

Before a panel appointed under the

Fast-track Approvals Act 2024

FTAA-2504-1046

UNDER the Fast-track Approvals Act 2024 (**Act**)

IN THE MATTER an application for approvals for the Waihi North Project
(**WNP**) – a listed project described in Schedule 2 of
the Act

BY **OCEANA GOLD (NEW ZEALAND) LIMITED**
Applicant

**STATEMENT OF EVIDENCE BY
PHILLIP STEVENSON
ON BEHALF OF OCEANA GOLD (NEW ZEALAND) LIMITED**

Tax

Dated 10 September 2025

Counsel acting:
Stephen Christensen
Project Barrister

■■■■■■■■■■
■■■■■■■■■■■■■■■■■■■■

Introduction

1. My full name is Phillip Stevenson. I am commonly known as Phil. I have been a tax partner at Deloitte since 1 June 2014 and have over 25 years' experience working as a tax adviser. I am experienced in the income tax regime that applies to mineral miners and New Zealand income tax legislation in general.
2. I am familiar with the activities of OceanaGold (New Zealand) Limited (**OceanaGold**) from a tax perspective, having provided tax advice to the company on multiple issues over the years.
3. I have been asked by OceanaGold to provide a response to Mr Edward Miller's statement of evidence on behalf of Coromandel Watchdog on the Waihi North Project (**WNP**) which discusses the corporate tax projects from the WHP. The topics I cover are:
 - (a) An overview of the New Zealand tax regimes as they apply to mineral mining companies;
 - (b) The lack of comparability of margins in the WNP with prior year entity taxable income;
 - (c) The comparison between tax expense in the financial statements and cash tax payments; and
 - (d) Moving tax revenues out of New Zealand.
4. I have prepared this statement within the limited time available to me. Consequently, it is necessarily at a high level. I can provide a more detailed response to the topics covered if the Panel requires.

Code of Conduct

5. I confirm that I have read the code of conduct for expert witnesses contained in section 9 of the Environment Court Practice Note 2023 and have complied with it in preparing this evidence. I confirm that the issues addressed in this evidence are within my area of expertise, and I have not omitted material facts known to me that might alter or detract from my evidence.

Overview of New Zealand tax regimes

6. OceanaGold is a New Zealand incorporated company which is tax resident in New Zealand. As such, it is subject to and complies with all applicable New Zealand tax legislation. In particular, OceanaGold has to comply with the taxation regimes put in place for mining companies by the New Zealand Government.
7. The New Zealand tax rules contain specific provisions in the Income Tax Act 2007 (**ITA 07**) which apply to “mineral miners” (as defined in the ITA 07). OceanaGold is a mineral miner for tax purposes and therefore subject to these specific provisions (**mineral mining tax provisions**).
8. The mineral mining tax provisions result in a mineral miner paying tax on the net profits from a mine over its life. The rules have specific timing provisions which allocate certain expenditure to certain periods meaning that tax payments will not occur evenly over the life of a mining project.
9. The mineral mining tax provisions contain specific rules for the timing of deductions for the cost of establishing mining assets and infrastructure, including:
 - (a) Mining Exploration expenditure: This expenditure is deductible in the income year in which it is incurred but with a clawback mechanism where the expenditure generates a mining asset that is used for, or in relation

to, commercial production. In such cases, the previously deductible expenditure is clawed back and spread over the life of the mine or mine production; and

(b) Mining Development expenditure: This expenditure is broadly the cost of preparing a permit area for mining including establishing infrastructure and resource consents. The tax deduction for development expenditure is spread over the life of the mine.

10. These timing differences impact on the tax payment profile of a mineral miner, especially when it has several different mining projects at different stages of exploration, development, and production, as is the case with OceanaGold.
11. While the mineral mining tax provisions impact the timing of when the tax falls due, they do not impact on the overall outcome that the mineral miner will ultimately pay tax on the net profit from each mine over its life.
12. It is therefore entirely reasonable to base the corporate tax expected to result from a particular project on the net income forecast to be generated by that mine over its life on a standalone basis because it represents the current estimate of tax that will be paid in relation to that mine.

Margins used to calculate corporate tax revenues

13. As discussed in the previous section of my evidence, the operation of the mineral mining tax provisions mean that while a mineral mining company will pay tax on the net income from a mine over its life, the timing of when that tax is paid is impacted by those provisions.
14. The timing of tax payments is further impacted where a mineral miner has several different projects each at different stages, as is the case for OceanaGold.

15. For example, where a mineral miner has a producing mine but is also incurring exploration expenditure on a different project, the mineral mining tax provisions enable the exploration expenditure to offset the taxable income from the producing mine within the same entity. While this will reduce the tax payable in earlier years, the total tax payable over the life of both mines is the same.
16. Similarly, the use of existing infrastructure on a new mining asset increases the net taxable income from that new mining asset as the existing infrastructure is already partially or fully depreciated for tax purposes. As a longstanding mining company in New Zealand, OceanaGold is utilising infrastructure which has been used elsewhere in that mine. For example, the WNP will utilise the existing processing plant and water treatment plant and other existing infrastructure at Waihi which have already been partially or fully depreciated for tax purposes. This might reasonably be expected to have the effect of increasing the taxable margin on the WNP on a standalone basis.
17. The operation of the mineral mining tax provisions and the fact that OceanaGold has multiple projects and mines in each location at different stages impacts the timing of when tax falls due at an entity level, but it does not change the fundamental position that tax will be payable on the net profits from each mine over the life of those mines.
18. On this basis, I consider that it is reasonable to determine the expected corporate tax revenues for WNP based on the standalone forecast financial performance of the mine. A comparison of the standalone margins forecast for WNP with recent margins in OceanaGold at an entity level is not appropriate for the reasons outlined in this section of my evidence.
19. In the later years of WNP production, my understanding is that based on the current estimated lives of OceanaGold's various mines, WNP is likely to be the only OceanaGold producing mine. WNP is also utilising previously depreciated infrastructure and will not be incurring costs in other projects. At that time, the taxable margin in OceanaGold can reasonably be expected to be higher than recent margins.

Cash Tax Payments versus accounting tax expense

20. Mr Miller includes a comparison of tax expense in Oceana Gold Holdings New Zealand Limited's (**OGHNZL**) consolidated financial statements with actual tax payments made in the same period.¹
21. All profit earned by mining companies is subject to income tax at 28%. OGHNZL's financial statements are prepared under International Financial Reporting Standards (**IFRS**) while the amount of tax paid in an income year is calculated in its tax return which is prepared under New Zealand income tax legislation (including the mineral mining tax provisions discussed above).
22. The two regimes (i.e. IFRS and the income tax legislation) recognise mine expenditure at different times. For example, exploration expenditure is spread over the estimated life of mine in the financial statements while it is deductible in the year that it is spent for tax purposes. While accounting profit and taxable income differ on an annual basis, they will be broadly aligned over the life of mine.
23. The deferred tax liability on the OGHNZL balance sheet recognises the tax impact of expenditure that is tax deductible in an earlier year than it is expensed in the financial statements and represents tax that will be paid by OceanaGold in future. In other words, the tax expense has been correctly recognised in the financial statements but will be payable in future years under the mineral mining tax provisions.

Shifting of revenues out of New Zealand

24. As noted, at paragraph [5], OceanaGold is a New Zealand incorporated and tax resident company and therefore subject to New Zealand tax legislation. As a

¹ Edward Miller statement of Evidence undated, paras 17 and 18.

company which mines ore physically located in New Zealand, all revenues which it derives will have a source in New Zealand.

25. New Zealand's tax legislation contains comprehensive international tax provisions to prevent the artificial shifting of revenues overseas and ensures that appropriate safeguards are in place to stop this. In particular, New Zealand's tax provisions include comprehensive rules on transfer pricing and thin capitalisation.
26. New Zealand's transfer pricing rules are aligned with the Organisation for Economic Co-operation and Development (**OECD**) principles and are designed to ensure that New Zealand companies cannot artificially transfer revenues to offshore related parties. These rules broadly operate to ensure that a tax deduction is only available for amounts paid by a New Zealand company to an overseas related party where the amounts are both:
 - (a) paid for genuine services and/or goods provided to the New Zealand company; and
 - (b) where the price paid for those particular goods or services is the same as would be paid to an independent third party.
27. Where these requirements are not met, the transfer pricing rules deny a New Zealand company a tax deduction for any such expenditure.
28. The transfer pricing rules therefore mean that a New Zealand company such as OceanaGold can only claim a tax deduction for amounts paid to a related overseas party where the amount is paid for goods or services that the New Zealand company actually needs and has actually received, and where the price charged for those goods/services is at arm's length.²

2 The arm's length standard is instrumental to determine how much of the profits should be attributed to one entity and, consequently, the extent of a country's tax claim on such entity. The OECD has developed thorough guidelines on how the arm's length principle should be applied.

29. OceanaGold receives certain services from its overseas head office for which it pays management fees. Any management fees paid to overseas related parties are subject to New Zealand's transfer pricing rules. While the amounts of management fees paid have increased over the past ten years, this is unsurprising given the increased complexity of the global regulatory environment in which the group operates.
30. The New Zealand thin capitalisation rules operate to ensure that a New Zealand company cannot deduct a disproportionately high amount of interest by limiting the amount of debt funding for tax purposes. Broadly, where a New Zealand company's debt exceeds certain thresholds, it is effectively denied a tax deduction for any interest on the excess debt by recognising an amount of income equal to the disallowed interest amount.
31. In addition to the thin capitalisation rules limiting the amount of debt, the transfer pricing rules operate to ensure that no tax deduction is available where the rate of interest charged on related party borrowings is above an arm's length rate.
32. The combined effect of the thin capitalisation and transfer pricing provisions is to ensure that a New Zealand company cannot have inflated debt levels and/or interest rate on that debt and claim a tax deduction for that interest.
33. In addition, New Zealand companies paying interest to overseas lenders are required to deduct non-resident withholding tax from such payments ensuring that New Zealand tax is collected from such New Zealand source income.
34. OceanaGold is primarily funded by share capital such that any amounts returned to shareholders will be by way of dividends. Dividends are paid out of profits which have already been taxed in New Zealand. Where insufficient tax has been paid in New Zealand on those profits, a higher rate of non-resident withholding tax is applied to those dividends.

Dated: 10 September 2025

A handwritten signature in black ink, appearing to be 'PS', with a long horizontal stroke extending to the right.

Phillip Stevenson