

Fact Sheet

- The Government will end the granting of new offshore oil exploration in New Zealand.
- Onshore block offers will continue in Taranaki for the next three years and will be reviewed following that.
- All existing permits will remain protected. This includes all 57 exploration permits and mining permits, many of which extend for decades.
- We're striking the right balance for New Zealand - we're protecting existing industry, and protecting future generations from climate change.

The issue:

The evidence is clear. Climate change is here and we have to act now. We owe it to future generations, and our planet.

Already, countries around the world are pulling away from fossil fuels. If we don't plan for this, it could hurt regions that rely on those industries.

That means New Zealand needs to transition towards home-grown clean energy.

We can't and won't make this change abruptly. There needs to be a measured and planned transition.

But we need to take action and be bold enough to look beyond the three-year election cycle. With a plan that looks to the future, we can get ahead of the curve and have a managed, responsible transition that protects jobs, gives industry certainty to plan, and supports local communities.

The solution:

The Coalition Government has a long-term plan to transition to a net zero emissions economy.

No current jobs will be affected by this decision.

The Minister of Energy and Resources has announced Block Offer 2018, the mechanism by which the Government awards new exploration permits, will be limited to new exploration on land in Taranaki only. This is around 1,700 square kilometres, and any permits awarded will exclude conservation land. This is subject to further consultation with iwi and affected stakeholders.

Officials will begin work on a review of the Crown Minerals Act to ensure the Act is consistent with this announcement and we'll review our approach to onshore exploration in the next parliamentary term.

We will respect existing exploration and drilling rights. One of our main priorities is protecting the livelihoods of those who work in our extractive industries. This announcement won't impact any existing permits - no jobs or existing exploration or drilling rights will be lost or affected by this decision. But we're sending a clear signal that New Zealand is moving away from fossil fuels, and towards cleaner energy.

Oil and gas in New Zealand today:

There are currently 31 active exploration permits in New Zealand, 22 of which are offshore. These permits cover an area of 100,000 sq kms, nearly the size of the North Island. The last of these ends in 2030. However if a new discovery is made, a new mining permit may have a duration of up to 40 years. There are also 27 existing producing fields, some of which could last to 2050.

Oil and gas permit holders have a number of existing rights under law which will continue following today's announcement, including:

- Royalties set based on rates at the time of initial investment
- Exclusive rights to explore and mine within the permit area
- Right of an exploration permit holder to be granted a mining permit where they have made a commercial discovery and met the legal tests
- Permit information not to be released before legislative timeframes
- Subject to conditions, right to apply for:
 - Changes to work programme conditions
 - Extensions of duration
 - Extensions of land to which the permit relates
 - Transfers/changes of permit holders and operators.

Any new exploration permits granted as a result of onshore Block Offer 2018 may run for 10-15 years and will have the right to a further mining permit if they make a successful commercial discovery.

There are around 4,700 people directly employed by the oil and gas sector and it provides around \$170m in royalties to the Government each year.

What the changes will mean:

We have taken this decision carefully and based on the reality New Zealand will face in the future.

This won't be the end of oil and gas tomorrow. We have a responsibility to people living and working in New Zealand now, but also to those who will be living and working here in 20 to 30 years' time. We have around ten years of gas from existing consented supply, some existing fields have additional supply which may be able to be extracted, and many more years of supply are possible from gas discovered in existing exploration permits. The Barque field, for example, has been estimated to contain 11 trillion cubic feet of gas. We are respecting existing permit holders' rights so what is currently in place will remain.

But a clean energy future is inevitable.

The Government is appointing an independent Climate Commission of experts to plan a pathway for New Zealand to be net zero economy by 2050 and for 100 per cent renewable electricity by 2035. This has already begun with work on the establishment of an interim committee underway.

This committee won't be made up of politicians, or work to a political timetable. It will be made up of experts tasked with developing a long-term economic plan that moves us away from carbon emissions.

The most responsible decision we can make is to signal our intentions and start the transition to a clean energy future now.

Tackling the problem of climate change today will strengthen our economy. Westpac has estimated that acting early saves the economy \$30 billion; so what is good for the environment is also good for the economy.

Meanwhile, to support communities and make sure there are new jobs as we move away from these fuels, the Government's Provincial Growth Fund and Green Investment Fund will invest millions of dollars in local infrastructure and clean energy projects in areas that currently have jobs that rely on the fossil fuel sector.

What the Government is doing to support Taranaki:

We've already announced the first step in supporting the Taranaki region to transition away from oil and gas. We've announced the Provincial Growth Fund will invest \$20 million in diversifying the economy.

The projects funded are:

Announcement	PGF
Taranaki Cathedral Church of St Mary	\$5,000,000
Taranaki Crossing Experience	\$13,340,000
New Energy Development Centre – business case	\$100,000
H2 Taranaki Hydrogen Road Map	\$50,000
Future Foods – Taranaki Hill Country initiative	\$250,000
Future Foods – Major Food Opportunities	\$125,000
Future Foods – Food Network	\$50,000
SH43	\$400,000
Taranaki Innovation Precincts	\$100,000
Māori Education and Enterprise Stocktake	\$100,000
Tapuae Roa Support	\$210,000

