



## COVERSHEET

<b>Minister</b>	Hon Shane Jones	<b>Portfolio</b>	Resources
<b>Title of Cabinet paper</b>	Amendments to regulations under the Crown Minerals Act 1991 to set fees for a new Tier 3 permit	<b>Date to be published</b>	31 July 2025

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
20 March 2025	Amendments to regulations under the Crown Minerals Act 1991 to set fees for a new Tier 3 permit	Office of Minister for Resources
20 March 2025	Stage 2 Cost Recovery Impact Statement: Setting fees for the new Tier 3 permit for small-scale non-commercial gold mining operations	MBIE
25 March 2025	Amendments to regulations under the Crown Minerals Act 1991 to set fees for a new Tier 3 permit EXP-25-MIN-0017 Minute	Cabinet Office

### **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.

- Confidential advice to Government
- Free and frank opinions

## In Confidence

Office of the Minister for Resources

Economic Policy Committee

## Amendments to regulations under the Crown Minerals Act 1991 to set fees for a new Tier 3 permit

### Proposal

- 1 This paper seeks Cabinet agreement to:
  - 1.1 set new fees in regulations for Tier 3 permits for small-scale non-commercial gold mining that are being established by the Crown Minerals Amendment Bill (Amendment Bill); and
  - 1.2 issue drafting instructions to the Parliamentary Counsel Office (PCO) to draft the regulations.

### Relation to government priorities

- 2 The proposals support the following Government priorities:
  - 2.1 *A Minerals Strategy for New Zealand to 2040*<sup>1</sup> which has objectives to “improve regulatory pathways to make obtaining permits and consents more efficient” and to “develop a responsible regulatory framework that benefits New Zealand, its communities, and honours Te Tiriti o Waitangi”.

### Executive Summary

- 3 On 27 May 2024, among other proposed changes to the Crown Minerals Act 1991 (CMA), Cabinet agreed to allow for a new Tier 3 permit category for small-scale non-commercial gold mining operations [CAB-24-MIN-0181].
- 4 The Amendment Bill covering these changes was prioritised as Category 2 and is now due to be passed in the second quarter of 2025.
- 5 To support the implementation of the Tier 3 permit category, a range of amendments to existing regulation under the CMA will be needed. To specifically account for fees for new and change applications and annual fees for the new tier, amendments will be required to the *Crown Minerals (Minerals Fees) Regulations 2016*.
- 6 I seek Cabinet’s approval to issue drafting instructions to PCO to draft the regulations and delegated authority to take decisions in line with the policy

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<sup>1</sup> See <https://www.beehive.govt.nz/sites/default/files/2025-01/202501%20A%20Minerals%20Strategy%20for%20New%20Zealand%20to%202040.pdf>

decisions agreed by Cabinet on any minor or technical issues that arise during drafting. I intend to return to Cabinet after the Amendment Bill has been passed to seek approval of the final regulations.

## Background

- 7 On 27 May 2024, Cabinet agreed to a range of proposed changes to the CMA [CAB-24-MIN-0181]. Proposed changes included removing the current ban on new petroleum exploration outside onshore Taranaki, alongside changes to improve investor confidence and regulatory efficiency. The Amendment Bill covering these changes has been prioritised as Category 2. Following delays, the Bill is now expected to be passed in the second quarter of 2025.
- 8 The Amendment Bill introduces a new Tier 3 permit category for small-scale non-commercial gold mining operations to improve the administrative efficiency of the regulator and reduce the regulatory burden on applicants and permit holders. It will do this primarily by streamlining the process for new Tier 3 applications, and through changes to reporting requirements.
- 9 The hobby operations that will be regulated by Tier 3 generally involve two people working with a small suction dredge in a river or using hand tools on a beach. There are currently just over 200 mining permits for this type of operation. They are all in the South Island, mostly on the West Coast and in Otago. The permit holders are often individuals, but they can also be held by other legal entities such as family trusts or companies set up for these purposes.
- 10 The CMA is supported by regulations that set out the requirements to be met by petroleum and mineral permit holders and applicants, while programmes set out the policies and procedures followed for the allocation of resources. These collectively make up the Crown Minerals regime.
- 11 On 30 September 2024, Cabinet agreed to a raft of policy proposals to amend certain regulations to support implementation of the new tier including changes relating to application, information, reporting and royalty requirements [CAB-24-MIN-0381].
- 12 This Cabinet paper now seeks agreement to amend the *Crown Minerals (Minerals Fees) Regulations 2016* to set Tier 3 application and annual fees.

## Regulations to set fees for the new Tier 3 permit category for small-scale non-commercial gold mining operations

- 13 The Ministry of Business, Innovation and Employment (MBIE) charges an application fee for all petroleum and minerals permits and an annual fee to all permit holders in accordance with the *Crown Minerals (Minerals Fees) Regulations 2016* and *Crown Minerals (Petroleum Fees) Regulations 2016*. MBIE also charges for applications to make changes to permits in accordance with these regulations (for example, to fund its assessment of an application for a change of operator). Fees may be a flat rate, or on a per square kilometre basis.

**IN CONFIDENCE**

- 14 To support the new permit tier, we need to establish permit fees that reflect the lower compliance costs associated with the new Tier 3 permit, which will provide for a proportionate and risk-appropriate approach to small-scale non-commercial gold mining.
- 15 I propose setting the following new fees for Tier 3 permits (all GST exclusive):
- a) \$2,420 for an application for a new permit
  - b) \$1,452 for an application to change the duration or land area of the permit
  - c) \$1,064 for an application to change the interest, operator or control of the permit
  - d) \$1,000 for the annual fee.
- 16 The proposed application fee for a new Tier 3 permit was developed based on the time and resources currently required for assessing applications for hobby or recreational mining permits (through Tier 2 permits). Expected costs have been adjusted based on the different requirements of Tier 3 permits.
- 17 A proportional approach has been taken to calculate the fees for changes to Tier 3 permits. As a proportion of the Tier 2 application fee, the fees to apply for a new Tier 3 permit are around 48 per cent. I propose using the same proportion for fees to apply for change to the conditions and interests Tier 3 permits.
- 18 I propose that the annual fee for Tier 3 should be the same as the lowest rate for a Tier 2 permit. This is consistent with what the current hobby operations pay.
- 19 For all but the annual fee, these are effectively half of the fees that are currently charged for hobby operations under Tier 2 (see Table 1 below).

Type of Fee	Proposed Tier 3 Fees	Current Tier 2 Fees	\$ Difference	% Difference
Mining permit application	\$2,420.00	\$5,000.00	-\$2,580	48%
Application for change of conditions under section 36	\$1,452	\$3,025.00	-\$1,573	48%
Application for change of interest under sections 41, 41AC, 41A, 41B, 41C	\$1,064	\$2,200.00	-\$1,136	48%
Annual fees for onshore minerals mining permits	\$1,000.00 (as always under 1 km <sup>2</sup> )	\$1,000 (under 1 km <sup>2</sup> ) \$1,790.00 (per km <sup>2</sup> )	\$0 (under 1 km <sup>2</sup> )	0% (under 1 km <sup>2</sup> )

**Table 1:** How the proposed Tier 3 fees compare with the current Tier 2 permit fees

**Implementation**

- 20 It is intended that the Tier 3 permit regulations and these new fees will come into force a few months after the Amendment Bill has been passed, most likely around late September 2025. I will seek agreement on the commencement date when bringing the Tier 3 regulations back to the Cabinet Legislation Committee.
- 21 MBIE, as the regulator, will be responsible for the ongoing operation and enforcement of the new regulations.

**Cost-of-living Implications**

- 22 There are no immediate or direct cost-of-living implications arising from the proposals in this paper.

**Financial Implications**

- 23 The fees for Tier 3 have been recommended so MBIE, as the regulator, can recover the full costs for applications and for regulating the new tier. Any costs incurred in establishing the new fees can be met within existing baselines.
- 24 This proposal will see a small loss of revenue in the first year, potentially increasing in size over outyears as eligible Tier 2 permits transition to the Tier 3 approach. Table 2 sets out the forecast revenue based on the assumptions outlined below:
  - 24.1 A full year of implementation (in the first year the regime is only likely to be in place for up to nine months)
  - 24.2 The number of new applications is consistent with the average number of ‘hobby’ applications over the last three years
  - 24.3 The numbers of change applications are consistent with the average number for ‘hobby’ operations over the last three years
  - 24.4 All current ‘hobby’ operations transition to Tier 3 over time.

Tier 3 Fee Types	Proposed Fee	No. of Applications/ Permits (per annum)	Estimated Revenue (per annum)	Estimated Lost Revenue (per annum)
New applications	\$2,420	14	\$33,880	-\$36,120
Section 36 changes of conditions	\$1,452	30	\$43,560	-\$47,190
Section 41 changes of interest	\$1,064	27	\$28,728	-\$30,672
Annual fees	\$1,000	212	\$212,000	\$0
		<b>Total</b>	<b>\$318,168</b>	<b>-\$113,982</b>

**Table 2:** Forecast fee revenue for Tier 3 based on historical averages

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Confidential advice to Government

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### Legislative Implications

- 27 The proposals in this paper require changes only to the *Crown Minerals (Minerals Fees) Regulations 2016*.
- 28 I am seeking Cabinet approval to instruct PCO to draft regulations to implement the proposals in this paper by the end of July 2025.

### Impact Analysis

#### Regulatory Impact Statement

- 29 A full Regulatory Impact Statement was done on the policy proposal to establish the new Tier 3 permit<sup>2</sup>.
- 30 A Stage 2 Cost Recovery Impact Statement (CRIS) was prepared by MBIE to analyse the proposed cost recovery model and fees for the new Tier 3 permit. An exemption was granted for the Stage 1 CRIS for the fees on the basis that the policy rationale for having fees for mining permits has already been established.
- 31 MBIE's Regulatory Impact Assessment Review Panel assessed this CRIS as **meets** the criteria necessary for Ministers to make informed decisions on the proposals.

### Climate Implications of Policy Assessment

- 32 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

### Population Implications

- 33 The proposals in this paper will not disproportionately impact distinct population groups.

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<sup>2</sup> See <https://www.regulation.govt.nz/our-work/regulatory-impact-statements/regulatory-impact-statement-amendments-to-the-crown-minerals-act-1991-relating-to-small-scale-non-commercial-gold-mining/>.

## Human Rights

- 34 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Consultation

- 35 Officials conducted a targeted engagement on the proposed fees on the basis that there is very limited interest in fee setting outside of the mining sector. A discussion document was sent directly to relevant stakeholders, which were the industry bodies <sup>Free and frank opinions</sup> and Minerals West Coast and agents who have experience with hobby mining operations.
- 36 MBIE received four submissions on the proposals, three from agents and one from Minerals West Coast. Free and frank opinions
- 37 All stakeholders were generally supportive of the proposed Tier 3 fees proposals, but some wanted them to be even lower. Two suggested that the private sector could deliver application services at cheaper rates but did not account for all the costs associated with applications. One argued that the annual fee should be “proportionally differentiated” and lower essentially as Tier 3 permit holders will not use all of the services provided to the other tiers. A range of services are provided to Tier 3 permit holders and they are only paying the very minimum annual fee. Two submitters indicated that they did not have enough information about the calculations and wanted details like hourly rates, which were not included as this would raise privacy concerns. I do not propose to make any changes to the proposals based on these submissions.
- 38 MBIE consulted with the following agencies in the development of the proposals outlined in this paper: the Treasury, the Ministry for Regulation, the Ministry of Foreign Affairs and Trade, the Department of Conservation and the Ministry for the Environment. The Department of the Prime Minister and Cabinet has been informed.

## Communications

- 39 I do not intend to publicly announce decisions on this paper following Cabinet approval.

## Proactive Release

- 40 I intend to release the Cabinet paper proactively within 30 business days.

## Recommendations

The Minister for Resources recommends that the Committee:

### *Background*

- 1 **note** that in May 2024, Cabinet agreed to a Tier 3 permit category for small-scale non-commercial gold mining operations under the Crown Minerals Act 1991 (CMA) through a Crown Minerals Amendment Bill (the **Amendment Bill**) [CAB-24-MIN-0181];
- 2 **note** the Amendment Bill has been prioritised as Category 2, now to be passed in mid 2025;
- 3 **note** that amendments to regulations under the CMA will be needed to implement the new Tier 3 permit category, including to establish the new fees for it;

*New Tier 3 fees under the Crown Minerals (Minerals Fees) Regulations 2016*

- 4 **agree** to the following new fees for Tier 3 permits (all GST exclusive):
  - a) \$2,420 for an application for a new permit
  - b) \$1,452 for an application to change the duration or land area of the permit
  - c) \$1,064 for an application to change the interest, operator or control of the permit
  - d) \$1,000 for the annual fee.
- 5 **agree** that the proposals will be given effect through amendments to the *Crown Minerals (Minerals Fees) Regulations 2016* following the passing of the Amendment Bill;
- 6 **invite** the Minister for Resources to issue drafting instructions to the Parliamentary Counsel Office to give effect to the recommendations in this paper;
- 7 **authorise** the Minister for Resources to make decisions on any minor or technical matters that may arise during the drafting process;
- 8 **authorise** the Minister for Resources to make decisions, consistent with the proposals in these recommendations, on any issues which may arise during the drafting process”.

Authorised for lodgement

Hon Shane Jones

Minister for Resources