The Treasury

Budget 2026 Information Release

September 2026

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Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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TE TAI ŌHANGA
THE TREASURY

Reference: T2026/1061 SH-11-5-1-2-2-1-M139158

Date: 18 May 2026

To: Minister of Finance
(Hon Nicola Willis)

Deadline: None
(if any)

Additional information on design settings for the Gas Transition Loan Guarantee Scheme

You asked for further information on design settings for the Gas Transition Loan Guarantee Scheme (the Scheme), particularly feedback from stakeholders.

Bank eligibility

In our recent advice (T2026/978 refers), we recommended that banks that participated in earlier schemes could join without further due diligence. Other registered banks would need to complete onboarding, with final eligibility determined at the Treasury's discretion. This reflects banks' feedback to minimise administrative burden.

The following banks would be automatically eligible:

- ANZ Bank New Zealand Ltd
- ASB Bank Ltd
- Bank of New Zealand
- Westpac New Zealand Ltd
- Rabobank NZ Ltd
- Kiwibank Ltd
- TSB Bank Ltd
- Heartland Bank Ltd

The Banks' feedback was provided via the New Zealand Banking Association as a conduit. Each bank's decision to participate in the Scheme remains a matter for its own independent commercial assessment

Engagement with banks was undertaken via the New Zealand Banking Association (NZBA), with an open invitation for member banks to meet if they were interested in the Scheme. [26]

Eligible technologies for fuel switching

Banks and other stakeholders supported a technology-agnostic approach but suggested excluding switches to more emissions-intensive fuels (e.g. coal) to maintain a clear decarbonisation focus. Banks also noted that this could support alignment with the Green Loan Principles, allowing discounted green loans to be stacked with the guarantee and thereby increasing overall impact without additional fiscal cost.

[36]

We note that any change in approach would have an impact on the estimated cumulative emissions impact of the Budget package. Currently, this initiative is one of two initiatives in the package expected to reduce emissions in the short term.

Minimum gas threshold

Banks indicated that there is a case for lowering the minimum gas reduction threshold below 5,000 GJ p.a. They provided examples of lower thresholds (i.e. 2,500 GJ to capture smaller manufacturers, or 1,000 GJ to capture large schools), signalling support for expanding eligibility to a broader range of consumers. We would not expect public schools to be in scope, as the Scheme is intended to focus on businesses.

Maximum borrower limit

Banks were generally supportive of the $20 million maximum borrower limit recommended by the Treasury, but noted that a higher limit (e.g. $30 million) could support multiple or larger projects. They suggested that the deed of indemnity include a mechanism for the Crown to approve higher limits on a case-by-case basis. As noted in previous advice, we do not recommend providing such discretion, as it would be inconsistent with the arm's-length nature of the Scheme. It would also risk inconsistent treatment of borrowers and increase administrative complexity.

Increasing the limit to $30 million could support larger projects; however, the Scheme's size and expected credit loss provision were calibrated on a $20 million borrower limit. A higher limit could increase demand per borrower and could see the Scheme reach capacity more quickly, increasing the likelihood that access may need to be rationed. It would also increase exposure to individual borrowers – two loans of $30 million defaulting could exhaust the expected credit loss provision. We expect limited demand for loans of this size – [37] These firms would still benefit from the indemnity up to the cap.

Type of gas use

Banks queried whether the requirement for borrowers to be current users of "natural gas" would include liquefied petroleum gas (LPG – bottled gas). LPG is the primary gas fuel used in the South Island, where reticulated natural gas is not available.

However, LPG operates in a distinct, internationally traded market and users are not exposed to the same domestic supply constraints as reticulated gas consumers. Domestic LPG does not draw on gas that could otherwise be reticulated, meaning reductions in LPG use would not increase domestic natural gas availability. Including LPG would therefore not advance the Scheme's objective of easing pressures in the domestic natural gas market. Instead, it would reduce LPG imports.

There is also no compelling policy reason to include LPG while excluding other fuels (e.g. diesel) that share similar market characteristics. In addition, the Scheme's current costings are based on reticulated gas only. Expanding eligibility to LPG (or other fuels) could crowd out support for reticulated gas users and introduce additional design complexity. On this basis, we consider the Scheme should remain focused on reticulated natural gas users.

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