



## COVERSHEET

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

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
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.



## Meeting to discuss Budget 2025 gas supply initiatives

<b>To:</b>	Hon Shane Jones <b>Minister for Resources</b>	Hon Chris Bishop <b>Associate Minister of Finance</b>
<b>Date:</b>	Monday, 19 May 2025	<b>Time:</b> 3.00pm to 3.30pm
<b>Location:</b>	6.3EW	<b>Tracker number:</b> BRIEFING-REQ-0014169

### Purpose

Minister Bishop has requested a meeting and update about the work for the Budget 2025 gas supply initiative. This briefing outlines the work to date and next steps for this initiative.

### Background

1. New Zealand has an energy shortage which is putting the affordability and security of gas and electricity supply at serious risk. Our domestic gas supply is not adequate to meet demand, and reserves are falling faster than anticipated.

#### **Sovereign risk is creating a barrier to investment in new gas fields**

2. "Sovereign risk" in this context is the risk that the Government may unexpectedly change significant aspects of policy or investment settings, particularly those affecting the legal rights or interests of investors.
3. The policies of the previous Government, including the ban on new oil and gas exploration, the 100 per cent renewable electricity target and the Lake Onslow project, have done two things:
  - Reduced the incentive to explore for new oil and gas fields.
  - Created a perception that investment in the New Zealand petroleum sector is risky.
4. The policies have created a significant barrier to investment which in turn is reducing our energy security. This barrier needs addressing because a lack of gas supply is contributing to New Zealand's energy shortage and increased energy prices.
5. We briefed you on a possible Budget initiative to address sovereign risk on 27 March 2025 [BRIEFING-REQ-0012016 refers]. You agreed to investigate the Crown becoming a cornerstone investor in new field developments to accelerate investment needed to support our energy system.
6. Cabinet 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 [CAB-25-MIN-0126.74]. Access to these contingencies is subject to developing an Indicative Business Case (IBC) under the Better Business Case framework as a next step.

## Preparation work for the Indicative Business Case is underway

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7. We have begun the procurement process to obtain external business case expertise to support this project. Our intention is to be ready for a targeted Request for Proposals process to begin as soon as the initiative has been announced on Budget Day. Subject to market availability, we expect the IBC should be delivered before the end of Q3 2025.
8. We expect that the IBC will need to assess:
  - the problem definition and intervention logic,
  - options for solving the problem definition, noting the mandate provided by Cabinet,
  - options for ownership, operation and procurement,
  - the financial impact of an investment (or investments), and
  - delivery of the investment.

## We expect early market engagement shortly after the announcement

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9. We are preparing for MBIE's Kānoa team to lead the early market engagement. This is appropriate both because of the commercial expertise within that group; and any early commercial discussions will need to be isolated from MBIE's regulatory role under the *Crown Minerals Act 1991*. We will be putting appropriate information sharing protocols in place in house to keep our regulatory function separate from any commercial discussions.
10. Kānoa will establish the skill set necessary to implement the initiative (e.g. commercial, legal and technical).
11. Part of the IBC work will be to establish the long term set up for the initiative. This will specifically cover the option of a schedule 4A company.

## Key considerations

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12. It is important that the process delivers robust investment decisions that deliver good value for taxpayers, and that the process can move at pace to accelerate investment in new fields.
13. One of the considerations for Cabinet Confidential advice to Government

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## Next steps

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15. MBIE will be attending the meeting and will be interested in your thoughts on how the project might proceed. We will keep Joint Ministers informed as this work progresses.