



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Resources
Title of Cabinet paper	Crown Minerals Amendment Bill 2024 – Further policy decisions	Date to be published	31 July 2025

List of documents that have been proactively released

Date	Title	Author
27 March 2025	Crown Minerals Amendment Bill 2024 – Further policy decisions	Office of Minister for Resources
2 April 2025	Crown Minerals Amendment Bill 2024 – Further policy decisions ECO-25-MIN-0047 Minute	Cabinet Office
24 March 2025	Annex to Regulatory Impact Statement: Amendments to the Crown Minerals Act 1991 relating to petroleum exploration and mining	MBIE

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of commercial information and free and frank opinions.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Crown Minerals Amendment Bill 2024: Further Policy Decisions

Portfolio **Resources**

On 2 April 2025, the Cabinet Economic Policy Committee:

Decommissioning obligations

- 1 **noted** that the Crown Minerals Amendment Bill 2024 imposes decommissioning obligations on:
 - 1.1 a permit holder and the immediately previous permit holder ('permit holder' includes a licence holder, or persons with a participating interest in a permit or licence, as the case may be);
 - 1.2 a person with a controlling interest in a permit holder;
 - 1.3 the immediately previous person that had a controlling interest in the current permit holder;
 - 1.4 a person with a controlling interest in the immediately previous permit holder, at the time of transfer;
- 2 **noted** that obligations for controlling interests were added through an Amendment Paper to ensure that the decommissioning regime applied to situations where a parent company of a permit holder sells its interest in the permit holder [CAB-24-MIN-0439.01];
- 3 **noted** that a more flexible approach could achieve this policy objective and strike a better balance between protecting the Crown from fiscal risk and supporting investor confidence in the upstream gas market;
- 4 **agreed** to remove automatic liability for the cost of decommissioning on immediately previous permit holders, and the associated criminal offences and pecuniary penalties for failing to meet the cost of decommissioning;
- 5 **agreed** to the following framework for decommissioning responsibilities under the Crown Minerals Act 1991 (the Act):
 - 5.1 permit holders' decommissioning liability is set in the Act (as in the current Bill);
 - 5.2 parent companies of current permit holders could be required to provide a financial security as part of determining an appropriate financial security (as in the current Bill);

- 5.3 as part of approving certain transactions, the Minister for Resources (the Minister), jointly with the Minister of Finance can require an outgoing interest or related party to provide a guarantee that they will meet relevant decommissioning costs in the event the permit holder and financial security cannot meet the decommissioning costs (an 'outgoing guarantee');
- 6 **agreed** that outgoing interest includes the permit holder or any persons or bodies corporate that have an interest in a permit holder, whose interest is removed either through a permit transfer or a change of control;
- 7 **agreed** that a related party of an outgoing interest include parent companies, subsidiaries and related companies;
- 8 **agreed** that an outgoing guarantee could be required as part of Ministerial approval of the following transactions:
- 8.1 transfer of interest in a petroleum permit;
- 8.2 change of control of a Tier 1 petroleum permit operator;
- 8.3 approval of agreements that transfer a licence or licence interest, or change the control of a licensee (under the Petroleum Act 1937);
- 9 **agreed** that changes of control of permit participants for petroleum permits (other than a Tier 1 permit operator) require approval from the Minister and that an outgoing guarantee could be required as part of this approval;
- 10 **agreed** that, for the transactions above, Ministerial approval be required where the outgoing interest ceases to have control as well as situations where the incoming interest obtains control;
- 11 **agreed** that when deciding whether to require a guarantee from an outgoing interest/related party, the Minister may have regard to any considerations they consider relevant to ensure the costs of decommissioning will be met, including:
- 11.1 the permit's proximity to decommissioning, and its current prospectivity;
- 11.2 the estimated cost of decommissioning and the extent to which existing and proposed financial securities will cover the cost of decommissioning;
- 11.3 the circumstances of the current, incoming and outgoing interests;
- 11.4 any information relating to current or emerging risks to the permit holder's ability to meet decommissioning obligations under the Act;
- 12 **agreed** that the Minister have a power to require relevant parties (including the outgoing interest/related party and incoming interests) to provide any information that will assist in determining whether to require an outgoing guarantee;
- 13 **agreed** that pecuniary penalties could apply to an outgoing interest if a change of control goes ahead without Ministerial approval (relying on existing pecuniary penalty provisions under the Act);

Amending the exemption and deferral power for petroleum decommissioning

- 14 **agreed** to provide greater flexibility under the ministerial exemption and deferral power (section 89Y of the Act) to consider exemptions for either the whole or parts of particular items of petroleum infrastructure;
- 15 **agreed** to investigate if the backstop provision (section 89E(2) of the Act) can be made clearer without making a substantive change to how it operates;

Transitional arrangements for Tier 3 permits

- 16 **noted** that the commencement provisions and transitional arrangements for Tier 3 permits need to be updated due to the delayed passing of the Bill;
- 17 **authorised** the Minister to determine appropriate commencement and transitional provisions for Tier 3 permits;
- 18 **noted** that the above decisions will be progressed through an Amendment Paper to the Crown Minerals Amendment Bill 2024, which is currently awaiting third reading and will be recommitted to the Committee of the Whole House;
- 19 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions;
- 20 **authorised** the Minister to take further decisions, in line with the policy decisions agreed by Cabinet, on any minor or technical issues that arising during drafting of the Amendment Paper.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Winston Peters (Chair)
Hon David Seymour
Hon Simeon Brown
Hon Brooke van Velden
Hon Shane Jones
Hon Erica Stanford
Hon Louise Upston
Hon Dr Shane Reti
Hon Todd McClay
Hon Tama Potaka
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of the Prime Minister
Ministry of Business, Innovation and Employment
Officials Committee for ECO