



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Energy and Resources
Title of Cabinet paper	Clarifying Energy Resources Levy Obligations for Fossil Gas Production Energy Resources Levy Amendment Bill: Approval for Introduction Energy Resources Levy Amendment Bill: Amendments to Policy Decisions and Approval for Introduction by Delegated Ministers	Date to be published	26 June 2023

List of documents that have been proactively released		
Date	Title	Author
8 March 2023	Clarifying Energy Resources Levy Obligations for Fossil Gas Production	Office of the Minister of Energy and Resources
13 March 2023	Clarifying Energy Resources Levy Obligations for Fossil Gas Production DEV-23-MIN-0018 Minute	Cabinet Office
4 May 2023	Energy Resources Levy Amendment Bill: Approval for Introduction	Office of the Minister of Energy and Resources
8 May 2023	Energy Resources Levy Amendment Bill: Approval for Introduction – Minute of Decision CAB-23-MIN-0162.01 Minute	Cabinet Office
15 May 2023	Additional Item: Energy Resources Levy Amendment Bill CAB-23-MIN-0179 Minute	Cabinet Office
17 May 2023	Energy Resources Levy Amendment Bill: Amendments to Policy Decisions and Approval for Introduction by Delegated Ministers	Office of the Minister of Energy and Resources
17 May 2023	Energy Resources Levy Amendment Bill: Amendments to Policy Decisions and Approval for Introduction by Delegated Ministers DEV-23-MIN-0089 Minute	Cabinet Office

Information redacted**YES / NO**

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Some information has been withheld for the reasons of confidentiality, commercial information, free and frank opinion, and legal professional privilege.

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Cabinet Economic Development Committee

Minute of Decision

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Clarifying Energy Resources Levy Obligations for Fossil Gas Production

Portfolio **Energy and Resources**

On 8 March 2023, the Cabinet Economic Development Committee:

- 1 **noted** that all petroleum legislation in New Zealand seeks a fair financial return to the Crown for minerals allocated through Petroleum Act 1937 licences or Crown Minerals Act 1991 permits;
- 2 **noted** that since 1 January 1986, the Energy Resources Levy Act 1976 (the ERL Act) has been used as a royalty relativity mechanism to offset or balance revenue from fossil gas production on pre-1986 licences with low royalty rates compared to later licences and permits with higher royalty rates;
- 3 **noted** that the ERL Act contains an exemption clause so that the levy is not applied to new ‘discoveries’ after 1986 with higher royalty rates;
- 4 **noted** that the interpretation of the word ‘discovery’ in the ERL Act’s exemption clause could undermine the broader intent of petroleum legislation to achieve a fair return to the Crown;
- 5 Commercial Information
- 6 **agreed** to amend the ERL Act to clarify levy payment obligations for all natural gas produced from pre-1986 licences;
- 7 **agreed** that the amendment make clear that this clarification applies throughout the period of four years prior to the amendment coming into force;
- 8 **noted** that a category 3 priority is being sought for the ERL Amendment Bill on the 2023 Legislation Programme (to be passed before the 2023 general election);
- 9 **invited** the Minister of Energy and Resources to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above proposals;

- 10 **authorised** the Minister of Energy and Resources to make changes consistent with the policy intent and on any minor or technical matters that may arise during the legislative drafting process.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Michael Wood
Hon Stuart Nash
Hon Damien O'Connor
Hon David Parker
Hon Peeni Henare
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Hon Ginny Andersen
Hon Meka Whaitiri
Hon Dr Duncan Webb
Hon Dr Deborah Russell

Officials present from:

Office of the Prime Minister
Officials Committee for DEV