

The Treasury

Budget 2011 Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Cabinet Economic Growth and Infrastructure Committee

Minute of Decision

EGI Min (11) 4/5

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Assistance Fund for Freshwater Clean-ups

Portfolio: Environment

On 16 March 2011, the Cabinet Economic Growth and Infrastructure Committee (EGI):

Background

- 1 **noted** that on 8 June 2009, Cabinet agreed to a new strategy to improve freshwater management, including a stakeholder-led collaborative process run by the Land and Water Forum, discussions with the Iwi Leaders Group, and the scoping of policy options led by officials [CAB Min (09) 20/12];
- 2 **noted** that the government's overarching freshwater policy package consists of four parts:
 - 2.1 the Fresh Start for Fresh Water Fund;
 - 2.2 the Community Irrigation Fund and Irrigation Capital Fund;
 - 2.3 the National Policy Statement for Freshwater Management;
 - 2.4 the longer term Fresh Start for Fresh Water policy package;
- 3 **noted** that the Minister for the Environment and the Minister of Agriculture intend to bring the National Policy Statement for Freshwater Management and the longer term water reform policy package to Cabinet in April 2011;

Freshwater management

- 4 **noted** that some of New Zealand's waterways suffer from a legacy of contamination from historical development and management, part of which will be the responsibility of the Crown;
- 5 **noted** that there are four key barriers to the clean-up of New Zealand's waterways:
 - 5.1 the difficulty in establishing cause and effect between historical decisions and activity, and current water quality problems;
 - 5.2 the lack of sufficient funding at a local or regional level;
 - 5.3 the lack of technical capability for solutions that are often novel and experimental;

5.4 the lack of awareness of the behaviours that lead to contamination and taking responsibility for past actions;

6 **noted** that there is expected to be an increase in requests for funding following the introduction of the water reform package, and from accelerated Treaty of Waitangi settlements;

7 **noted** that the Minister for the Environment proposes to set up a freshwater clean-up assistance fund to address legacy issues and to establish a consistent framework for assessing the merits of funding applications;

8 **noted** that the freshwater policy package (New Start for Fresh Water) will be renamed as "Fresh Start for Fresh Water";

9 **noted** that a Fresh Start for Fresh Water Fund will be an incentive for local authorities to ensure they meet the government's expectations around freshwater management;

10 **noted** that:

10.1 any agreed clean-up funds negotiated as part of, or in parallel with, Treaty of Waitangi settlements will be additional to the base funding sought in this package;

10.2 requests for funding arising from Treaty of Waitangi settlements will not be part of the competitive process;

Financial implications

11 **noted** that the cost of this proposal is \$10 million per annum operating in 2011/12 and outyears, and is not currently funded as part of Budget 2011;

12 **agreed in principle** to a Fresh Start for Fresh Water Fund, subject to suitable sources of funding being identified as part of the final Budget 2011 package;

13 13.1 **noted** that a pool [2] has been appropriated for the following initiatives:

13.1.1 Biodiesel Grants Scheme;

[2]

13.2 **invited** the Minister for the Environment, the Acting Minister for Economic Development, Minister of Agriculture and Minister of Forestry, and the Acting Minister of Energy and Resources to consider whether any funding from the above initiatives could be reprioritised for the purposes of the Fresh Start for Fresh Water Fund;

14 **noted** that a final decision on the proposal, including agreement to financial recommendations, will be made when the Minister of Finance presents the final Budget package to Cabinet in April 2011;

Next steps

- 15 **invited** the Minister for the Environment to discuss with the Minister for Treaty of Waitangi Negotiations ways of aligning the criteria used to assess requests for clean-up funding arising from, or negotiated in parallel with, Treaty of Waitangi negotiations with those that would apply to other requests;
- 16 **invited** the Minister for the Environment to report back to EGI by May 2011 to confirm the funding criteria and how the fund will operate.

Committee Secretary

Reference: EGI (11) 34

Present:

Hon Bill English (Chair)
Hon Simon Power
Hon Dr Nick Smith
Hon Anne Tolley
Hon David Carter
Hon Tim Groser
Hon Steven Joyce
Hon Phil Heatley
Hon Kate Wilkinson
Hon Hekia Parata
Hon Maurice Williamson
Hon Nathan Guy
Hon Rodney Hide
Hon Peter Dunne

Officials present from:

Office of the Prime Minister
Officials Committee for EGI