

## Submission on the Crown Minerals Amendment Bill 2024

Dr. Russel Norman  
Greenpeace Aotearoa

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This egregious bill attempts to deepen the country's dependence on fossil fuels. It removes the ban on new offshore oil and gas exploration permits, it weakens the financial security provisions for decommissioning of offshore oil and gas installations, and changes the purposes of the primary act from regulating the mining industry (including fossil fuels) to promoting it.

This bill is problematic for six reasons.

1. To avoid catastrophic climate change, we cannot burn known fossil fuel reserves, let alone look for new reserves;
2. Our international commitments, as enshrined in the Paris Climate Agreement as well as various trade agreements, require us to reduce emissions and our dependence on fossil fuels;
3. The search for offshore fossil fuels causes significant harm to ocean mammals in particular through seismic blasting;
4. The exploration phase involves significant risk of oil spills, as witnessed by the Deepwater Horizon disaster;
5. Oil companies will be incentivised to leave their infrastructure behind for the taxpayer to clean-up; and
6. The Bill does not address the actual real world energy challenges New Zealand faces and slows down the clean energy transition.

Greenpeace recommends that the Bill be rejected by the Select Committee.

### 1. Climate

The science of climate systems is quite clear that we cannot afford to burn *existing* fossil fuel reserves if we are to avoid 1.5 or 2 degrees Celsius of warming. Looking for even *more* fossil fuel reserves in order that they can be burnt is contributing to even further warming.

The most recent Intergovernmental Panel on Climate Change report concluded with high confidence that “projected CO<sub>2</sub> emissions from existing fossil fuel infrastructure without additional abatement would exceed the remaining carbon budget for 1.5°C.”<sup>1</sup> That is, burning even existing fossil fuel reserves is a problem.

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<sup>1</sup> IPCC, “Summary for Policymakers,” Climate Change 2023: Synthesis Report, Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. Geneva, Switzerland, 2023, p. 19.

Likewise, the International Energy Agency warned in 2021 that approving new oil and gas fields, let alone exploring for new fossil fuels, is incompatible with its 1.5°C-aligned Net Zero Emissions (NZE) scenario.<sup>2</sup>

In its updated Net Zero Emissions scenario, published in September 2023, the IEA<sup>3</sup> concluded that reaching the net zero emissions target would require “the early closure of some existing fossil fuel-based infrastructure.”

This is why it is critical that the ban on new oil and gas exploration remains in place. The first step of climate survival is to stop digging.

## 2. International commitments

The nature of the climate challenge requires global collective action, in which countries and cities around the world agree to cut emissions. Individually many cities and countries have small emissions but together they add up to a global problem. If you take the emissions of the countries that are each responsible for less than 2% of global emissions, and add them together, they produce [38%](#) of all emissions.

In order to coordinate this collective action there are a number of global multilateral agreements, especially the Paris climate agreement. These agreements are backed up by clauses in free trade agreements which require governments to meet their environmental obligations.

As the Ministry of Foreign Affairs has stated in the (non-redacted) version of the Regulatory Impact Statement<sup>4</sup>, this bill very likely breaches the commitments in the COP28 agreement, the Pacific Islands Forum statements, the Paris agreement, and the EU NZ free trade agreement. When we breach these agreements we not only undermine global action to deal with this global problem but also put at risk our exports into countries that take climate seriously. The EU NZ free trade agreement is particularly important in this regard.

## 3. Seismic blasting impacts

The search for new oil and gas involves very large scale use of seismic blasting. Huge ships tow massive seismic arrays that emit very loud acoustic blasts every few seconds for months. The impact on marine animals, and marine mammals in particular, is profound. Research in Australia found a 99% reduction in whiting fish catch during seismic blasting.<sup>5</sup> Global mapping finds an 88% reduction in baleen whale sightings when seismic blasting is underway.<sup>6</sup>

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<sup>2</sup> IEA, “Net Zero by 2050: A Roadmap for the Global Energy Sector,” 2021, p. 21, <https://www.iea.org/reports/net-zero-by-2050>.

<sup>3</sup> IEA, Net Zero Roadmap A Global Pathway to Keep the 1.5 °C Goal in Reach, p.150 [https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d8971bf84/NetZeroRoadmap\\_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf](https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d8971bf84/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf)

<sup>4</sup> <https://www.documentcloud.org/documents/25178182-ris-unredacted>

<sup>5</sup> <https://www.abc.net.au/news/2020-08-04/whiting-catch-down-because-of-seismic-testing/12502930>

<sup>6</sup> <https://www.nature.com/articles/s41598-019-55500-4>

#### 4. Oil spills

The exploration well phase of fossil fuel development is the most dangerous phase, as wells are drilled into fossil fuel reserves at unknown pressures. This is what happened in the Deepwater Horizon case in the United States with BP in 2010 - the pressure blew out the equipment and then it caught on fire.

These blowouts can be very difficult to plug, in fact in the Deepwater Horizon case it took five months while oil kept gushing. New Zealand does not have access to the same kind of oil containment equipment that is to be found in the Gulf of Mexico so a blowout here could last longer.

Greenpeace hired oil spill mapping companies to model what would happen if there were a similar exploratory well blowout in Aotearoa in 2013.<sup>7</sup> The effects would be devastating for the ocean and coastline. When oil company Anadarko released their oil spill modelling it was similarly disastrous for New Zealand.<sup>8</sup> Shell's spill modelling produced similar results.<sup>9</sup>

#### 5. Taxpayers foot the cleanup bill

This Bill removes the requirement for oil companies to have 'adequate' financial resources to clean up after themselves. The bill proposes to simply require them to have 'acceptable' financial resources. Acceptable to whom? To Shane Jones, a Minister who thought it was acceptable to use his ministerial credit card to purchase pornography! In addition the Bill changes the trailing liability regime which opens the way for oil companies to sell their end of life operations to shell companies who then walk away.

It would be a comedy were it not so serious. Taxpayers had to fork out nearly half a billion dollars to clean up after Tamarind Oil left a mess behind<sup>10</sup>. The same individuals who walked away from that fiasco are still in the oil industry in New Zealand! This Bill will make it easier for oil companies to fold and leave the taxpayers to clean up the mess.

#### 6. The actual energy challenge - the clean energy transition

The tragedy of this bill is that it will do nothing to help us address the real energy challenges our country actually faces in the next decade.

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<https://www.greenpeace.org/static/planet4-new-zealand-stateless/2018/05/Greenpeace-Oil-Spill-Model-Report.pdf>

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<https://wayback.archive-it.org/9650/20200312231738/http://p3-raw.greenpeace.org/new-zealand/en/press/Oil-Companys-Own-Data-Shows-Oil-Could-Wash-onto-New-Zealand-Coasts/>

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<https://wayback.archive-it.org/9650/20200313001855/http://p3-raw.greenpeace.org/new-zealand/en/press/Shell-study-backs-Greenpeace-in-oil-spill-row/>

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<https://www.rnz.co.nz/news/business/511110/nearly-half-a-billion-taxpayer-dollars-set-aside-to-decommission-tui-oil-field>

Government officials think this Bill is unlikely to make any difference to oil and gas supply. As MBIE has stated in their advice, even in the most optimistic scenario of the Bill's authors, in which there are exploration companies that want to gamble their money on looking for new oil and gas *and* they find significant quantities of oil and gas, there will be no new fossil gas provided to the New Zealand energy system before 2035<sup>11</sup>. And in truth this is even more unlikely with the phased departure of Methanex already underway, as Methanex is the cornerstone customer for cheap fossil gas.

That is, even under the best dreams of the current government, the nation will have to solve the energy challenges of the next decade without new fossil gas.

And by 2035 New Zealand and the world will be in the phase of rapid transition off fossil fuels. Fossil gas is already a marginal energy source in New Zealand and by 2035 it will be even more so.

In this sense this Bill is a distraction to the actual energy path we already know we need to follow. We need to rapidly electrify transport and industrial processes while building out more renewable generation and more storage. These are all solvable problems but they need a Government focused on these actual energy challenges rather than some weird far right virtue signalling.

Fortunately some people in Government have considered these actual real world issues. MBIE's latest *Electricity Demand and Generation Scenarios* (July 2024) maps out this low-cost low-emissions pathway<sup>12</sup> with loads more solar and wind generation and a phase out of fossil fuels. The grid operator Transpower did similar scenario modelling in 2019<sup>13</sup>. Civil society groups like Rewiring Aotearoa are doing the same. There is ample existing fossil gas available during the transition and no need to go searching for more.

The great thing about this renewable electricity revolution is that we actually need less primary energy because electricity is dramatically more efficient than burning fossil fuels. And the benefits of New Zealand producing its own transport energy, in the form of renewable electricity, to replace imported fossil fuels, are not only lower emissions but also lower current account deficit.

It is delivering on these low-emissions low-cost energy futures that the Government has a key role. A Government focused on trying to resuscitate the age of fossil fuels is a Government turning its back on the actual real world challenges and opportunities for New Zealand.

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<https://www.rnz.co.nz/news/national/529445/no-new-gas-likely-before-2035-despite-government-s-plans-to-un-ban-exploration>

<sup>12</sup> <https://www.mbie.govt.nz/assets/electricity-demand-and-generation-scenarios-report-2024.pdf>

<sup>13</sup>

<https://static.transpower.co.nz/public/publications/resources/Te%20Mauri%20Hiko%20%E2%80%93%20The%20sun%20rises%20on%20a%20solar%20energy%20future.pdf?VersionId=kHqmtcg.X1g9VraoefYNyMMCoHkJyQaC>