

The Treasury

Budget 2013 Information Release

Release Document

July 2013

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THE TREASURY

Kaitohutohu Kaupapa Rawa

Reference: T2013/704

SH-12-2-3

Date: 21 March 2013

To: Minister of Finance
(Hon Bill English)

Associate Minister of Finance
(Hon Steven Joyce)

Associate Minister of Finance
(Hon Dr Jonathan Coleman)

Deadline: To be discussed prior to Budget Ministers Meeting 2, 5.15pm
Tuesday 26 March, 2013.

Aide Memoire: Budget 2013 initiatives for Primary Industries

Background

Budget Ministers met during the week of 11 March to discuss two budget initiatives relating to the Ministry for Primary Industries (MPI). [6]

The first was a savings initiative within the Climate Change Research appropriation [6]. The second was a savings initiative within the Climate Change Research appropriation [6].

We understand that Budget Ministers indicated that they would [6] like further information on the Climate Change Research Grants savings.

[6]

[6]

Climate Change Research Funding

The Climate Change Research Grants are funded from the Climate Change Research appropriation (a non-departmental fund within Vote Primary Industries) and invests in research on adapting to climate change, reducing emissions and creating carbon sinks, and capitalising on business opportunities arising from climate change.

The Minister for Primary Industries has suggested scaling back funding for Climate Change Research Grants by \$10 million in total between 2013/14-2015/16 (see profile below).

	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Climate Change Research	(2.000)	(3.750)	(4.250)	-

The Treasury supports this saving proposal, as this funding was initially appropriated in 2007 to support the implementation of the Emissions Trading Scheme and climate change policy more generally. An argument can therefore be made for reviewing the amount of funding for this purpose, given such policies are now fully operational.

Scaling back the funding will result in some of the lower quality research proposals not receiving funding from this grants programme. Should Cabinet agree to the savings proposed by the Minister for Primary Industries, the following funding would remain in the Climate Change Research appropriation.

	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Climate Change Research	7.628	5.000	4.500	8.950

Export Double

MPI is looking to undertake a new programme of work, 'Export Double,' to support the Government's Business Growth Agenda goal of raising exports from 30% to 40% of Gross Domestic Product by 2025.

MPI is working with industry to identify what it can do to raise exports, and MPI is looking to reshape its activities to better support industry. The scale of the potential change is significant, and further work is now underway to develop the export double programme and identify up to \$50.0 million of offsetting savings to fund the programme.

The focus of work with industry is in the following five areas:

- a. Market access and new assurances
- b. Industry scale and structure
- c. Access to capital
- d. Skills
- e. Management of environmental outcomes and tensions

The direction of the export double programme as set out in the MPI four year plan is aligned with Government priorities. We believe export double warrants further work and Ministerial consideration. [6]

Options for Climate Change Research Funding and Export Double

There are three options for Budget Ministers:

- a) [6]

[6]

- b) Defer any changes to Climate Change Research Grants until MPI has determined how they will fund the Export Double programme [6]

Undertaking what may be significant new work and funding existing pressures within baselines will be challenging for MPI. [6]

- c) Return the savings from the Climate Change Research Grants to the centre where they would be used to fund pressures across Government.

If Budget Ministers wish to progress this option, they may wish to seek further advice on the implications of scaling back the fund further for both 2013/14-2015/16, and for outyears. There is strong momentum behind the export double work within MPI and a risk of returning the savings to the Crown is that it will limit the funding available for reprioritisation towards the programme.

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