



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.



BRIEFING

Cabinet paper: Addressing sovereign risk as a barrier to investment in new gas fields

Date:	8 May 2025	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0012880

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Resources	Agree to lodge the attached Cabinet paper for consideration at Cabinet's Economic Policy Committee on 14 May 2025.	8 May 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Lena MacCarthy	Manager, Resource Policy	Privacy of natural persons	✓
Joe Harbridge	Principal Policy Advisor		

The following departments/agencies have been consulted
The Treasury, Ministry of Foreign Affairs and Trade, Department of Prime Minister and Cabinet

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Cabinet paper: Addressing sovereign risk as a barrier to investment in new gas fields

Date:	8 May 2025	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0012880

Purpose

To provide you with a final Cabinet paper for consideration by the Cabinet Economic Policy Committee (ECO) on 14 May 2025.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that the final Cabinet paper: *Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk* is attached as Annex One.

Noted

- b **Agree** to lodge the attached Cabinet paper on 8 May 2025 for consideration at Cabinet's Economic Policy Committee on 14 May 2025.

Agree / Disagree

- c **Note** MBIE has provided talking points to support its consideration at the Cabinet Economic Policy Committee in Annex Two.

Noted

- d **Note** MBIE intends to engage external consultants to support work on the Indicative Business Case once the project has been announced.

Noted

Lena MacCarthy
Manager, Resource Policy
Building, Resources and Markets, MBIE

8 / 05 / 2025

Hon Shane Jones
Minister for Resources

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Background

1. We have previously briefed you and Minister Bishop (as Associate Minister of Finance) on Budget initiatives to address sovereign risk for investment in the petroleum sector (BRIEFING-REQ-0012016 refers).
2. Cabinet has subsequently agreed to create tagged operating and capital contingencies of up to \$200 million (combined) over four years as part of the Budget 2025 package. The contingencies are subject to further work, including developing an Indicative Business Case for Cabinet consideration under the Better Business Case framework.
3. The following information about the tagged contingencies will be released as part of the Budget package:

Title:	Gas Security of Supply Tagged Contingencies
Description:	This initiative establishes tagged operating and capital contingencies for potential Crown investment in a cornerstone stake in new gas field developments to address sovereign risk.

Cabinet paper: Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk

4. The attached paper (Annex One) and talking points (Annex Two) reflect the Budget 2025 package. The paper seeks:
 - a. Agreement in principle to the Government taking a cornerstone investment in new gas field developments of up to 10 to 15 per cent, with the specific aim of addressing sovereign risk and accelerating investment in new gas production, and
 - b. Agreement to state publicly on Budget Day that the Government has set aside a tagged contingency of \$200 million to co-invest in new gas fields to mitigate sovereign risk and will be working through the details on how it might structure any such investments, and
 - c. Agreement to announce indicative parameters for any Crown investment, noting that these are subject to Cabinet consideration of a Business Case.
5. The indicative parameters are that any Crown investment will:
 - a. Be in the region of a 10 to 15 per cent stake in the field, either through a becoming a permit participant or purchasing shares in a permit participant.
 - b. 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).
 - c. Target new fields that will bring gas to the domestic market (noting that this would include fields that produce both petroleum as well as gas).
 - d. Not involve the Crown becoming a permit operator (ie being responsible for running the day-to-day running of the permit (drilling, production etc)).
 - e. Be limited to investment at the exploration or mining permit stage rather than prospecting, on the basis that prospecting is generally a lower risk, less costly activity that does not require Crown investment.

- f. Be entered into with the aim of selling down at an appropriate time if the investment proves successful. This would enable either the recycling of funds into other projects or return of funds to the Crown.

Next steps

- 6. MBIE intends to engage external consultants to support work on the Indicative Business Case once the project has been announced. This will ensure we have the appropriate expertise (eg commercial and legal) and that this project can progress at pace, given the need to act quickly.
- 7. Our intention is to have an Indicative Business Case completed and ready for Cabinet consideration in Q3 of 2025.

Annexes

Annex One: Cabinet paper: *Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk*

Annex Two: Talking points for Cabinet Economic Policy Committee

Annex One: Cabinet paper: *Potential for Crown cornerstone stake in new gas field developments to mitigate sovereign risk*

See separate document

Free and frank opinions

Free and frank opinions