



COVERSHEET

Ministers	Hon Shane Jones Hon Chris Bishop	Portfolio	Resources Associate Finance
Title of Cabinet paper	Business case: Commercial co- investment to bring new gas to market	Date to be published	6 November 2025

List of documents that have been proactively released

Date	Title	Author
9 October 2025	Business case: Commercial co-investment to bring new gas to market Cabinet paper and appendices	Offices of the Minister for Resources and Regional Development and Associate Minister of Finance
15 October 2025	Business case: Commercial co-investment to bring new gas to market ECO-25-MIN-0167 Minute	Cabinet office

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 free and frank opinions, legal professional privilege, international relations and commercial information.



Cabinet Economic Policy Committee

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.

Commercial Co-investment to Bring New Gas to Market: Business Case

Portfolio **Acting Finance (Hon Chris Bishop) / Regional Development / Resources**

On 15 October 2025, the Cabinet Economic Policy Committee:

- 1 **noted** that, as part of the Budget 2025 package, Cabinet:
 - 1.1 agreed to establish a \$200 million tagged operating and capital contingency to co-invest in new gas fields to encourage investment in this industry due to New Zealand's ongoing need for gas and to mitigate sovereign risk;
 - 1.2 agreed that the use of the tagged contingency was subject to the Minister for Resources reporting back to Cabinet with an Indicative Business Case and Detailed Business Case, and authorised the Minister for Resources and Associate Minister of Finance (Hon Chris Bishop) to jointly approve the Implementation Business Case;

[CAB-25-MIN-0126.74, Initiative 16978];
 - 1.3 agreed in principle, subject to the outcome of 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 [CAB-25-MIN-0161.01];
- 2 **agreed** that the business case process referred to in paragraph 1.2 above be consolidated into the Single-stage Business Case (the Business Case) attached to the submission under ECO-25-SUB-0167;
- 3 **noted** that, since the above Cabinet decisions, New Zealand's gas supply and energy security has worsened **Commercial Information; Free and frank opinions**
- 4 **approved** the case for investment as set out in the Business Case;
- 5 **noted** that minor changes may be made to the Business Case prior to it being published;

Investment fund scope and funding structures

- 6 **agreed** that investments will be made within the following parameters:
- 6.1 investments will be commercial in nature (e.g. expected to generate an appropriate return on investment) on terms that do not breach New Zealand's international obligations;
 - 6.2 a portfolio of investments, as outlined in the Business Case, will be sought that:
 - 6.2.1 prioritise options to accelerate or increase the volume of gas to market, including a nearer timeframe than is possible with new field development;
 - 6.2.2 support the flexibility and deliverability of gas in a future low volume market, which could include gas storage;
 - 6.2.3 respond to energy security of supply and apply a strategic, system-wide lens to investments;
 - 6.2.4 enable the exploration and/or appraisal of prospective new fields (including fields that produce liquids in addition to gas), to ensure gas remains available to support the transition to a low emissions economy;
 - 6.2.5 will not involve the Crown becoming a permit operator or require significant involvement in the managerial/operational control of assets/facilities;
 - 6.2.6 can be entered into with the aim of selling down at an appropriate time;
 - 6.2.7 will be made within appropriate guardrails, including the need for advice from an expert advisory panel and legal advice on potential risks (including liability) and compliance with international obligations;
 - 6.3 investment actively encourages the use of regional procurement and regional labour market capability wherever possible;

Investment advice and decision makers

- 7 **agreed** that the Ministry of Business, Innovation and Employment (MBIE) will provide advice to decision makers on investments, informed by New Zealand's strategic energy security of supply objectives, to allow for projects that are investment ready to proceed at pace;
- 8 **agreed** to establish an expert advisory panel of up to five members with direct oil and gas commercial and geological expertise, and experience with the uniqueness of the New Zealand gas market, to provide independent, expert advice to MBIE and the Acting Minister of Finance (Hon Chris Bishop) and Minister for Resources (Joint Ministers);
- 9 **authorised** the Joint Ministers to:
- 9.1 approve investment decisions, particularly those required to accelerate gas to market in the short term, based on advice from MBIE and the expert advisory panel;
 - 9.2 make initial appointments to the expert advisory panel and approve the terms of reference to ensure this work can proceed at pace; and

- 9.3 approve the detailed scope and breadth of commercial instruments to be considered and make any necessary operational design decisions, consistent with the overall investment approach agreed by Cabinet;
- 10 **noted** that MBIE officials will commence work on a report to Joint Ministers on detailed priorities and criteria for investment;
- 11 **noted** that Joint Ministers should give strong weight to advice from the expert advisory panel in making investment decisions;
- 12 **agreed** that MBIE will hold any initial investments made, but Joint Ministers will further consider the most appropriate investment entity to manage these investments, and report back to Cabinet in six months;

Financial implications

- 13 **agreed** to establish a new multi-category appropriation “Regional Development: Investment to bring new gas to market” in Vote Business, Science and Innovation, to be administered by MBIE and with the Minister for Regional Development as appropriation Minister, to increase or accelerate gas supply, mitigate sovereign risk, and support energy security during the country's transition to lower emissions alternatives;
- 14 **agreed** that the overarching purpose of this appropriation will be to increase or accelerate gas supply, mitigate sovereign risk, and support energy security during the country's transition to lower emissions alternatives;
- 15 **noted** that this approach is consistent with other funds that MBIE administers through the Kānoa– Regional Economic Development and Investment Unit and retains decision making with portfolio Ministers while enabling the efficient delivery and administration of the fund, reflecting the operational separation between MBIE’s regulatory and investment roles in delivering this fund;
- 16 **agreed** that the categories for this appropriation be as follows:

Title	Type	Scope
Investment in gas supply and storage - Capital	Non-departmental Capital Expenditure	This category is limited to making gas investments
Investment in gas supply and storage - Administration	Departmental Output Expenses	This category is limited to administering gas investments

- 17 **noted** that, as part of the Budget 2025 package, Cabinet agreed:

- 17.1 to establish the following tagged contingencies:

	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Contingency	2.000	2.000	2.000	2.000	
Capital Contingency	48.000	48.000	48.000	48.000	
Total	50.000	50.000	50.000	50.000	

- 17.2 that the expiry date for the above tagged operating and capital contingencies be 31 March 2027;

- 17.3 that the Minister for Resources report back to Cabinet on the following matters:
- 17.3.1 an Indicative Business Case with options for potential government investment;
 - 17.3.2 to seek Cabinet agreement to start market engagement; and
 - 17.3.3 to seek Cabinet agreement to draw down on the operating tagged contingency to undertake a Detailed Business Case;
- 17.4 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 17.3 above;
- 17.5 that Joint Ministers jointly approve the Implementation Business Case, subject to Cabinet approval of the Detailed Business Case;
- 17.6 that Joint Ministers jointly draw down the tagged operating and capital contingencies above, subject to their approval of the Implementation Business Case;
- 17.7 that draw down of the tagged operating contingency will only be for the amount necessary for the design and implementation approved;
- 17.8 that draw down of the tagged capital contingency will only be for the amount necessary for the specific proposal(s) being approved;

[CAB-25-MIN-0126.74, Initiative 16978]

- 18 **agreed** to increase expenditure to provide for costs associated with the new multi-category appropriation described in paragraphs 13, 14 and 16 above, with the following impacts on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
Vote Business, Science and Innovation	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance and Net Core Crown Debt Impact	2.000	2.000	2.000	2.000	
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	Commercial Information				-
No Impact					-
Total					

- 19 **approved** the following changes to appropriations to provide for the new multi- category appropriation described in paragraphs 13, 14 and 16 above:

	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Vote Business, Science and Innovation					
Minister for Regional Development					
Multi-Category Expenses and Capital Expenditure:					
Investment to increase or accelerate gas supply, mitigate sovereign risk, and support energy security during the country's transition to lower emissions alternatives - MCA					
Departmental Output Expenses:					
Investment in gas supply and storage - Administration (funded by revenue Crown)	2.000	2.000	2.000	2.000	
Non-Departmental Capital Expenditure:					
Investment in gas supply and storage - Capital	Commercial Information				
Total Multi-Category Expenses and Capital Expenditure:					
Investment in gas supply and storage MCA					
Total Operating	2.000	2.000	2.000	2.000	
Total Capital	Commercial Information				

- 20 **agreed** that the changes to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 21 **agreed** that the expenses incurred under paragraphs 18 and 19 above be charged against the tagged contingencies described in paragraph 17 above;
- 22 **noted** that, following the adjustments detailed above, the tagged operating and capital contingencies described in paragraph 17 above are now exhausted and therefore closed.

Rachel Clarke
Committee Secretary

Present: (see over)

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Shane Jones
Hon Paul Goldsmith (Chair)
Hon Louise Upston
Hon Simon Watts
Hon Andrew Hoggard
Hon Chris Penk
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of Hon Scott Simpson
Officials Committee for ECO