

The Treasury

Budget 2021 Information Release

August 2021

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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
- [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
- [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] Not in scope
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



21 December 2020

Hon Dr Megan Woods
Minister of Energy and Resources

Hon Damien O'Connor
Minister of Agriculture

Hon Kiri Allen
Minister of Conservation

Hon David Parker
Minister for the Environment

Hon Michael Wood
Minister of Transport

Hon James Shaw
Minister for Climate Change

Dear Ministers

Thank you for your recent engagement on Budget 2021. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission, limited to only the most critical cost pressures and urgent manifesto commitments.

Nevertheless, making progress on climate change policy is a key priority for the Government. We will want to consider a coherent package of climate change initiatives in Budget 2021 that demonstrates our commitment and allows the implementation of early priorities to progress towards New Zealand's domestic and international emissions reduction targets.

I have considered the cost pressures and manifesto commitments that you all outlined in your respective letters to me, and am inviting you to submit the initiatives in the table below for consideration in the Budget 2021 process.

As we have discussed, I expect that in the development of these initiatives, you will focus on how they could contribute to a climate change package that meets a range of criteria, including:

- greatest short-term emissions reductions at least fiscal and economic cost;
- starting action that can unlock future emission reductions in hard-to-abate sectors;
- delivering on wider Government economic and social objectives; and
- taking account of the Emissions Trading Scheme and other emissions pricing, non-spending regulatory options, and distributional impacts.

| Portfolio | Initiative | Comment |
|------------------|--|---|
| Climate change | Addressing cost pressures for the Ministry for the Environment | I expect that these initiatives will explore scaling options. |
| | Climate change commission (CCC) capability | |
| | Implementation of the Carbon Neutral Government Programme | This initiative should be developed jointly with the Minister for Economic and Regional Development in order to consider the funding requirements across government to implement the programme. |
| | [33] | |
| Agriculture | Funding the accelerated roll out of integrated farm planning | This initiative should seek funding for a national farm planning system to improve processes and management practices to meet new environmental requirements. |
| | Increasing agricultural climate change research | <p>This initiative should seek additional funding for climate change research to help farmers meet future climate change commitments.</p> <p>The Minister of Research, Science and Innovation has also been invited to bid for the same initiative. You should coordinate with her to determine under which portfolio this initiative should be bid. I expect that the initiative will extend only to meet the scope outlined in the manifesto commitment, and explore scaling options.</p> |

| | | |
|----------------------|---|---|
| Transport | Clean car standard | I am inviting a package of initiatives to achieve the manifesto commitment to decarbonise transport and accelerate the uptake of low-emission vehicles. I expect the Minister of Transport to prioritise within this package of initiatives to inform decisions on which of these are the most effective against the criteria mentioned above. |
| | Clean car discount scheme | |
| | Modified clean car discount | |
| | [33] | |
| | Biofuels mandate | |
| | [33] | |
| Energy and Resources | [33] | |
| | Expanding the Low Emission Vehicles Contestable (LEVC) Fund | As noted in the Manifesto, I expect that any increases in Government funding will be matched by increases in sector levies. |
| | Boosting business funding and support to increase the uptake of renewable energy and reduce emissions | I expect that this initiative will explore alternatives including lower cost options and part-funding from within existing baselines. |
| | Continuation and possible expansion of the Warmer Kiwi Homes (WKH) programme | I expect that the initiative will explore options for reprioritisation or part-funding from within existing baselines. |

Please note that while I have invited these initiatives to be submitted, this does not guarantee that they will receive funding. The Treasury will assess the value for money and relative priority of all initiatives, and this advice will help to inform the shape of the final Budget 2021 package to be decided by Budget Ministers. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as scaling and reprioritisation options.

The cost pressures and manifesto commitments that I have not invited you to submit on may be addressed through future Budgets or other levers such as reprioritisation of baseline funding. As per the expectations that I have previously outlined around fiscal management, I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency. [33]

However, I wish to emphasise that the other information that you have provided will help to lay the groundwork for future Budgets, and provides an important insight into the challenges and opportunities facing our Government this term. I will discuss options for funding these initiatives through Budgets 2022 or 2023 at a later stage.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson', written in a cursive style.

Hon Grant Robertson
Minister of Finance