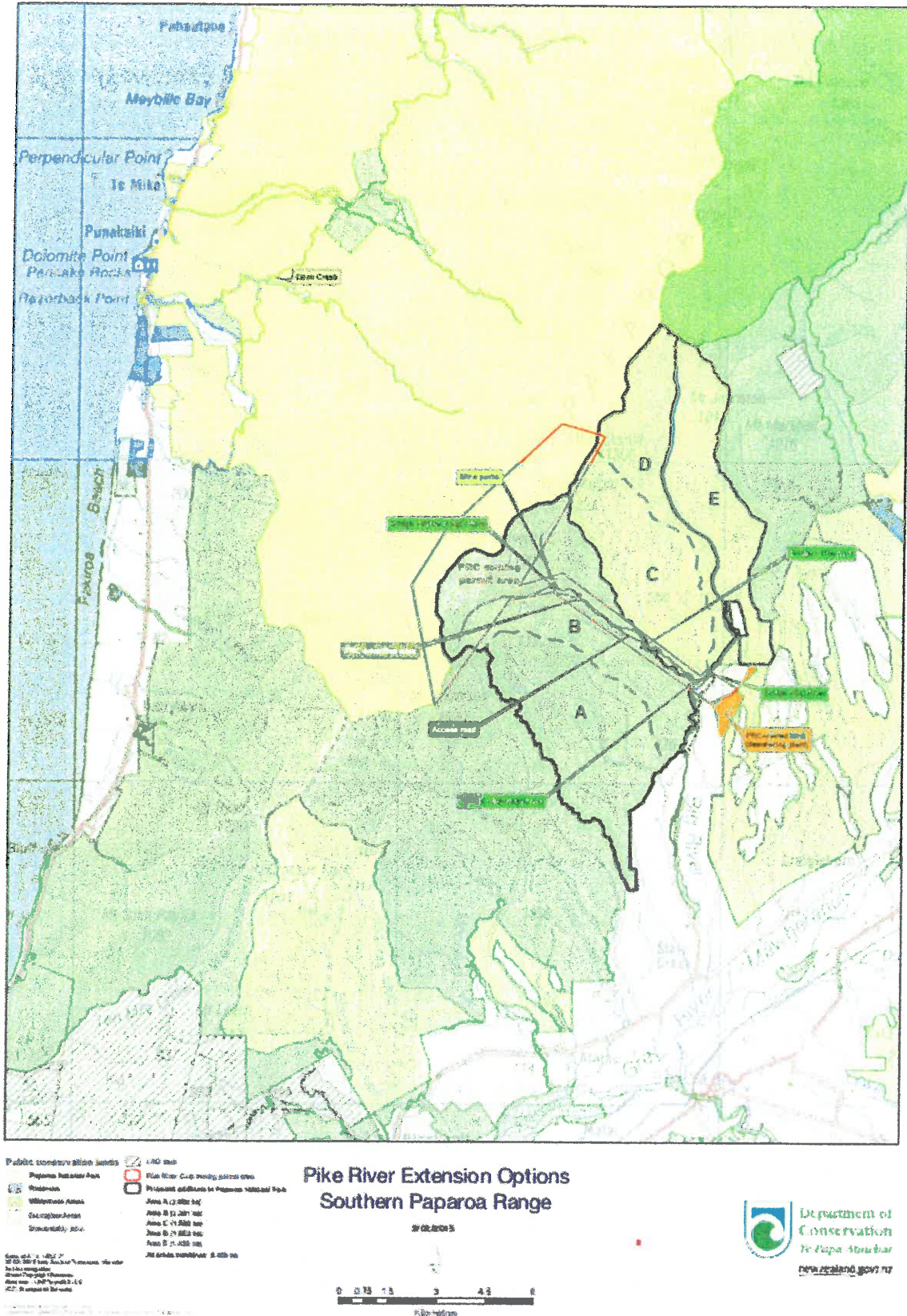
#### **Gold**

6. Areas D and E in the Saxton Ecological Area contain Greenland Group rocks that have been known to host gold deposits (hard rock mining rather than mining alluvial gravels). Therefore, these areas have the potential for future mineral discovery. Area E is made up completely of Greenland Group rocks, while Area D has a large proportion of Greenland Group rocks.
7. Areas A, B and C have a lower potential for mineral development.

#### **Aggregates**

8. There would be no adverse impacts on the availability of aggregates by the inclusion of any of the above areas in Paparoa National Park.

Appendix two – Paparoa National Park Extension Options



Appendix three – Pike River additions and prospecting application

