**BEFORE THE FAST-TRACK APPROVALS PANEL**

**In the matter** of the Fast-Track Approvals Act 2024

**And**

**In the Matter** of applications by Oceana Gold (New Zealand) Limited for various resource consents and other authorities relating to the Waihi North Project (including the Wharekirauponga Underground Mine)

**And**

**In the matter** of the submission on the above applications

by Coromandel Watchdog of Hauraki Inc

**Brief of evidence of Geoff Bertram**

Dated: 23 August 2025

**Review of Shamubeel Eaqub, *Economic effects of the Waihi North Project: final report to Oceana Gold New Zealand Ltd*, dated 21 February 2025**

- My name is Geoff Bertram.
- I hold a doctorate in Economics from the University of Oxford, where I was a Research Officer in the Institute of Economics and Statistics 1974-1976. I then taught in the School of Economics and Finance at Victoria University for more than three decades before retiring in 2009. I was then a Senior Associate at the University's Institute for Governance and Policy Studies until 2023.
- I am currently Visiting Scholar in the School of History, Philosophy, Political Science and International Relations at Victoria.
- I confirm I have read the code of conduct for expert witnesses as contained in the Environment Court's Practice Note 2023.
- I have complied with the code of conduct when preparing this statement of evidence and will do so if required to give oral evidence before the Expert Panel considering the application by Oceana Gold (New Zealand) Limited (**Applicant**) under the Fast-track Approvals Act 2024 (**Act**) to expand its existing gold and silver mining operations at sites in the Waihi North area of the Coromandel Peninsula, being Fast-track Application No. FTAA-2504-1046 (the **Waihi North Project Application**).
- The data, information, facts and assumptions I have considered in forming my opinions are set out in my evidence to follow. The reasons for my opinions expressed are also set out in this evidence.
- Unless I state otherwise, this evidence is within my sphere of expertise and I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.
- My qualifications, relevant experience and basis for my expertise are as set out

above.

In preparing this evidence, I have focused my review on my counterpart expert. I have therefore reviewed the following:

***B51. Economic effects of the Waihi North Project: Final report to OceanaGold New Zealand Limited, Shamubeel Eaqub***

I have also generally reviewed the latest iteration of consent conditions (to the extent that these are relevant to my expertise), and related documents.

## Comments:

1. The title of this paper bears no relation to the contents. This is a selective and incomplete listing of some positive impacts that are predicted to flow from expansion of the mining operation at Waihi. It does not meet the requirements or standards for a professional mainstream economic analysis of the overall effects of a project.

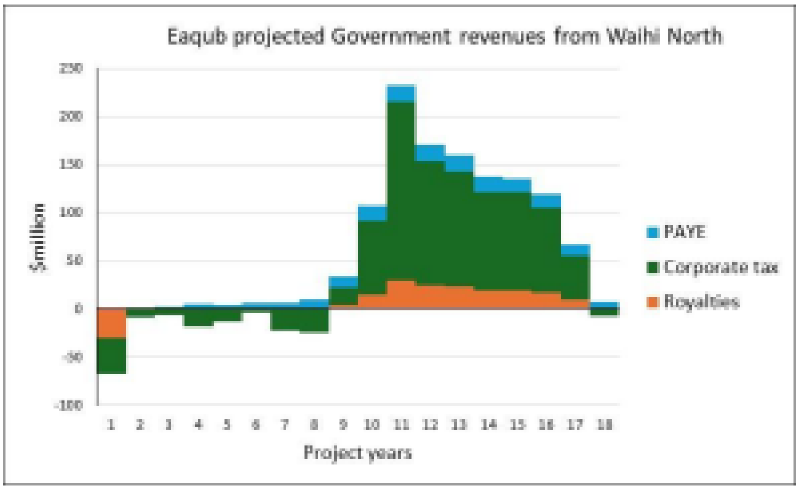
2. "Economic effects", in economists' terms, mean <u>net</u> effects, taking into account all measurable benefits and costs, weighting these as appropriate, discounting to obtain a present value of the quantifiable aspects of a project, and setting this against non quantifiable benefits and costs. Eaqub's report acknowledges no economic or other (environmental, social, etc) costs, and repeatedly exaggerates the scale of the narrow range of project benefits chosen for discussion. In doing this the author may have been guided by the extraordinarily restrictive provisions in sections 16 and 17 of the Overseas Investment Act 2006[2], but those statutory restraints on policymakers do

not, and should not, bind the hands of independent analysts asked to evaluate "economic effects" in general terms.

3. The complete absence of any consideration of costs automatically rules this report out as cost-benefit analysis. Equally the failure to apply any discount rate to any of the time-sequence of effects discussed means that distant hypothesised benefits - such as improbably large estimates of corporate taxes a decade or more in the future - are recorded as though they accrue instantly in the present. Furthermore the inaccurate and unreliable accounting of benefits means that the report fails even to perform its narrow function as a credible PR exercise for the project promoters to rely on when lobbying decision-makers.

[2] As the High Court has noted in in *Oceana Gold v Coromandel Watchdog* (2020) NZHC 2345 at paragraph 57, "the provisions [in section 17 of the Overseas Investment Act 2005] enacting the factors and criteria that are relevant to a consideration of an overseas investment application are not only highly prescriptive, they are limiting. There is no 'catch-all' provision enabling Ministers to consider 'any other matters' the Ministers consider to be relevant. The legislature has left no such discretion to the relevant Ministers... the Act's 'benefit to New Zealand' test is heavily circumscribed. It constrains decision-makers to a greater extent than similar tests in other statutory contexts."

4. An example of the importance of discounting is quickly apparent in Appendix A in the rows of the table projecting Government revenues from royalties, corporate taxes and PAYE. The sequence of total revenue is shown in the chart below:




For the first eight years the impact on Government revenue is negative. Only in year 9 do royalties and corporate tax payments turn positive. (PAYE on workers' wages and salaries naturally is positive as soon as employment commences, but this is trivial compared with the other two revenue streams.) Eaqub assigns to these Government revenues an undiscounted present value of $1.029 billion, whereas a present value using a 5% discount rate is just half of this: $508 million, while if a real Weighted Average Cost of Capital of 7.3% is used as the discount factor, the present value of projected revenues falls to $364 million, as set out in the table below:

| All numbers in $million | Undiscounted | Discounted at 5% | Discounted at 7.3% |
|---|---|---|---|
| Royalties | 131 | 59 | 39 |
| Corporate tax | 726 | 351 | 249 |

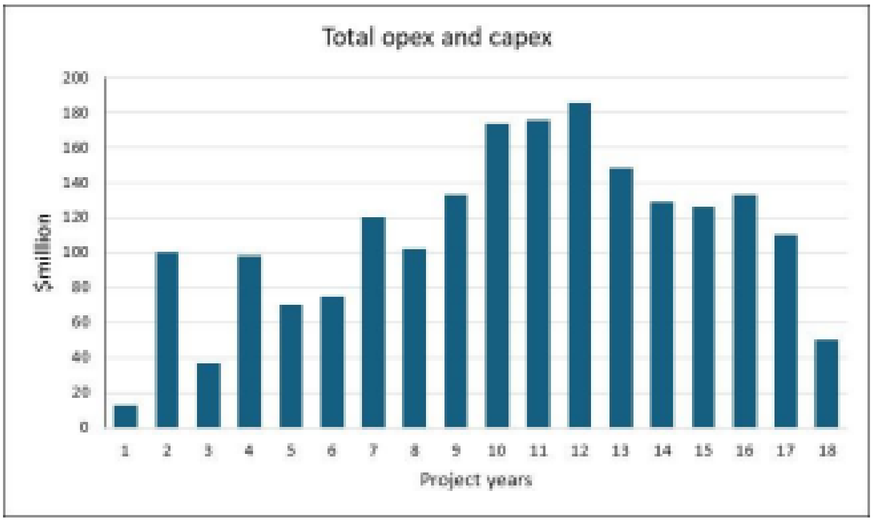
| | | | |
|---|---|---|---|
| PAYE | 172 | 97 | 76 |
| Total | 1,029 | 508 | 364 |

5. In addition to failing to discount those projected Government revenues, the report entirely fails to weight them by their probability of actually occurring. The negative numbers for the first few years are highly credible, as these represent tax reductions attributable to the capital costs incurred to set up the project, which will be set against the company's existing tax liabilities from its other mining income at Waihi and Macraes. But the projections of high corporate tax payments in years 9-16 need to be heavily qualified, both because of uncertainty surrounding the success or failure of the project itself, and because of the extensive opportunities for the company to use accounting devices and revenue-shifting to minimise its exposure to tax in New Zealand. Without details of projected pre-tax profits it is impossible to be certain, but the corporate tax figures from year 11 to year 16 in the report's Appendix A seem to presume am unusually high ratio of taxable profit to total sales income.

6. In year 11 of the projections in Appendix A, for example, with sales of $866 million, the company is projected to pay corporate tax of $185 million and royalty of $30 million – that is, 25% of gross earnings. Looking back over the seven years 2018- 2024, Oceana Gold's tax and royalty payments have never exceeded 11% of sales, and in five of those seven years the figure has been less than 3%. Eaqub's projections are, to say the least, optimistic in the extreme and ought to have been qualified accordingly,

which they are not. Whether those projections are "company data" or "author's estimates" (the cited sources for the table in Appendix A) is unclear.

7. In presenting its estimate that "WNP will add $110 million p.a. of expenditure … in New Zealand" on page 6 the report again completely fails to take account of the time profile of this expenditure, as is obvious from row 5 of Appendix A. The actual path of the projected expenditure is shown in the chart below:




An annual expenditure over $100 million does not appear until year 9, with far lower numbers in the early stages of the project despite a couple of years of heavy capital expenditure. Again comparing Eaqub's undiscounted total of $1,979million and annual average of $110 million with discounted present-values using discount rates of 5% and 7.3% we get:

| $million | Undiscounted | Present value at 5% discount rate | Present value at 7.3% discount rate |
|---|---|---|---|
| 18-year total | 1,979 | 1,214 | 990 |
| % of Eaqub | | 61% | 50% |

The discounted present value of expenditures, thus, is only 61% of Eaqub's total if a 5% discount rate is applied, or 50% at a 7.3% real-WACC discount rate.

8. Turning to the report's accounting of alleged effects, one area in which the estimation of beneficial effects is obviously defective is the application of input output (I-O) multiplier analysis to estimate job creation on pages 14-15 and in the third panel of Appendix A. On page 15, the Statistics New Zealand 2020 input output table has been used to estimate that 243 jobs will be added to existing employment in "other suppliers" and 195 additional jobs added via "induced demand", as compared with a "counterfactual" (page 3) in which mining at Waihi ceases in 2032. Because no opportunity cost is assigned to the labour assumed to be hired into these multiplier-induced jobs, the implicit assumption is that in the absence of this project those workers would be unemployed. That is unlikely in the extreme. A well-known issue with this sort of I-O multiplier analysis is that it assumes the existence of idle resources with no alternative use, which would remain unemployed but for the specified project. Far more plausibly, over the two decades covered by the analysis, the 243+195= 438 workers allegedly brought into indirect and induced employment outside the mine would otherwise be employed elsewhere. (Bear in mind that total employment in the Waikato region as of June 2025 was 262,900[3], so that the projected 438 induced new jobs represents only 0.17% of the total, a trivial amount.) If those allegedly new jobs induced are set aside, we would be left with just the 197+223=420 jobs in the mine project itself, of which an unstated number will be filled by contract labour, or by workers from the company's other operation in the

Philippines, or by engineers and others from head office, often on a fly-in-fly-out (FIFO) basis, with their wages and salaries accruing offshore rather than within the local market. All of these crucial details that would be covered in a proper estimate of employment effects are missing from the Eaqub report.

9. As the preceding paragraph hints, the mining industry is a trivial share of employment both regionally and nationally, which is (as page 3 appears to acknowledge) where the analysis has to focus under s.22(1)(a) of the Fast Track Approvals Act 2024. In June 2025, for example, <u>all</u> mining (of which precious metals mining is a small fraction) accounted for just 6,346 of the economy's total of 2,337,025 filled jobs[4] – 0.27%. But by focusing on the Hauraki district, and then locating all the projected direct, indirect, and induced jobs within that district, rather than the Waikato region or the nation as a whole, the Eaqub report on pages

[3] https://www.stats.govt.nz/information-releases/labour-market-statistics-june-2025-quarter/ .

[4] Numbers from Statistics NZ Infoshare tables MEI006AA and MEI001AA respectively.

14-15 manages to produce a figure of "8% of all jobs located in the district", which grossly overstates the situation even if the fragile estimates of indirect and induced jobs are accepted, since few of those would be within the narrowly defined district. This misrepresentation of even its own doubtful estimates makes the report more an exercise in boosterism than a serious economic analysis.

10. There is no recognition in the report of the import content of project costs. All opex and capex are recorded in the second panel of Appendix A as accruing within New Zealand, with none of this expenditure flowing abroad. Unfortunately, the author's use of the 2020 input-output tables[5] seems to have been limited to the derivation of multipliers and did not extend to the import share of industry purchases. Table 4 of the I-O tables (transactions) shows "Metal ore and non-metallic mineral mining and quarrying" with total output of $1.714 billion (0.3% of the national total), value-added of $916 million (again, just 0.3% of the national total), and purchases ("total use") of $787 million, of which $121 million (15.4% of total purchases) was direct imports. The more narrowly defined precious-metals mining sector almost certainly has a higher import propensity than this, but that detail is not available in the I-O tables. No allowance for imports is made in Eaqub's Appendix A.

11. In addition, a large amount of project costs are likely to consist of payments to the parent company and other associated parties of fees for intellectual property and other rights, plus interest on loans from "related parties"[6].

12. The report's description on page 3 of the Waihi North project as entailing "significant infrastructure investment" unreasonably stretches the meaning of the term

"infrastructure". Infrastructure is commonly understood as the system of public works of a region or country - roads, railways, ports, electricity and water supply systems – that enable and facilitate the everyday business of society. The capital expenditure envisaged by the Waihi North project comprise infrastructure in only a much narrower sense – excavations, access roading, drainage works and tailings dams for the use of the enterprise itself, with no impact (or more likely, damaging impacts) on the wider society within which the enterprise is located. Infrastructure in the general sense has what economists refer to as "forward linkages" in the sense of providing essential inputs to a wide variety of productive activities. This project's internal infrastructure works have no such forward

[5] Available at https://www.stats.govt.nz/assets/Uploads/National-accounts-input-output-tables/National accounts-input-output-tables-Year-ended-March-2020/Download-data/national-accounts-input-output tables-year-ended-march-2020-revised-22-december-2021.xlsx .

[6] Payments under these headings are a substantial part of the expenses of Oceana Gold New Zealand Ltd, as detailed in Note 18 of its 2024 Annual Report, which shows (for example) a $25 million "management fee" charged in relation to related-party loans.

linkage and will have only negative enduring value, in the sense of encumbrances on the local environment, beyond the time when mining ceases.

13. Looking out to that span of time after mining ceases, it is notable that the report gives no attention to the long-term requirements of rehabilitation and monitoring of open pits, tailings dams and other potentially-damaging landscape features that will remain as the environmental legacy of the mining project. No expenditure on these

activities beyond year 18 is entered into the report, notwithstanding that the risk of, for example, tailings dam failure will persist effectively in perpetuity, and that two cases of such failure have already occurred within the region (at the Tui mine in Te Aroha, and the Golden Cross mine in Karangahake).

14. Among the areas where the report exaggerates the benefits from the project, the presentation of figures for predicted export earnings stand out. Figures of $5.1 billion per year (page 1, pages 10-11, and Appendix A) are compared with wool and wine exports, the Bluebridge ferries business, Dulux and so on. This use of gross export figures, rather than the economically-meaningful net foreign-exchange earnings after deduction of the outflows of profits, fees for services and intellectual property[7], and compensation of employees paid abroad, means that Eaqub roughly doubles the likely actual balance-of-payments impact of the project. Oceana Gold's EBITDA (earnings before tax, interest depreciation and amortisation) over the 2015-2023 period averaged 42% of its export sales[8], virtually all of which will have accrued abroad. Adding in import requirements (see above) and a substantial amount of payments to contractors and salaried staff paid abroad, less than half of the export sales in that period will have represented a net amount accruing to the New Zealand economy. The currently high world price of gold will increase export values substantially, but 100% of those gains will accrue as windfall gains to Oceana Gold shareholders and bondholders – the local-economy costs of the project, and hence the sums remaining in the New Zealand economy, are insulated from and unrelated to the gold price (except in the sense that a collapse of the gold price might cause the project to be abandoned). It is, unfortunately, all too easy for people observing booming gold prices to suppose that there is some direct linkage to the scale of

benefits for New Zealand from projects such as this, but this is an illusion, which the Eaqub report makes no attempt to dispel with its extravagant comparisons to other businesses and commodities.

[7] Note 3(b) to Oceana Gold New Zealand Ltd's 2024 Financial Statements show "management fees paid to parent company" of $24.9 million.

[8] Data downloaded from Annual Information Forms and annual Financial Statements online at investors.oceanagold.com/annual .

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15. Page 17 of the report promises "current well-paid jobs ($100k+ pa)", but presents no data on actual wage rates at the Waihi mines. Anecdotal reports suggest many locally-recruited staff are on far less than $100,000 p.a., and indeed many are reported to be on the minimum wage. An essential missing piece of information in the report is the likely distribution of wage and salary rates, and hence payments, across local, regional, national, and overseas labour. ["Employee benefit expenses" in 2024 were $152 million[9] spread over a workforce of over 1,000 (over 400 at Waihi plus over 600 at Macraes and in Dunedin)[10], which does suggest a high average figure but gives no sense of the distribution.]

16. In sum, the Eaqub report falls very far short of establishing that the project would be "transformational for the region" in the positive sense promised on page 2. The counterfactual is unconvincing, the focus on the district as distinct from the region and the nation is clearly designed to inflate apparent benefits, the benefits themselves are inadequately accounted, and there is no treatment whatever of costs

and environmental detriments. The report is a completely inadequate basis for a fast-track approval to be granted.

Geoff Bertram

19 August 2025

[9] Notes 3(b) and 3(c) to Oceana Gold New Zealand Ltd's 2024 Financial Statements. [10] https://careers.oceanagold.com/our-locations and https://careers.oceanagold.com/site-macraes accessed 19 August 2025.