

**TO:** Council

**FROM:** Corporate Policy Team Leader

**MEETING DATE:** 21-23, 26 January 2015

**SUBJECT:** **BLOCK OFFER 2015 SUBMISSION**

## SUMMARY

New Zealand Petroleum and Minerals (NZPAM) have released a consultation document for the Block Offer 2015, outlining the areas for which it proposes to invite bids for petroleum exploration permits. One of the blocks proposed, the Great South Canterbury Basin, abuts the Dunedin coastline.

NZPAM is required to consult with Iwi on proposed Block Offers and has chosen to also consult with affected local authorities. The public are not directly consulted on the proposed Block Offer, however, the Council has sought community feedback to help draft its submission.

A draft submission incorporating community feedback is attached for the Council's consideration for submission to NZPAM by the 4 February 2015 deadline.

## IMPLICATIONS FOR:

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|--|-----|
| (i) <b>Policy:</b>                     | No. |
| (ii) <b>Approved Annual Budget:</b>    | No. |
| (iii) <b>LTP/Funding Policy:</b>       | No. |
| (iv) <b>Activity Management Plans:</b> | No. |
| (v) <b>Community Boards:</b>           | No. |
| (vi) <b>Sustainability:</b>            | No. |

## RECOMMENDATIONS

That the Council considers the attached draft submission on the New Zealand Petroleum and Minerals Block Offer 2015.

## **BACKGROUND**

### **Block Offer Process**

New Zealand Petroleum and Minerals (NZPAM) (a department within the Ministry of Business, Innovation and Employment) has run annual Block Offers since 2012. This involves inviting applications for permits to explore for petroleum resources (primarily oil and gas) in defined blocks of land or sea.

Before inviting bids from interested parties, NZPAM is required to consult with iwi on the blocks of land and sea for which exploration bids are proposed to be sought. Local authorities which have proposed blocks in or close to their districts must also be notified.

Once granted, exploration permits allow holders to search for commercially recoverable reserves of oil and gas in a specific area. Activities allowed include sampling, aeromagnetic surveys, geological studies, seismic surveys and drilling exploration wells. The permit does not give permit holders the right to mine or produce oil or gas commercially. If commercially viable quantities are found, a separate permit must be obtained to extract the resource, which could involve a local authority's resource consent process (for onshore and territorial water extraction) or the Environmental Protection Authority's (EPA) marine consent process for offshore extraction.

### **Previous Block Offers**

In 2013 and 2014, NZPAM sought submissions from local authorities with proposed areas in or close to their jurisdictions. The Council made a submission to the 2013 and 2014 Block Offers. In 2014, community feedback was sought before the Council drafted its submission, and this feedback was summarised in the Council's submission and forwarded to NZPAM. Due to the consultation period falling over the local government election period, this submission was not able to be endorsed by elected members, and was signed by the Chief Executive Officer. The Government has recently issued 15 permits under Block Offer 2014, none of which are off the east coast of the South Island.

### **Block Offer 2015**

NZPAM are proposing to invite bids for exploration in seven areas through the 2015 Block Offer. One of the proposed areas, totalling 141,757km<sup>2</sup>, is in the Great South and Canterbury Basins, some of which abuts the Dunedin city coastline (see Appendix One).

To help inform the Council's decision and in lieu of NZPAM not seeking feedback from the public, the Council invited community feedback on the proposed Block Offer. In total 52 responses were received between 17 November and 5 December 2014. This feedback is available on the Council's website at: [www.dunedin.govt.nz/blockoffer2015](http://www.dunedin.govt.nz/blockoffer2015) and will be attached as an appendix to the Council's submission.

## **DRAFT SUBMISSION**

As per the Council's previous submission, the draft submission (Attachment Two) discusses the following:

- the importance of engaging with the public on Block Offers;
- the need for localised community benefits to be explored in more detail;
- risk and disaster management arrangements in light of outstanding natural environment;
- the fact that climate change adaptation costs are not considered in the cost-benefit analysis; and,
- a summary of the community feedback received.

The issues most frequently raised in the community feedback this year, and included in the draft submission, are:

- The significant and acknowledged climate change impacts of oil and gas use (33 respondents raised this issue); One respondent doubted climate change is occurring.

- The untenable environmental risk, including the impact on wildlife, and New Zealand's limited ability to adequately respond in a timely and effective to any disaster (30); Six respondents believed the low risk of a severe disaster should not necessarily prevent exploration.
- That New Zealand should focus on renewable energies rather than exploiting oil and gas reserves (27); Two respondents noted the reliance on New Zealand's transport network on fossil fuels.
- The damage petroleum exploration and development will do to New Zealand's 'clean, green' brand and image (18);
- The risk and potential impacts on local and New Zealand tourism (13); and,
- The employment opportunities that petroleum exploration and extraction could provide for Dunedin (9).

## CONCLUSION

The Council is asked to consider the attached submission.

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Date report prepared: 11 December 2014.

## Attachments

Attachment One – Map of the areas of the Great South and Canterbury Basins proposed to be included in Block Offer 2015

Attachment Two - Draft Submission - New Zealand Petroleum and Minerals Block Offer 2015

## ATTACHMENT ONE: Great South and Canterbury Basins

The proposal for Block Offer 2015 includes one offshore release area (141,756.6 square kilometres) that includes acreage in both the Great South and Canterbury Basins.

