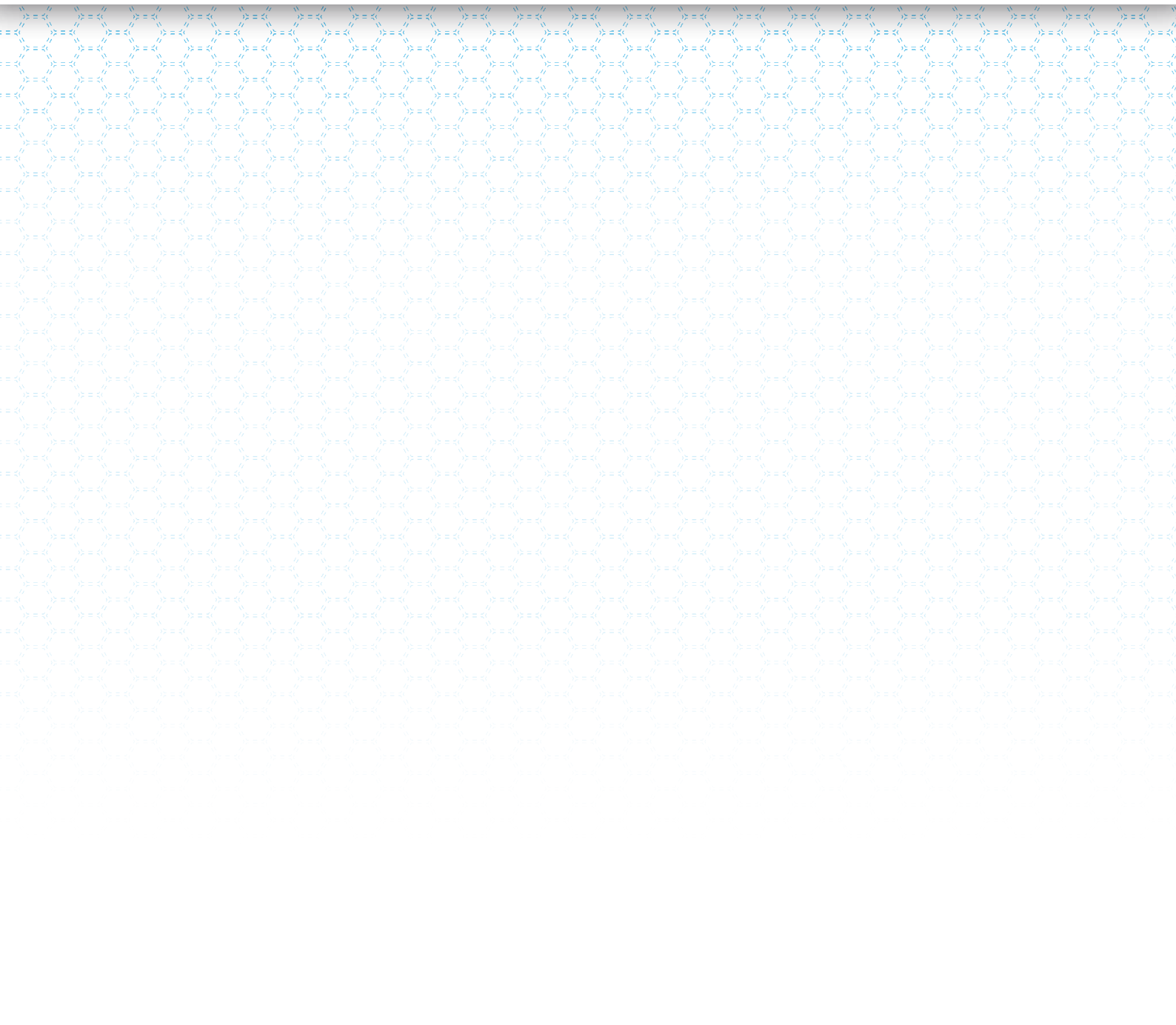




Local Government
New Zealand
te pūtahi matakōkiri



Submission to Ministry of Economic Development

**In the matter of the Review of the Crown Minerals
Act 1991 Regime**

**From *Local Government New Zealand*
April 2012**

INTRODUCTION	2
RECOMMENDATIONS	2
<i>LOCAL GOVERNMENT NEW ZEALAND POLICY PRINCIPLES</i>	3
COMMENTS	3
Regulatory framework	3
Pre qualification	4
Annual work programme review meetings	4
Royalties regime	5
CONCLUSION	5

Introduction

1. *Local Government New Zealand* (LGNZ) thanks the Ministry of Economic Development (MED) for the opportunity to make this submission in relation to the Review of the Crown Minerals Act 1991 Regime Discussion paper.
2. *Local Government New Zealand* makes this submission on behalf of the National Council, representing the interests of all local authorities of New Zealand.

It is the only organisation that can speak on behalf of local government in New Zealand. This submission was prepared following consultation with local authorities. Where possible their various comments and views have been synthesised into this submission.

In addition, some councils will also choose to make individual submissions. The LGNZ submission in no way derogates from these individual submissions.

3. *Local Government New Zealand* prepared this submission following:
 - an analysis of the discussion paper
 - analysis of all feedback from councils.
4. This final submission was endorsed under delegated authority by:
 - Lawrence Yule, President, LGNZ
 - Fran Wilde, Chair, Regional Sector Group, LGNZ.
5. *Local Government New Zealand* would be pleased to meet with MED for further discussion on any points raised in this submission.

Recommendations

6. *Local Government New Zealand* makes the following recommendations:
 - that the regulatory frameworks for health safety and environment (HSE) matters are carefully considered to avoid overlaps and potential gaps
 - that the collaborative group considering HSE matters is appropriately resourced to enable it to help develop regulatory frameworks
 - that frontloading the process is supported but that the appropriate roles for councils is carefully considered and the potential for costs to councils quantified and cost recovery investigated
 - that the review of the royalty regime is supported but the scope should consider how royalties are distributed. In particular, where a council has permits issued for minerals and petroleum within its jurisdiction, we argue that the relevant council should be granted a

share of the royalties to (a) support its local infrastructure and (b) cover the actual costs of environmental management

- that LGNZ is involved in setting the terms of reference for the review of the royalties regime.

Local Government New Zealand policy principles

7. In developing a view on the provisions in this discussion document we have drawn on the following high level principles that have been endorsed by the National Council of LGNZ. We would like MED to take these into account when reading this submission.

- **Local autonomy and decision-making:** communities should be free to make the decisions directly affecting them and councils should have autonomy to respond to community needs.
- **Accountability to local communities:** councils should be accountable to communities and not to Government, for the decisions they make on the behalf of communities.
- **Local difference = local solutions:** avoid one-size-fits-all solutions, which are over-engineered to meet all circumstances and create unnecessary costs for many councils. Local diversity reflects differing local needs and priorities.
- **Equity:** regulatory requirements should be applied fairly and equitably across communities and regions. All councils face common costs and have their costs increased by Government, and government funding should apply, to some extent, to all councils. Systemic, not targeted funding solutions.
- **Reduced compliance costs:** legislation and regulation should be designed to minimize cost and compliance effort for councils, consistent with local autonomy and accountability. More recognition needs to be given by Government to the cumulative impacts of regulation on the role, functions and funding of local government.
- **Cost-sharing for national benefit:** where local activities produce benefits at the national level, these benefits should be recognised through contributions of national revenues.

Comments

8. *Local Government New Zealand* wishes to make a short submission on three key areas, as much of the discussion paper is concerned with matters outside of the jurisdiction of local government.

REGULATORY FRAMEWORK

9. A key matter for local government and for regional councils in particular as they perform their functions under the Resource Management Act is the potential for overlapping regulatory frameworks within the health, safety and environmental matters (HSE regime). Regional councils have raised the potential for overlaps within the HSE regime and also the potential for

gaps. It is noted that the Government's recently announced 'Better local Government' proposal also reinforce the importance of avoiding regulatory duplication between central and local government.

10. Taranaki Regional Council, until recently, had responsibility for the Department of Labour function in relation to Hazardous Substances and New Organisms Act, alongside its traditional RMA responsibilities. This transfer of functions recognised the value that could be obtained through one organisation being responsible for administering both sets of legislation.
11. *Local Government New Zealand* endorses the establishment of the HSE steering group, which brings together those discharging HSE functions because it creates the platform for better alignment of regulations.
12. The sector will welcome ongoing involvement as regulations are developed, to ensure their alignment.

PRE QUALIFICATION

13. Paragraphs 33 onwards discuss the introduction of a pre-qualification process. Companies wishing to bid for permits would be required to prequalify before they were eligible to lodge a prospecting or exploration permit. An agency "with appropriate expertise in environmental resource management" would review the environmental information provided by an applicant seeking pre qualification. It is understood that this agency may include a council but that work is ongoing on this particular point.
14. There will also be a need to determine whether there are constraints on the information a council can divulge because of commercial sensitivity. We note that it may be appropriate to involve both the regional council and the territorial authority in this pre-qualification process in relation to 'environmental resource management'.
15. While LGNZ can see merit in the 'frontloading' of the process, there will be a need to determine how much time would be required to take on this role and what arrangements are proposed will be for cost recovery.
16. Also, we note there is a potential for blurring of the regulatory lines if councils were to have involvement in the preliminary stages in the prequalification process and then were later to become a regulatory agency in RMA process. This is an area where careful negotiation will be required.

ANNUAL WORK PROGRAMME REVIEW MEETINGS

17. *Local Government New Zealand* endorses the annual work programme review meetings and again, encourages the territorial authorities to also be invited to participate where relevant. Often a permit holder will be the holder of a resource consent from the regional council and the territorial authority in the form of a land use consent.
18. If a great deal of time is required to prepare for and participate in the annual work programme review meetings, cost recovery will need to be addressed.

ROYALTIES REGIME

19. The local government sector is interested in the proposed review of the royalties regime, signalled in chapter 7 of the discussion paper. In addition to how the investigation of royalty administration, assessment and collection might be improved, there is support from the local government sector to widen this review to a consideration of which parties benefits from the collection of royalties.
20. The Minister's foreword identifies that the royalties are required to assist with the funding of the nation's infrastructure. Wherever mining occurs it creates significant local infrastructure demands on the local authorities. While rates can be levied on mining activity on private land, where the mining occurs on public land such as the Conservation estate, it is not possible for the affected local authority to recoup any costs from the mining activity.
21. At present the royalties received are all consumed within the consolidated fund. The review creates the opportunity to increase the amount of royalties received and/or the opportunity to apply a set percentage of the royalties to the provision of local infrastructure by the relevant local authority.
22. Where a council has permits issued for minerals and petroleum within its jurisdiction, we argue that the relevant council should be granted a share of the royalties to support its local infrastructure, which is used to enable economic development. Such a provision is well established within the Western Australian jurisdiction in the form of the 'Royalties for the Regions' programme specifically designed to deal with this issue.
23. In addition, we seek that a share of the royalties should also be transferred to the regional council in whose jurisdiction a permit is granted for environmental management purposes. This should be earmarked for environmental management and should reflect the actual cost of the services provided by regional councils.
24. *Local Government New Zealand* is interested in helping to set the terms of reference for the review of royalties and will want to be involved in the review with key parties from the sector.

Conclusion

25. *Local Government New Zealand* is generally supportive of the changes proposed and wishes to be actively involved in the review of the royalties regime.
26. *Local Government New Zealand* thanks the Ministry of Economic Development for the opportunity to comment on this discussion paper.



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