The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- The Budget website from September 2026 to May 2027 only at: **https://budget.govt.nz/information-release/2026**, and on
- The Treasury website from later in 2026 at: **https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release**

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).

Copyright and Licensing

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

TE TAI ŌHANGA
THE TREASURY

Treasury Report: Draft Cabinet Paper on establishment of a gas transition loan guarantee scheme

Date:	26 March 2026	**Report No:**	T2026/575
		File Number:	SH-11-5-1-2-2-1-M136291

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Refer** the attached draft Cabinet Paper to Cabinet Ministers for consultation. **Indicate** your preferred process and timing for Cabinet consideration of the scheme.	6 April 2026

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Isabelle Hermes	Senior Analyst, Climate, Energy and Resources	[39]	[35]	✓
John Marney	Manager, Revenue and Economic Development			

Minister's Office actions (if required)

Return the signed report to Treasury.

Refer the attached draft Cabinet Paper to Cabinet Ministers.

Note any feedback on the quality of the report	

Enclosure: Yes (attached)

Treasury Report: Draft Cabinet Paper on establishment of a gas transition loan guarantee scheme

Purpose of Report

1. This report provides a draft Cabinet paper on establishing a gas transition loan guarantee scheme for consultation with your Ministerial colleagues.

2. It also seeks your agreement to an outstanding design parameter not finalised in earlier advice – limiting eligibility to registered banks – and your direction on the preferred process and timing for Cabinet consideration ahead of Budget 2026. If you wish to proceed, we will work with your Office to incorporate your feedback and finalise the paper for lodgement.

Background

3. The Treasury provided you with advice on the design of a potential gas transition loan guarantee scheme on 26 February (T2026/221). You have not yet provided direction on whether to proceed with the scheme or on the indicative design parameters. Should you wish to proceed, we have prepared the attached draft Cabinet paper to enable Ministerial consultation and support progression within Budget 2026 timeframes.

4. The draft Cabinet paper reflects the recommended scheme design set out in our earlier advice, as well as the proposed approach for eligible lenders, which is discussed in this report. We can incorporate any feedback you have on the design settings or framing prior to finalisation.

5. Treasury has undertaken initial engagement with relevant agencies, including the Ministry of Business, Innovation and Employment (MBIE), the Ministry for the Environment (MfE), the Ministry of Foreign Affairs and Trade (MFAT), and the Reserve Bank of New Zealand (RBNZ), to inform the development of the draft Cabinet paper. Given the constrained timeframes, further agency consultation is expected to occur in parallel with Ministerial consultation. Feedback received to date has been incorporated, and no significant issues have been identified. Treasury will continue to work with these agencies on regulatory treatment, communications and implementation.

Proposed changes

Eligible lenders

6. An outstanding question from earlier advice was whether non-bank lenders should be eligible for the scheme. Further analysis indicates that non-bank lenders have had disproportionately higher claim rates than registered banks under previous guarantee schemes. Under the Business Finance Guarantee Scheme, non-bank lenders accounted for 4% of lending but 50% of claims by value; under the North Island Weather Events scheme, they accounted for 5% of lending and 87% of claims. On this basis, we recommend limiting eligibility to registered banks, consistent with the approach taken for the Community Housing Provider Scheme.

7. If non-bank lenders were included, Treasury would need to broaden negotiations and prepare a separate deed of indemnity. This would increase complexity and could also affect the feasibility of announcing the scheme at Budget.

Implementation and next steps

Cabinet consideration

8. The attached draft Cabinet paper informs Cabinet of your intention to establish a gas transition loan guarantee scheme. It does not seek Cabinet decisions on the scheme, as you have statutory authority under section 65ZD of the Public Finance Act to grant guarantees and indemnities. However, Cabinet approval will be required through the Budget process to fund the scheme.

9. There are two options for how the paper could proceed to Cabinet, both requiring lodgement by Thursday 16 April:

   a consideration by the Cabinet Economic Policy Committee on 22 April, followed by Cabinet on 28 April; or

   b direct consideration by Cabinet on 20 April.

10. We recommend the second option, as it allows you to inform Cabinet about the scheme in advance of final Budget 2026 funding decisions on 28 April.

Bank negotiations and Budget announcement

11. There are two broad pathways for progressing the scheme ahead of Budget 2026.

    Scheme announcement at Budget 2026

12. If you wish to announce the scheme at Budget 2026, negotiations with eligible lenders would need to be completed and you would need to have taken final decisions on the scheme design and considered the public interest test ahead of Budget Day. Our 26 February advice (T2026/221) therefore sought your agreement to formally commence negotiations with registered banks.

13. As negotiations have not yet commenced, the remaining time available is limited and it is difficult to predict how long negotiations will take. There is a material risk that negotiations may not be completed in time to support a firm Budget announcement.

    Indicative Budget signal, with final decisions taken post-Budget

14. As an alternative, you could signal on Budget Day that you are considering establishing a gas transition loan guarantee scheme and that funding has been set aside. This would allow negotiations with banks to continue after Budget, with final advice on scheme parameters and the public interest test provided subsequently.

15. A longer timeline would also be required if non-bank lenders were included, as this would necessitate negotiations with both registered banks and non-bank lenders.

16. For either pathway, once final decisions are taken, subsequent steps would be largely administrative. Treasury would therefore likely seek your approval to delegate authority to the Secretary to the Treasury to execute and administer the scheme, including entering into individual deeds of indemnity with participating banks.

Recommended actions

We recommend that you:

a **agree** that eligibility for the proposed scheme be limited to registered banks.

Agree/disagree.

b **agree** for officials to commence negotiations with eligible lenders on the proposed scheme parameters.

Agree/disagree.

c **provide** feedback on the attached draft Cabinet paper.

d **indicate** your preferred process and timing for Cabinet consideration of the scheme (either option requires lodgement of the Cabinet paper by 16 April), either:

i. consideration by the Cabinet Economic Policy Committee on 22 April, followed by Cabinet on 28 April; or

Yes / No

ii. direct consideration by Cabinet on 20 April (Treasury preferred)

Yes / No

e **refer**, subject to your feedback, the attached draft Cabinet Paper to Cabinet Ministers for consultation.

Refer/not referred.

John Marney
Manager, Revenue and Economic Development

Hon Nicola Willis
Minister of Finance

_____/_____/_______