



Waihi North Fast Track Application
Environmental Protection Authority
Private Bag 63002
Waterloo Quay
Wellington 6140

By email: substantive@fasttrack.govt.nz

25 August 2025

RE: Waihi North – FTAA-2504-1046 invite to comment under Fast-track Approvals Act 2024

To the Panel,

I am writing to offer some brief comments on the Waihi North project currently under the panel's consideration. There are aspects of this project I recommend the panel pay particular attention to in its assessment.

Under the Fast-track Approvals Act, the applicant needs to show (amongst other things) that the project has "significant regional or national benefits". The panel is required to consider whether those benefits are greater than the costs the project might impose, including social and environmental costs. If, in the panel's view, the adverse impacts are sufficiently significant as to be out of proportion to the project's regional or national benefits, the panel may decline the application.¹ To be able to reach such a conclusion, the panel needs a robust and reliable assessment of both the benefits and costs of the proposed project. In other words, a suitably independent cost-benefit analysis, that establishes both the significance of the benefits and the significance of the costs of the project, is required.

The panel should be wary of relying solely on an applicant's economic analysis given the incentives for applicants to overstate the benefits and underestimate costs. In this case, the applicant's economic analysis appears to be based on a multiplier model. I recommend you seek clarification on the methodology used.²

Multiplier models have known limitations. While they can generate results that may be more accurate at a very local level, they have been demonstrated to overestimate the impact of projects at a regional or national level.³ This is because the model assumes that any resources – including labour and capital – used in the project were sitting idle before the project happened.

¹ Fast-track Approvals Act 2024, s 85(3).

² https://www.fasttrack.govt.nz/_data/assets/pdf_file/0017/4139/B.51-Eaqub-Economic-Effects.pdf

³ Dwyer, L., Forsyth, P. and Spurr, R. (2005). *Estimating the impacts of Special Events on the Economy*. Journal of Travel Research, Vol 43, pp 351–359.



In reality, this will rarely be the case. Resources will be diverted from other economic activities and, depending on what those activities are, there may be relatively little **net** economic gain.

Multiplier effects (indirect and induced), export revenue and total project spend (capex and opex) are of limited value in demonstrating benefit. In lieu of more accurate estimates, I recommend that the panel only consider the **direct** economic benefits created by this project (197 jobs + 192 contractors). The benefits analysis should ideally focus on the marginal improvement in productivity for the resources used. The productivity of people employed in the mining sector is higher than the national average. Increased royalties can also reasonably be counted as a benefit as that would not otherwise occur without the project. If the panel is interested in a more accurate estimate of the benefit of this project at a national level, it could consider using a computable generalised equilibrium model.

On the cost side, the applicant's analysis completely overlooks environmental costs. These should be set out in full. The biodiversity impacts and loss of ecosystem services from the entire mine area should be included as a cost in the economic analysis, based on the best available information.

Assessing environmental (and other non-market) costs is not an exact science, but is possible and regularly done. There is a range of tools that economists use to do so, generally within a Total Economic Value (TEV) framework.⁴ In the context of this project, for example, stated preference techniques could be used to estimate the value that society attaches to the existence of particular species in the area.

The panel has significant powers to seek additional information, advice and expertise. Given the shortcomings of the applicant's cost-benefit analysis, I recommend that the panel commission a more detailed assessment of the costs of the project so that it can judge the relative costs and benefits.

As part of its decision making, the panel also needs to consider how and to what extent adverse impacts (costs) can be managed. The potential adverse effects on biodiversity, conservation and other areas may be manageable through the setting of conditions. It will be up to the panel to determine which environmental effects, such as noise and vibrations, should be subject to conditions. The panel will need to assure itself that it is sufficiently informed to set conditions appropriately and, more importantly, is clear on the points at which monitoring converts into action.

When drafting its conditions, the panel should try to be specific about what sort of effects might trigger a need for the applicant to change, or cease, its operations. For example, if monitoring showed significant disruption in the feeding or breeding habits of endangered or threatened species as result of noise or vibrations, the conditions should state clearly what actions the applicant would be expected to take. Importantly, the panel should be clear as to who is responsible for ensuring compliance.

⁴ OECD (2018). Cost-Benefit Analysis and the Environment: Further Developments and Policy Use, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264085169-en>.



In seeking to manage any adverse effects, the panel should be wary of relying on offsets and compensation, particularly for biodiversity. These can be fraught for a variety of reasons. Biodiversity is not fungible in a way that money or carbon is across time, location and species. This is particularly the case for endangered species. There are also significant difficulties about measurability and demonstrating additionality and permanence.

Finally, I would like to thank the panel for inviting me to provide comment. Your task is not an easy one as it requires assessing and weighing evidence, the majority of it provided by the applicant whose interest is – naturally – designed to support its case. And you are required to do this in a compressed timeframe. Seeking a wider range of independent expertise is important for you to have confidence in the robustness of any decision you make and for the public to have confidence in the process.

It is possible, and probably likely, that even after receiving comment from me and others similarly invited to comment, you will still lack information. If you are in that situation, I would encourage you to use the powers you have to commission further expertise in whatever time remains to you.

Yours sincerely

Rt Hon Simon Upton

Parliamentary Commissioner for the Environment
Te Kaitiaki Taiao a Te Whare Pāremata