



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Resources
Title of Cabinet paper	Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk	Date to be published	By 1 July 2025

List of documents that have been proactively released

Date	Title	Author
12 May 2025	Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk	Office of Minister for Resources
19 May 2025	Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk CAB-25-MIN-0161.01 Minute	Cabinet Office
27 March 2025	BRIEFING-REQ- 0012016 Budget initiatives to increase gas security of supply	Ministry of Business, Innovation and Employment
8 May 2025	BRIEFING-REQ-0012880 Cabinet Paper: Addressing sovereign risk as a barrier to investment in new gas fields	Ministry of Business, Innovation and Employment
19 May 2025	BRIEFING-REQ-0014169 Meeting to discuss Budget 2025 gas supply initiatives	Ministry of Business, Innovation and Employment

Information redacted

Yes

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of international relations, free and frank opinions, legal professional privilege, and commercial information.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Potential for Crown Cornerstone Stake in New Gas Field Developments to Mitigate Sovereign Risk

Portfolio

Resources

On 19 May 2025, following reference from the Cabinet Economic Policy Committee, Cabinet:

- 1 **noted** that the 2018 offshore oil and gas ban created a significant negative perception of the risk of investing in the New Zealand petroleum sector;
- 2 **noted** that there are examples where previous exploration has resulted in a technical discovery, but additional investment is needed to convert these discoveries into a commercially producing field;
- 3 **noted** that, as part of the Budget 2025 package, Cabinet agreed to establish the following tagged contingencies [CAB-25-MIN-0126.74, Initiative 16978]:

	\$m - increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Contingency	-	Commercial Information			
Capital Contingency	-				
Total	-				

- 4 **noted** that Cabinet also agreed to the following regarding the use of the above tagged contingencies:
 - 4.1 that the expiry date for the above tagged operating and capital contingencies be 31 March 2027;
 - 4.2 that the Minister for Resources report back to Cabinet on the following matters:
 - 4.2.1 an Indicative Business Case with options for potential government investment;
 - 4.2.2 to seek Cabinet agreement to start market engagement; and
 - 4.2.3 to seek Cabinet agreement to draw down on the operating tagged contingency to undertake a Detailed Business Case;

- 4.3 that the Minister for Resources report back to Cabinet with a Detailed Business Case for approval on the Government's preferred way forward with robust cost benefit analysis, subject to Cabinet approval of the matters in paragraph 4.2 above;
- 4.4 that the Minister for Resources and Associate Minister of Finance (Hon Chris Bishop) (Joint Ministers) jointly approve the Implementation Business Case, subject to Cabinet approval of the Detailed Business Case;
- 4.5 that Joint Ministers jointly draw down the tagged operating and capital contingencies above, subject to their approval of the Implementation Business Case;
- 4.6 that draw down of the tagged operating contingency will only be for the amount necessary for the design and implementation approved;
- 4.7 that draw down of the tagged capital contingency will only be for the amount necessary for the specific proposal(s) being approved;
- 5 **agreed in principle**, subject to the outcome of appropriate business cases, to the Government taking a cornerstone investment in new gas field developments of up to 10 to 15 percent, with the specific aim of addressing sovereign risk and accelerating investment in new gas production;
- 6 **noted** that the Minister for Resources intends to announce, on Budget Day, that the Government has set aside a tagged contingency of \$200 million to co-invest in new gas fields to encourage investment in this industry due to New Zealand's ongoing need for gas, mitigating sovereign risk, and will be working through the details on how it might structure any investment;
- 7 **agreed** to announce the following indicative parameters for any Crown investment, noting that these are subject to Cabinet consideration of a business case:
 - 7.1 be in the region of a 10 to 15 percent stake in the field, either through becoming a permit participant or purchasing shares in a permit holder;
 - 7.2 be made on a fully commercial basis (eg the Crown should participate on the same basis as other investors and would not be offering concessionary financing);
 - 7.3 target new fields that will bring gas to the domestic market (but that this would include fields that produce both petroleum as well as gas);
 - 7.4 not involve the Crown becoming a permit operator (ie being responsible for running the day-to-day running of the permit (drilling, production etc));
 - 7.5 be limited to investment at the exploration or mining permit stage rather than prospecting, on the basis that is generally a lower risk, less costly activity and so does not require Crown investment;
 - 7.6 be entered into with the aim of selling down at an appropriate time if the investment proves successful, to enable either the recycling of funds into other projects or return of funds to the Crown;
- 8 **noted** that public statements on the above proposal will be part of a broader communications and engagement strategy to promote investment in domestic gas production and other proposals to ensure energy security;

- 9 **noted** that to support the Indicative Business Case process, the Ministry of Business Innovation and Employment will carry out early market engagement on the above proposal, on the basis that any investment decisions will not be made until the completion of both the business case process and a procurement process that meets government rules and standards.

Diana Hawker
for Secretary of the Cabinet

Secretary's Note: *This minute replaces ECO-25-MIN-0065. Cabinet agreed to add paragraph 9.*
