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The review found New Zealand's mining royalty rates sit toward the lower end internationally.

Royalties low as Jones defends status quo

Government review says NZ's low mining royalties limit Crown returns

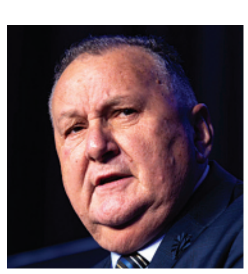
RESOURCES
Andrea Vance
National Affairs Editor

New Zealand's mining royalty system is among the lowest internationally and leaves the Crown with limited ability to capture windfalls from commodity booms, a government-commissioned review has found – but raising rates could come at an economic cost.

Resources Minister Shane Jones, who has championed a "drill baby drill" approach to boost exports to $3 billion, commissioned the Deloitte review last year after calls to revisit the royalties paid on gold, silver, coal and other mineral resources.

Critics argue taxpayers are not receiving a fair share from a surge in commodity prices, particularly gold.

Jones said he wanted the report to provide a neutral basis for a debate over whether government was getting the balance right between attracting investment and securing a better return for taxpayers.



Resourses Minister Shane Jones.

"I know people are going to raise their eyebrows, but it genuinely is my attempt to put out neutral information beyond my usual rhetoric," he said. "So here's the report, and chew and gnaw on it to your content.

"My agenda is to get this report out, plonk it in the public village square, and then get people to themselves make a call."

The review found New Zealand's royalty rates sit toward the lower end internationally, with the current system capturing less value for taxpayers, particularly because many older permits are on historic settings.

The overall government take was broadly comparable with jurisdictions including Quebec, British Columbia and Chile, but lower than major Australian mining states such as Western Australia and Queensland.

Under the current regime, tier 1 minerals – including gold, coal and other metallic minerals – are subject to a hybrid royalty system. Companies pay either an ad valorem royalty of 1 to 2% of sales revenue, or an accounting profit royalty of 10%, whichever is higher.

When combined with corporate tax and other charges, Deloitte estimated the Crown's total take ranged from 35 to 51% of mining profits depending on the resource.

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'Ghost-road' row lands just before crucial vote

WELLINGTON CITY COUNCIL
Tom Hunt

One mayor, 15 councillors, two pouiwi and a swag of publicly funded support staff will meet today to discuss "fast-tracking a ghost road" – before turning to a generational change for Wellington.

The main business of today's Wellington City Council meeting is a vote on amalgamation, which could shape the region's future for decades.

Councils have already signalled their intentions: Wellington City is expected to back a mega-council stretching from Kāpiti to Wairarapa, with Hutt City voting the same way yesterday. Porirua, which votes today, is uncertain but is thought to be leaning in the same direction.

Upper Hutt City Council met last night and voted to indicate it did not want to be part of any amalgamation proposal.

Carterton and Masterton want to go with just one Wairarapa council, breaking ties with Wellington, while South Wairarapa District Council yesterday voted by a majority to pursue a Wellington-Wairarapa model. The real test comes tomorrow, when the region's mayors meet to decide whether they can present a unified proposal for Local Government Minister Simon Watts. That meeting is closed to the public.

Before that, Wellington City councillors today must first deal with a recently delayed project that, if built, could have equally significant ramifications for the central city. The Government's planned second Mt Victoria and Terrace tunnels, major Basin Reserve alterations and other significant central-city road changes have been bundled together as the "Wellington State Highway 1 Improvements".

But a Government handbrake means the project has no current funding, aside for about $6 million for Karo Drive tweaks, leaving its future with yet-to-be-elected governments. Despite that, Waka Kotahi NZ transport Agency still plans to lodge fast-track consent for the project this month.

Green councillor Geordie Rogers said NZTA was "fast-tracking a ghost road ... spending a lot of money and council resources on a road that will never exist".

Councillors today will be asked to endorse officer comments to the transport agency ahead of the application. Those comments say the project would improve accessibility, speed up travel and have economic benefits.

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