

The Treasury

Budget 2024 Information Release

September 2024

This document has been proactively released and is available on:

- The Budget website from September 2024 to May 2025 only at: <https://budget.govt.nz/information-release/2024>, and on
- The Treasury website from later in 2024 at: <https://www.treasury.govt.nz/publications/information-release/budget-2024-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
- [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
- [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

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

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

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.

Treasury Report: Further advice on CERF savings from the Ministry for Primary Industries

Date:	9 April 2024	Report No:	T2024/985
		File Number:	SH-12-2

Action sought

	Action sought	Deadline
Hon Nicola Willis Minister of Finance	Indicate your decisions on individual initiatives in Annex 1	10 April 2024

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Luke Crossen	Senior Analyst, Natural Resources	[39]	[35] ✓
James Haughton	Manager, Natural Resources		

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Further advice on CERF savings from the Ministry for Primary Industries

Purpose and background

1. This report seeks your direction on outstanding Budget decisions relating to the Ministry for Primary Industries (**MPI**).
2. [34]
3. This report provides advice on potential options.
4. We provided you an aide memoire on 5 April responding to your earlier request for information on uncommitted CERF funding [T2024/938 refers]. This report supersedes that earlier advice.

Analysis

5. Remaining MPI CERF initiatives and our recommendations are attached at **Annex 1**.
6. We have recommended an additional [33] capital savings relative to the BM4 package. This would bring MPI's total savings to date to \$597.355 million operating and \$152.648 million capital. Of this, \$520.314 million (aggregating capital and operating) is from CERF initiatives.

[33] and [34]

10. In the time available, MPI officials have not quantified the emissions impacts from additional savings. ^[33]

Based on your decisions, we will work with MPI officials to source relevant emissions impacts data. We will aim to provide this information to the Climate Change Interdepartmental Executive Board (**CCIEB**) Secretariat so that it can be reflected in the Climate Implications of Policy Assessment (**CIPA**) that will accompany the overall Budget package. This is so that at the point at which final Budget decisions are made, Cabinet are informed of their emissions impacts, where relevant.

11. Our recommendations are based on management information from MPI, who, in the timeframes, indicated they have not been able to fully assure the accuracy of all financial figures for contracted funding.

Next Steps

12. To include further savings in the Budget 24 package, decisions will need to be taken by Ministers at Budget Ministers 5 on Wednesday 10 April.

Recommended Action

We recommend that you:

- a **Indicate** your decisions on individual initiatives in **Annex 1**.

James Haughton
Manager, Natural Resources

Hon Nicola Willis
Minister of Finance

_____/_____/_____

Annex 1: Decisions on CERF initiatives

Vote	Initiative (CERF ID)	Treasury comment	Minister of Finance Decision	BM5 package if Treasury recommendation accepted (\$m)		Variance from BM4 package (\$m) Less savings / (more savings)	
				Total operating	Total capital	Total operating	Total capital
Agriculture, Biosecurity, Fisheries and Food Safety Forestry	Establishing Native Forests at Scale to Develop Long-Term Carbon Sinks and Improve Biodiversity (IDs 14597 and 14061)	The agency has indicated that all remaining funding is contracted. The agency's current savings package identifies \$10.4 million operating savings (ID 15666) (this is in addition to \$15 million in operating and \$78.850 million capital savings provided through previous savings exercises). [33] NB: <u>Excludes</u> funding held in tagged contingency, outlined below.	Agree to explore further savings following Budget 24. <i>Agree/disagree</i>	(10.4)	-	-	-
Agriculture, Biosecurity, Fisheries and Food Safety Forestry	Maximising Carbon Storage: Increasing Natural Sequestration to Achieve New Zealand's Future Carbon Goals (ID 14062)	[33]					

Vote	Initiative (CERF ID)	Treasury comment	Minister of Finance Decision	BM5 package if Treasury recommendation accepted (\$m)		Variance from BM4 package (\$m) Less savings / (more savings)	
				Total operating	Total capital	Total operating	Total capital

[33]							
------	--	--	--	--	--	--	--

Vote	Initiative (CERF ID)	Treasury comment	Minister of Finance Decision	BM5 package if Treasury recommendation accepted (\$m)		Variance from BM4 package (\$m) Less savings / (more savings)	
				Total operating	Total capital	Total operating	Total capital
[33]							
Agriculture, Biosecurity, Fisheries and Food Safety	Agricultural Emissions Reduction – Developing the Agricultural Emissions Pricing System (ID 14927)	On 9 April you agreed to return \$165.4 million in tagged contingency for agricultural emissions pricing (ID 15687), retaining \$10 million in tagged contingency for funding near-term commitments to measure on-farm emissions. This will decrease savings in the BM5 package relative to BM4 by \$10 million.	Note the Budget package will be updated to reflect this decision.	(164.5)	-	10.0	-
Forestry	Establishing Native Forests at Scale to Develop Long-term Carbon Sinks and Improve Biodiversity – Tagged	On 9 April you have agreed to close this tagged contingency in full.	Note there is no change to the Budget package.	(39.951)	-	-	-

Vote	Initiative (CERF ID)	Treasury comment	Minister of Finance Decision	BM5 package if Treasury recommendation accepted (\$m)		Variance from BM4 package (\$m) Less savings / (more savings)	
				Total operating	Total capital	Total operating	Total capital
	Contingency (ID 14061)						
Agriculture, Biosecurity, Fisheries and Food Safety	Agriculture Emissions Reduction – Supporting Producers and Māori Entities Transition to a Low Emissions Future (ID 14059)	MPI has indicated that funding is committed to existing operational baselines in alignment with their proposed restructure. MPI has indicated an underspend of ~\$1.748 million in 2023/24, which will return to the centre at the end of the financial year.	Note the maximum available savings are included in the Budget package currently.	-	-	-	-
Forestry	Increasing Woody Biomass Supply to Replace Coal and other Carbon Intensive Fuels and Materials (ID 14057)	Associated Budget 24 savings of \$8 million are proposed as part of MPI's submitted savings package (ID 15653 – Woody Biomass Planting Programme – Return of Funding). [25]	Note the maximum available savings are included in the Budget package currently. [25]	(8)	-	-	-
Forestry	Emissions Trading Scheme – Market Governance (ID NA)	MPI has indicated that funding is committed to existing operational baselines.	Note the maximum available savings are included in the Budget package currently.	-	-	-	-