

Hon Shane Jones

Minister for Resources

Meeting with Energy Resources Aotearoa on 13 August 2025

Key messages

- we are **grateful for the \$200 million co-investment fund** and were pleased to see the **Crown Minerals Act (the 'CMA') Amendment Bill passed into law**. Together they send a strong signal from Government that the oil and gas sector is 'open for business'
- we are now **working with MBIE on the operationalisation of:**
 - a **the co-investment fund** – how best to meet your objective of getting new gas to market from both existing fields and known discoveries in new fields; and
 - b **the regulations and other matters to effectively implement and support the amended CMA** - to embed the new regime into place and enable New Zealand to be an attractive destination for investment in our oil and gas sector.
- we will be **monitoring activity in the sector** closely expecting to see new petroleum permit applications and signs of inward investment
- to be successful, **the planned regime for CCUS needs to work for the petroleum industry**. Officials need to work closely with us to ensure this happens

See the **appended** briefing for further information.

Appendix: Briefing

The \$200 million co-investment fund

1. We are extremely grateful to you for this fund and agree with the Government's objectives to get new gas to market as quickly as possible, from both existing mature fields and known discoveries in new fields, and to revitalise the petroleum sector over time.
2. In terms of the funding mechanisms, as outlined in the Cabinet paper, equity stakes will be a key tool with ready application. Consideration of other funding options might also be appropriate.
3. The institutional arrangements should be lean and agile to allow the fund to be up and running quickly. They could evolve over time to be more formalised and durable, but not at the expense of efficiency.
4. We need to act swiftly to implement this policy to increase the willingness of investors to undertake drilling campaigns, as the energy security issues are pressing.

The CMA Amendment Bill

5. We were pleased to see the CMA Amendment Bill passing into law last month. This provides further signals of support from the Government for the sector and reinforces that New Zealand is 'open for business'.
6. We look forward to working with officials on the outstanding secondary legislation required to give effect to the changes. Of most interest to us will be the potential class exemptions for petroleum infrastructure related to setting financial securities. We have shared our initial thinking on these with officials.

Supporting the changes - timeframes for processing permit applications and promotion

7. The legislative changes now need to be supported by an efficient regulatory regime and active promotion of the petroleum sector.
8. The timeframes for processing permit applications need to be a focus of attention. These are critical to the reputation of the permitting regulatory system and ultimately the Government achieving its objectives in terms of stimulating investment in the oil and gas sector in New Zealand.
9. In terms of reputation, potential new investors in prospecting and existing permits will be looking at the new processes with interest. They need to match the Government's ambition and deliver quickly and effectively, particularly when

compared to other jurisdictions. Lengthy timeframes effectively push the operational and financial risks, should contextual circumstances for projects change between submission of the application and the approval, on to applicants, and the scale of those risks increases with the length of the delay.

10. The timeframes for processing petroleum permits must be faster than under the Block Offer process and much more ambitious than those published at the moment. The average processing time for new petroleum mining applications is currently 480 business days, and changes to existing petroleum permits (such as extensions of duration or changes of interests or control) range from 240 to 360 business days.¹ We ask that reasonable expectations are set for any future key performance indicators for the new open market applications, but also for other applications to make changes to existing petroleum permits.
11. To further support the changes, a range of government agencies have a role to play in promoting inward investment in our petroleum sector to the world. MBIE has some resource dedicated to this but a narrative around the Government's objectives for encouraging investment to all parts of the energy system (not just focussing on renewables) needs to be developed and shared across government. This could be used by other promotional agencies such as NZTE and MFAT as well as the sector. The role of the newly formed *Earth Sciences New Zealand* (formerly GNS) also needs to be considered in this context.

Monitoring activity in the sector

12. We are mindful that the opposition parties have now clearly indicated that, if re-elected, they will take back any unallocated funds and reintroduce the restrictions on new exploration acreage, undermining any progress that will be made.
13. Once the new permit and fund processes are up and running, we will be monitoring activity in the sector closely. We hope to see new applications for petroleum permits and early signs of interest in inward investment. If these are not forthcoming by the coming year, we could look again at further measures to stimulate investment and address sovereign risk.

Carbon Capture Utilisation and Storage (CCUS)

14. We wish to bring to your attention some issues with respect to the CCUS work programme. We are keeping a close watch on the development of the regime, as this goes hand-in-hand with the revitalisation of gas production, but we have some concerns about how officials are progressing, not least of which is their apparent expectation that gas production will not recover sufficiently to make CCUS worthwhile.

¹ See <https://www.nzpam.govt.nz/about/news/increasing-transparency-on-permit-application-timeframes>.

15. Putting aside for a moment the following non-trivial aspects, being:
- a we have consistently advised that to weave this 'start-up' opportunity into the resource management reforms will almost inevitably prevent them from proceeding due to consenting risk (to the extent this activity will require consenting);
 - b the counterfactual being emitters paying the carbon price and releasing the emissions to atmosphere (as opposed to submission to a convoluted compliance regime and up to 50 years of monitoring and liability); and
 - c the economics of implementing CCUS, which are extremely challenging.

we are increasingly frustrated with the differential fuel/technology biased treatment of the source of carbon being captured (natural gas vs geothermal) and the apparent willingness to put administrative and compliance hurdles in place in such a way as to potentially harm existing gas miners, regardless of whether they are capturing their source of carbon or storing that of third parties.

16. We remain firmly of the view that there is no need whatsoever to change the ETS settings unless carbon is being captured, transported and stored by a third party.
17. The wider issue is that the regime needs to work for the petroleum sector, not officials. For this to happen, officials need to work closely with the sector to find out what they need to make a CCS framework succeed and what can be done to support and encourage it to consider CCS projects in future. A workshop with key industry players that has been mooted before would be a good first start. Access to research and development support and contestable funds such as the *Regional Growth Fund* could also be considered.
18. We have raised these issues as well with your colleague, Minister Watts, and urge you to speak to him about how they could be addressed. Officials may need to be formally directed to work with us and the sector.