

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of submissions and further submissions by NEWMONT WAIHI GOLD LTD (Submitter No 121) to the BOARD OF INQUIRY on the PROPOSED NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT

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STATEMENT OF EVIDENCE OF KATHY ANNE MASON

Introduction

1. My full name is Kathy Anne Mason and I am employed by Newmont Waihi Gold ("Newmont"). I have a Masters Degree in Horticultural Science, in Soil Science from Massey University. I have been employed by Newmont and its predecessor companies since 1990. During that time I have held a number of positions including Environmental Officer, Senior Environmental Officer, Royal Workings Subsidence Co-ordinator and Favona Underground Permitting Manager. My current role is as Project Specialist.
2. During my time with Newmont I have been involved in water monitoring, both on and off site and I have assisted in writing and/or reviewing management plans and reports. In my current role I have assisted in preparing submissions on proposed Variation 6 (Water Allocation) to the Waikato Regional Plan ("Variation 6"), the Proposed National Environmental Standard for Ecological Flows and Water Levels ("NES") and the proposed National Policy Statement for Freshwater Management ("NPS"). I am familiar with the consents held by Newmont.
3. I have been provided with a copy of the Code of Conduct for Expert Witnesses in the Environment Court Consolidated Practice Note 2006. I have read and agree to comply with that code. I confirm that my evidence is within my area of expertise and that I have not omitted to consider material facts known to me that might alter or detract from my expressed opinions.

Newmont's Operations

4. Newmont operates the Martha Mine (an open pit gold mine) and the Favona Underground Mine in Waihi. Newmont's mining activities contribute substantially to economic output and employment locally, regionally and nationally. Newmont currently spends around \$120 million per annum (around \$10 million per month), and 80% of this is spent within New Zealand. Newmont currently employs 350 FTE personnel (including mining contractors) directly.

5. In addition to mining activities, Newmont undertakes mineral exploration activities, most of which are in the Waikato Region. I would estimate that exploration companies have spent at least \$50 million on 250,000 metres of exploration drilling in the southern half of the Coromandel Peninsula over the past thirty years. Although this drilling has been cyclical with years as low as 1,300 metres to as high as 28,000 metres, it has been sufficient to help sustain the local drilling industry and their attendant support services.
6. Since the reopening of the Martha Mine in the late 1980s, Newmont and the previous owners of Waihi Gold Company have invested almost \$800 million (in 2008 dollars) of capital into its two mining projects, and is currently in the process of assessing two more projects that would see considerable additional investment in the district. Newmont understandably wishes to protect its existing investments. In addition, Newmont wishes to ensure that in the future, exploration and mining can continue to be carried out subject to reasonable controls and conditions and in a certain regulatory framework.
7. The Hauraki Goldfield, which includes the Coromandel Peninsula and extends as far south as Te Puke, is the most prospective region in New Zealand for the discovery of gold-silver deposits. A recent study by the Institute of Geological and Nuclear Sciences assesses the value of known and potential resources of the Coromandel Region for copper, gold, silver, lead-zinc, mercury, titanium (in shoreline placer deposits) halloysite and kaolinite clay at \$41 billion. Gold exploration is continuing at a high level, mainly in the Waihi district. As a share of the value of \$41 billion total for all metals, the total value of hard rock (i.e. onshore) gold and silver is \$16.9 billion (\$15.7 billion for gold and \$1.2 billion for silver).
8. In my experience, Newmont and its predecessor companies have always strived to avoid, remedy and mitigate environmental effects and to work with the Waihi community and the district and regional councils to achieve good environmental outcomes. An excellent level of compliance with the resource consent conditions has been achieved over a period exceeding twenty years and Newmont has an admirable record of performing well beyond compliance in terms of its environmental and social commitments.
9. There is considerable potential for exploration and mining activities to continue, subject to appropriate environmental conditions. Continuation of these activities would result in

an increase in the economic benefits and employment for the district, region and country that are currently generated by mining operations at Waihi.

10. Water management is an integral part of Newmont's mining and exploration activities. Newmont holds permits to take groundwater to enable both the Martha and Favona Mines to operate. The most recent permit for the Favona Mine was considered and granted by Waikato Regional Council as a discretionary activity.
11. While I do not disagree with the overall intent of the Proposed NPS, generally speaking I am concerned that the objectives and policies as stated may not be appropriate for all surface water and all groundwater. In my view, the Proposed NPS for Freshwater Management creates an uncertain future for Newmont's activities and could have significant ramifications on Newmont's ability to continue its current operations and to mine in other areas where economic deposits may be found in the future.

Overview of Evidence

12. The four main points that I wish to make are described below:
 - 12.1 The proposed NPS contains objectives and policies that do not recognise the differences between groundwater and surface water, and different types of groundwater. This will be addressed in the evidence of Mr Wayne Russell.
 - 12.2 The proposed NPS, when considered together with the proposed NES for Ecological Flows and Water Levels and proposed Variation 6 (Water Allocation) to the Waikato Regional Plan creates uncertainty for Newmont.
 - 12.3 The proposed NPS as a stand alone document similarly creates considerable uncertainty for Newmont.
 - 12.4 Specific comments in relation to Objective 5.

Concerns with the Proposed NPS as it relates to the Proposed NES and Variation 6

13. I am concerned that while the submissions and evidence must necessarily focus on the proposed NPS, in terms of water allocation there is a considerable overlap between the proposed NES for Ecological Flows and Water Levels, and with proposed Variation 6 (Water Allocation) to the Waikato Regional Plan. Neither of these latter two documents

are finalised and Newmont is in the position of having to present evidence for this NPS without knowing what the outcomes may be for the proposed NES and Variation 6.

14. This is particularly the case where the Proposed NPS refers to Environmental Flows and Water Levels as they relate to groundwater systems which are included in the definition of 'Freshwater Resources'. By way of example, Policy 1(a) states:

"By the second anniversary of the date of commencement of this National Policy Statement, every regional council must notify, in accordance with Schedule 1 of the Act, a proposed regional policy statement or variation to a proposed regional policy statement or change to its operative regional policy statement in order that as soon as practicable thereafter every regional policy statement specifies objectives, policies and methods which –

14.1 Determine and timetable priorities for when regional plans will set Freshwater Quality Standards and Environmental Flows and Levels for all Freshwater Resources of the region; and ..."

15. It may be inferred from this policy that where a freshwater resource is not considered to be a priority in terms of setting Freshwater Quality Standards and Environmental Flows and Levels, then applications to take water from those water bodies would be either permitted, controlled or discretionary activity status. This is not the case.
16. By way of example, if a new mineral deposit was found and a consent was required to take water for the purposes of dewatering a mine, then the interim limits for groundwater in section 5.1.1 of the Proposed NES would be relevant. The interim limits apply until environmental flows and water levels have been established through regional plans. Variation 6 does not presently specify environmental flows and water levels for all aquifers and cannot be reasonably expected to until significant investigations to establish meaningful limits are completed.
17. Because it would be very unlikely that users other than Newmont would be taking from the deep, mineralised groundwater bodies typically dewatered by mining, the proposed interim limit would most likely be 35% of the average annual recharge as calculated by the Regional Council. It would be difficult to reliably calculate this figure without

significant groundwater investigations. From a practical perspective, it is likely that these investigations would be initiated and funded by Newmont, given that Newmont would highly likely be the only user of these mineralised water bodies, as is the case with the Martha and Favona Mines.

18. Section 5.3.2 of the Proposed NES discusses what might happen where the interim limits are breached. As currently stated the NES would require such applications to be for a non-complying activity. However the NES states that another option would be to disallow any applications (i.e. classify them as being a prohibited activity) until an environmental flow or water level is included in an operative or proposed regional plan. Under this option, an applicant who wanted to apply for more water than allowed under the interim limits would have to either initiate a plan change or wait for one to occur. This seems to be an overly stringent requirement for an activity that may have less than minor effects, as described by Wayne Russell in his evidence.
19. This combination of controls under the proposed NES and NPS provides a dilemma for Newmont because to protect itself from the uncertainty of the NES, Newmont needs a change to Policy 1(a) of the NPS that requires regional councils to set environmental flows and levels for all groundwater in their regions as a matter of priority. However, it is simply not practical or reasonable for regional councils to do so as in many cases there are insufficient data available for them to set reasonable limits, and for many aquifers (e.g. the deep mineralised aquifers in the areas of interest to mining companies), there is not the demands on the aquifers that would justify giving them elevated priority.
20. In my opinion, any future dewatering takes should be discretionary activities. Newmont has invested considerable resources and funds into the Variation 6 process to protect its position in that regard. Given that Variation 6 does not specify environmental flows and water levels for all aquifers in the region the overlap between the Proposed NPS and the Proposed NES, now creates an additional layer of regulation and considerable uncertainty for Newmont.
21. Newmont acknowledges that a proposed dewatering take application in a new area is likely to be fully notified. This would involve public submissions and considerable technical expertise and appropriate investigations, and peer review by the consenting authority. In my opinion, the imposition of a non-complying activity status will not

improve the environmental outcome, but could add further costs and delays in terms of reaching that outcome. The costs and delays would be greater if a plan change were required before the Company could apply for a consent if the activity was prohibited.

22. I note that the Waikato Regional Council has set Environmental Flows for all surface water in Variation 6. For that reason, the interim limits in the Proposed NES are not relevant for surface water in the Waikato Region. Newmont's surface water takes are relatively minor and subject to some minor appeal points that may be resolved by consent. The way that Variation 6 addresses Newmont's surface water takes is generally acceptable in my view.
23. I note that Variation 6 already addresses many of the environmental issues that can result from over-allocation that the Proposed NPS seeks to address.

Concerns with the NPS as a Stand Alone Document

24. In addition to the concerns I have in relation to Newmont's ability to obtain dewatering consents for new projects, I also have concerns about the possible impact of the Proposed NPS on Newmont's present operations. In particular Objective 3 as it stands requires "*the progressive enhancement of the overall quality of Freshwater Resources, including actions to ensure appropriate Freshwater Resources can reach or exceed a swimmable standard*". As the definition of 'Freshwater Resources' includes groundwater systems, Objective 3 requires the progressive enhancement of the overall quality of groundwater systems. Wayne Russell addresses the impracticality of applying this objective to all groundwater. From a consenting perspective, Newmont has consents to discharge seepage into the ground, subject to conditions. Those consents and their associated conditions were the result of fully notified applications with considerable input by a number of technical experts employed by both Newmont, and the Regional Council. The objective as it stands creates uncertainty for Newmont in terms of how that activity may be affected at some later date.
25. In a similar manner, while Newmont has the certainty of its existing consents at present, the proposed NPS as it stands will require the addition of further conditions on consents

granted¹ (refer for example to Policy 6). This could result in, for example, “protection of degradation” (Policy 6(b)). This appears to impose an additional requirement that could be both difficult and expensive, if not impossible, for the Company to meet. Furthermore, in my opinion it is unnecessary as the groundwater into which the seepage discharges has such low yield as to render other uses impracticable.

Newmont’s Position Regarding Objective 5

26. I wish to clarify Newmont's position regarding Objective 5. Newmont's original submission sought to exclude deep aquifers from Objective 5. In Newmont's further submissions, Newmont supported the submission of Waikato River Municipal Users Group. In my view the Waikato River Municipal Users Group submission better explains the issue by seeking to avoid adverse effects on the notable values of Freshwater Resources. The amendment sought to Objective 5 is as follows:

"To control the effects of land-use development and discharges of contaminants to avoid adverse effects on the notable values further degradation of Freshwater Resources and achieve the purpose of the Act."

27. For this reason, Newmont supports the Waikato River Municipal Users Group submission and relief as it relates to Objective 5.

Conclusion

28. As outlined above, I have concerns in relation to how the proposed NPS will impact on Newmont's ability to obtain dewatering consents for new projects. I also have concerns for Newmont's present operations.
29. The proposed NPS contains objectives and policies that do not recognise the differences between groundwater and surface water, and different types of groundwater.

¹ There is ambiguity in terms of whether this would apply to existing consents or whether it would only apply to consents granted after the Proposed NPS comes into effect.

30. The proposed NPS, when considered together with the proposed NES for Ecological Flows and Water Levels and Environment Waikato's Regional Plan Variation 6 (Water Allocation) creates uncertainty for Newmont's operations, particularly since the latter two documents have not yet been finalised.

Kathy Mason

Kathy Anne Mason

3 June 2009