

## STRATEGIC PLAN 2008-2011





## CROWN MINERALS – SUSTAINING WORLD CLASS BUSINESS SYSTEMS AND A LEADING BUSINESS ENVIRONMENT

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We manage the Government's oil, gas, minerals and coal resources, known as the Crown Mineral Estate. It's our role to advise on policy and operational regulation, and promote investment in the mineral estate



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## INTRODUCTION

Investment in New Zealand's mineral estate has never been stronger. In a world looking for new oil and gas reserves, and with rising mineral commodity prices through strong global economies, interest in New Zealand's mineral estate is extremely active.

Over the past four years, the Crown Minerals Group has refocused its efforts and built its capabilities around three core functions:

- > Advocacy;
- > Asset management; and
- > Stimulation of investment.

During this period new minerals regimes have been implemented, and online technical data and permitting information systems have been developed.

Permits have been awarded over frontier acreage including in the Great South Basin, and the number of explorers investigating New Zealand's mineral potential is at an all-time high. This has been the result of active promotion led by the Crown Minerals Group.

The Group intends to build on current success and further enhance investment in and management of the mineral estate.

Central to successful development and management of the mineral estate are:

- > Investment;
- > Advocacy;
- > Regulatory effectiveness; and
- > Capability.

To ensure that the administration of New Zealand's mineral regime continues to match international best practice, we need to stay on top of our game.

Our aim is to maximise the mineral estate's contribution to the economy, in line with the Government's objectives for energy and economic growth.

This strategic plan outlines the key business outcomes and initiatives the Crown Minerals Group intends to pursue over the next three years to 2011.



A handwritten signature in black ink that reads "Chris Kilby".

**Chris Kilby**  
Group Manager, Crown Minerals



## THE GOVERNMENT'S ECONOMIC TRANSFORMATION OBJECTIVE

The Government's economic vision for New Zealand is –  
**A high-income, knowledge-based market economy which is both innovative and creative, and provides a unique quality of life to all New Zealanders.**

This objective can only be achieved through a sustained increase in New Zealand's productivity. The key to lifting our productivity is *improving firms' performance*.

## THE MINISTRY'S VISION

The Ministry of Economic Development supports the Government's economic transformation objective by working to –

**Promote a step change in New Zealand's economic performance through the success of innovative, internationally competitive firms.**

## THE MINISTRY'S STRATEGY

The Ministry has identified five Strategic Priorities that represent the areas of Ministry activity with most potential to increase economic growth. These help ensure we are focusing on the critical activities aimed to promote innovation, productivity, and sustainable growth.

As well as focusing the Ministry's work as a whole, the Strategic Priorities help us make sure the work of the various branches is linked and, where possible, undertaken collaboratively.

- > **Infrastructure** – Improving the quality and reliability of key infrastructure services
- > **International linkages** – Improving the international linkages that allow firms to benefit from trade, knowledge transfer, and investment
- > **Sustainable business** – Helping New Zealand firms to use environmental integrity for economic advantage
- > **Investment** – Improving the investment environment for New Zealand firms
- > **Auckland** – Working to make Auckland world-class.

The Ministry's overall strategy encompasses a wide range of activities aimed at promoting growth.

## CROWN MINERALS' ROLE

The Crown Minerals Group is part of the Ministry's Business Services Branch. An important objective is facilitating business growth.

Crown Minerals contributes to a number of the Ministry's business outcomes – particularly “Securing our energy future”, “Managing our natural resources” and “Building international linkages”.

Through our high-quality policy advice and excellent service delivery, we aim to deliver innovative and practical solutions that:

- > help make New Zealand one of the best places in the world to do business; and
- > inspire consumer and investor confidence.

The Group works with a range of government agencies to achieve this.





## CROWN MINERALS' CONTRIBUTION TO ECONOMIC TRANSFORMATION

Successful exploration and development of the mineral estate underpins the Crown Minerals Group's contribution to economic development in terms of:

- > the supply of minerals and energy needed to sustain and build the economy; and
- > the wellbeing of all New Zealanders.

### Energy Strategy

The *New Zealand Energy Strategy to 2050* outlines the Government's strategic direction for the energy sector to enable it to contribute to New Zealand's future prosperity and sustainability.

The Government has set a target of 90 per cent of electricity to be generated from renewable sources by 2025. There is a continuing role for thermal-fired generation, particularly gas, to provide system security.

There are several challenges and opportunities in relation to the use of New Zealand's mineral resources for energy in future:

- > ensuring sufficient domestic gas is discovered and developed to meet system security for electricity and direct use for industrial and domestic purposes;
- > accessing better information about the prospectivity of our frontier basins and thus potential to contribute to international demands for energy and New Zealand's balance of payments; and
- > making innovative use of our mineral resources in an environmentally sustainable way to reduce our dependence on imported fuel.

Interest in New Zealand's mineral estate will become more intensive as a result of increasing local and global demand for minerals for industrial and commercial processes, which is being driven by increased economic activity in traditional and emerging markets.

### Critical Investment Factors

Crown Minerals has identified six critical factors towards maximising investment in the mineral estate:

1. Promoting New Zealand's prospectivity by providing high-quality geotechnical data
2. Ensuring easy and transparent access to permitting and technical information
3. Maintaining New Zealand's reputation for low sovereign risk
4. Maintaining a competitive fiscal regime
5. Facilitating access to investment capital
6. Maximising access to the mineral estate.





## KEY PRIORITIES

To ensure the critical investment factors are successfully addressed, the following three operational strategies have been identified as key priorities for the Crown Minerals Group:

### > STIMULATION OF INVESTMENT

We will encourage investors with sound financial and technical capability, and strong records in successful petroleum and mineral exploration, to invest in the New Zealand Crown mineral estate.

We will assist responsible international and New Zealand based explorers in understanding the areas of central and local government that impact on their development opportunities.

### > ADVOCACY

We will help ensure that the potential of petroleum and mineral resources to contribute to economic development and sustainable growth is recognised and provided for, thus improving the environment for investment.

A key strategy is increasing awareness of the mineral estate as a Crown asset with those making decisions that may impact on it. Effective promotion can take a number of forms, one of which is being an advocate for responsible exploration and development across local and central government.

### > REGULATORY EFFECTIVENESS

Minimising the “red tape” associated with permit allocation and regulatory requirements is fundamental to New Zealand being seen as a worthwhile exploration and mining destination.

Our attractiveness will be improved by reducing unnecessary bureaucracy, improving the timeliness of all services, increasing online services, and improving the quality of our technical work.

Paramount will be increased industry understanding of, and compliance with, permit work programme and royalty obligations to ensure the Crown’s interest in the mineral estate is effectively managed, and to give confidence to permit holders that we have a consistent and high-quality regulatory regime.

## Maximising capabilities

**Underpinning these three operational strategies is a broader strategy – to maximise access to and retention of the right capabilities.**

The exploration and mining industries are highly specialised and diverse. In a country New Zealand's size, there will always be challenges in securing the right skills, experience, and resources to promote and manage the mineral estate.

To meet these challenges, we recognise the need to strike a balance between maintaining a critical mass of staff with an extensive range of industry experience, and accessing specialist advisers.

Ensuring Crown Minerals remains an attractive place to work is therefore important. Investment in training, industry secondments and technical support systems will continue to be key priorities.

These capabilities will be complemented by continued development of relationships with research institutes, universities and overseas regulators, and appropriate use of private sector specialists.





## KEY BUSINESS OUTCOMES AND INITIATIVES 2008-2011

### > STIMULATION OF INVESTMENT

We will encourage investors with sound financial and technical capability, and strong records in successful petroleum and mineral exploration, to invest in the New Zealand Crown mineral estate.

#### Improving Business Connections

##### **Improving the international linkages that facilitate trade, knowledge transfer and investment**

###### WHAT THIS MEANS FOR OUR CLIENTS

Crown Minerals will contribute to foreign direct investment by attracting high-quality exploration and development companies, ensuring our investment regime is competitive, and matches international best practice through effective links with overseas regulators.

###### KEY INITIATIVES

1. Ensuring exploration and production incentives remain competitive
2. Continuing to promote the mineral estate through targeted investment promotions
3. Ensuring blocks offer and allocation processes continue to deliver high-value investment
4. Enhancing and maintaining knowledge exchange arrangements with international regulators.



> **ADVOCACY**

We will help ensure that the potential of petroleum and mineral resources to contribute to economic development and sustainable growth is recognised and provided for, thus improving the environment for investment.

**Improved Access to Mineral Resources**

**Communities are better informed of the economic potential of local mineral resources and implications of planning processes on their development**

**WHAT THIS MEANS FOR OUR CLIENTS**

Crown Minerals will promote the potential contribution of the mineral estate to regional economic development, and monitor and advocate for accessing the mineral estate through planning processes.

**KEY INITIATIVES**

1. Exploring opportunities to ensure communities have knowledge of local mineral resources and their potential economic contribution
2. Continuing to advocate on exploration and mining issues in local and central planning processes
3. Enhancing liaison networks with local and central government on mineral estate issues.





#### > REGULATORY EFFECTIVENESS

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#### Well-managed Crown Mineral Resources

##### **The Ministry's management of Crown mineral resources supports business development and sustainable growth**

###### WHAT THIS MEANS FOR OUR CLIENTS

Crown Minerals will ensure that its management of the mineral estate matches international best practice, and that explorers and mining companies are encouraged to undertake responsible development. The Crown, as owner of the asset, will be well informed in relation to the current and future situation regarding the mineral estate.

###### KEY INITIATIVES

1. Crown Minerals' legislative and regulatory frameworks and programmes are appropriate for existing and emerging uses of the mineral estate
2. An appropriate regime for allocation and management of mineral rights within New Zealand's economic zone is developed
3. Continual improvement of client service standards
4. Continuing quality assurance for technical and revenue management obligations.



### Improved Access to Information

**Businesses and the public sector use information held by the Ministry to help them make well-informed decisions**

#### WHAT THIS MEANS FOR OUR CLIENTS

Permitting and geotechnical data essential to good exploration, mining, policy and regulatory decisions will be comprehensive, high-quality and easily accessible. Information on and knowledge of the mineral estate and Crown Minerals Group activities will be up to date, user friendly and easily accessible.

#### KEY INITIATIVES

1. Providing online access to technical data and permitting information
2. Ensuring public information is up to date, relevant and easily accessible
3. Adopting and communicating standards for lodgement and dissemination of information
4. Ensuring drill core and sample libraries are well managed.

### Effective Business Regulation

**Business regulation is easy to comply with, and balances the cost it imposes with benefits to the community**

#### WHAT THIS MEANS FOR OUR CLIENTS

Crown Minerals will be professional and transparent in our business dealings.

#### KEY INITIATIVES

1. Continually reviewing and improving permitting processes
2. Improving compliance programmes for exploration, mining and royalties.



## CHARTING PROGRESS

To achieve our strategic outcomes for the Crown mineral estate to 2011, our performance standards will shift in response to industry and government expectations.

The key deliverables for each financial year are set out in detail in annual output plans developed with the Minister of Energy and in the annual Ministry of Economic Development Business Services Branch business plans.

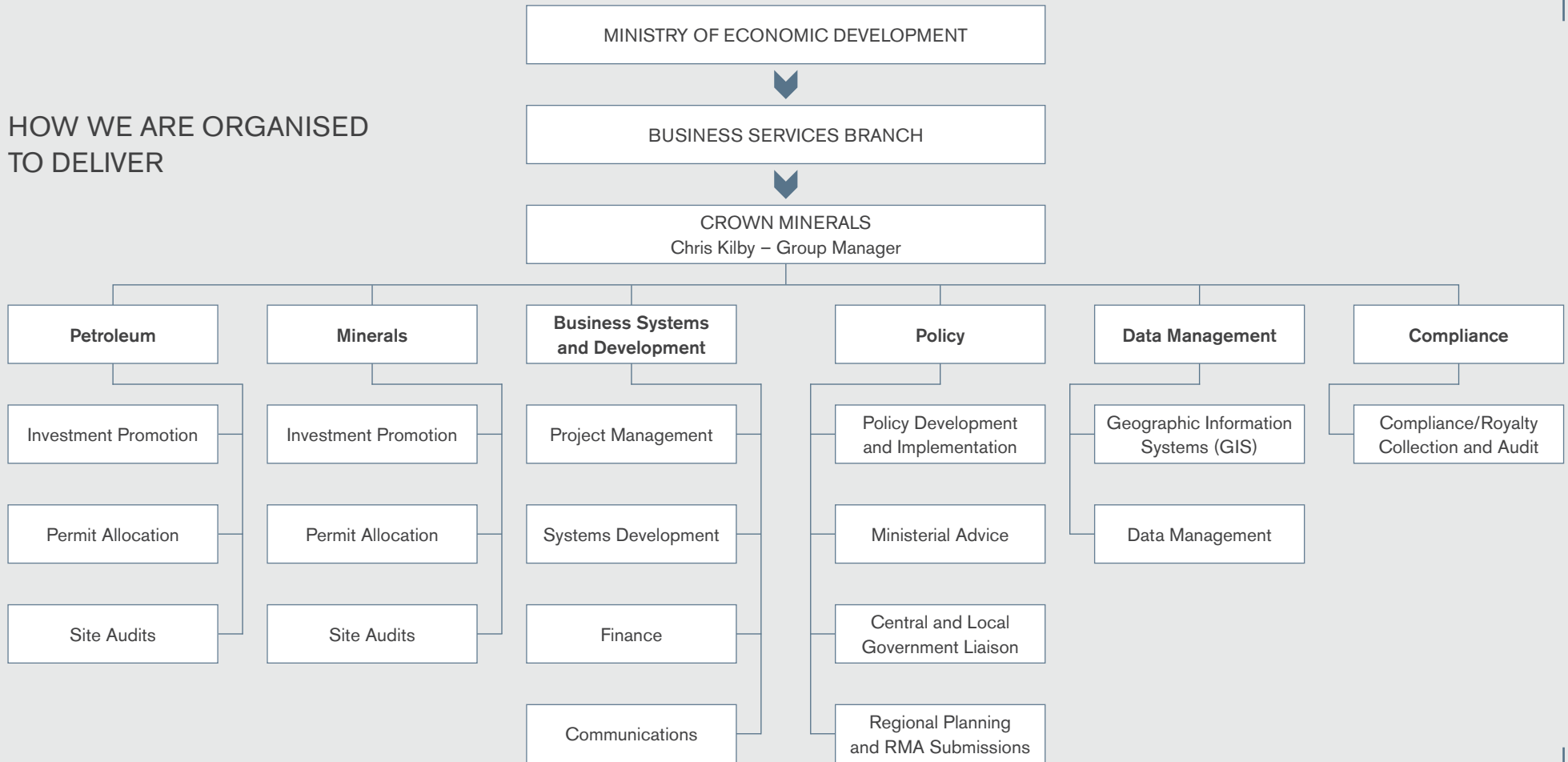
Progress can be charted through the Crown Minerals Group's annual reports.

These documents can be viewed at [www.crownminerals.govt.nz](http://www.crownminerals.govt.nz)





## HOW WE ARE ORGANISED TO DELIVER



## RESOURCES

### WEBSITE INFORMATION AND PUBLICATIONS

Crown Minerals provides a wealth of resources to help clients with permitting, legislation, production and reserves data, resources and prospectivity, exploration and mining activities – and much more.

We encourage you to visit our website: [www.crownminerals.govt.nz](http://www.crownminerals.govt.nz) where a variety of technical resources can be accessed in different formats.

We also provide industry news, and information about events, permit changes and conferences, via our regular email publications. To subscribe to these publications, visit [www.crownminerals.govt.nz](http://www.crownminerals.govt.nz)

## CONTACTS

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## Other useful links

Other New Zealand and Australian sites of interest to Crown Minerals clients:

- > Minister of Energy and Associate Minister of Energy  
[www.beehive.govt.nz](http://www.beehive.govt.nz)
- > Investment New Zealand  
[www.investnewzealand.govt.nz](http://www.investnewzealand.govt.nz)
- > Petroleum Exploration and Production Association of New Zealand  
[www.pepanz.org](http://www.pepanz.org)
- > New Zealand Minerals Industry Association  
[www.minerals.co.nz](http://www.minerals.co.nz)
- > Australian Petroleum Production and Exploration Association  
[www.appea.com.au](http://www.appea.com.au)



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