

The Treasury

Budget 2014 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.



THE TREASURY

Kaitohutohu Kaupapa Rawa

Reference: T2014/209

TY-2

Date: 14 February 2014

To: Minister of Finance
(Hon Bill English)

Associate Minister of Finance
(Hon Steven Joyce)

Deadline: None

Aide Memoire: Budget initiatives in the Natural Resources workstream of the Business Growth Agenda

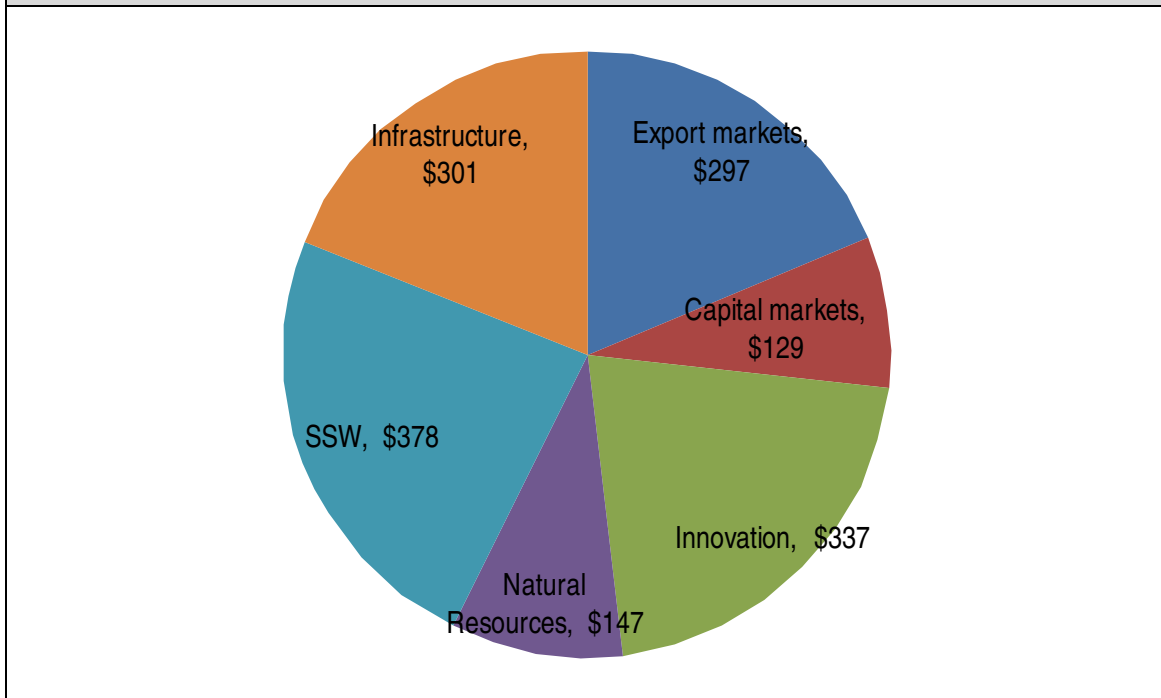
Purpose

1. This note sets out Budget 2014 operating initiatives that fit within the Natural Resources Business Growth Agenda (BGA) workstream and an initial assessment of their value by the Treasury. This information is intended to support a discussion amongst Natural Resources Ministers on priorities for Budget 2014. The aim is for Ministers to discuss whether there are some clear priorities for new funding, if there are initiatives that can be progressed within current departmental baselines, or that do not align with priorities in the workstream.
2. The results of the discussion will be used to inform prioritisation decisions taken by Budget Ministers and Cabinet.

Context and overview

3. The Treasury has allocated Budget 2014 initiatives to the most closely related BGA workstream. This allocation excludes initiatives that will be considered in the Social Sector Ministers process, most notably votes Education and Social Development which have strong BGA links. The chart below summarises the funding sought across each workstream totalling \$1.6 billion over 4 years.

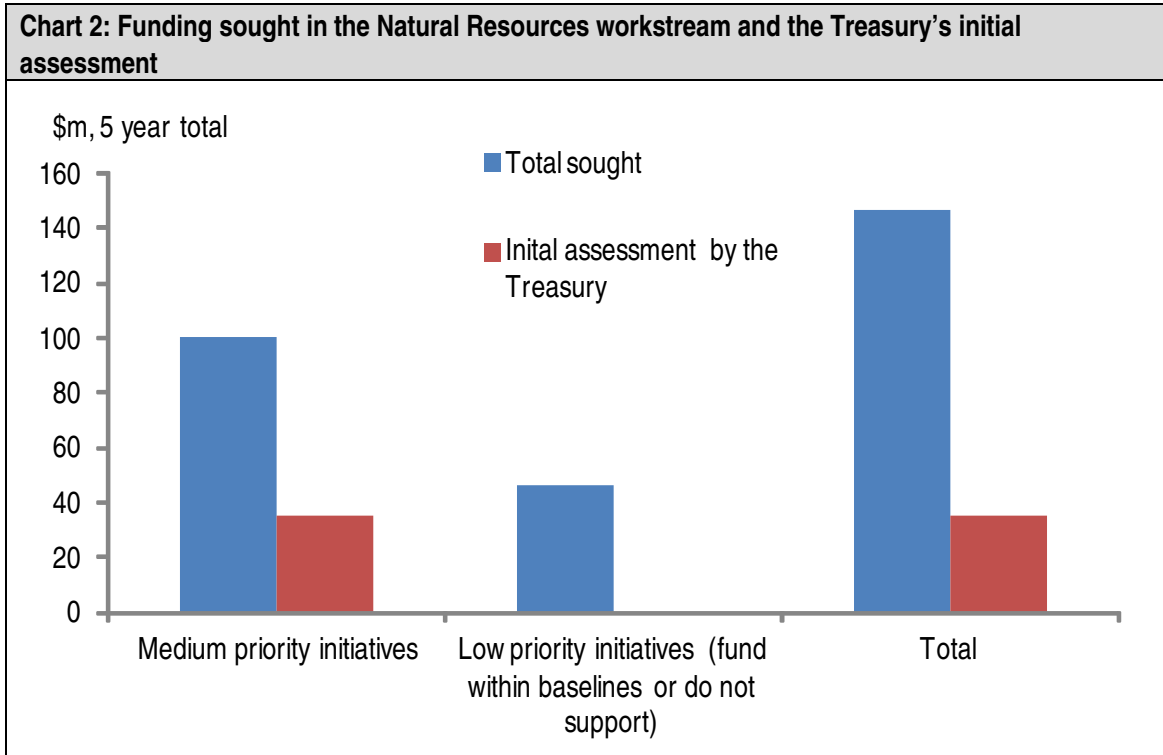
Chart 1: Funding sought across BGA workstreams (\$m)



Initial assessments of the Natural Resources initiatives

4. The following tables provides information on each budget initiative in the Natural Resources workstream, and uses the Treasury's initial assessment of the initiatives to put them into the following categories:
 - a. **High priority for new funding** – non-discretionary initiatives that require funding to meet legislative or Cabinet commitments.
 - b. **Medium priority for new funding** – discretionary initiatives that represent good value for money and/or may contribute to the stated goals in BGA workstreams.
 - c. **Low priority for new funding** – initiatives that can be funded from within baselines and those that either represent low value or require further analysis.
5. The chart below summarises the Treasury's categorisation and assessment. In total initiatives in this workstream seek \$147 million in operating funding. The Treasury's initial assessment is to support \$35 million in new funding over four years.
6. The largest bid in this workstream is^[7] to implement the freshwater management reforms. Treasury considers additional funding to be important in implementing the reforms successfully. However, the full amount requested represents a work programme that is not yet fully defined. As such, we

recommend this bid be supported at a scaled amount, as reflected in the chart below.



7. In a number of cases agencies are providing further information and detail on the initiatives which may change the judgements made on their categorisation. The Treasury will provide updated advice throughout the Budget process.
8. At this stage Treasury has not attempted to undertake detailed prioritisation of the initiatives within or across BGA workstreams. The judgements are made on the Treasury's assessment of the merits of the initiative alone. Further advice will be provided on a prioritised package of initiatives across the BGA.
9. We suggest that Ministers discuss the following issues:
 - a. Are there low priority initiatives that can be taken off the table at this point (eg, funded through other means)?
 - b. Are Ministers comfortable with the overall categorisation of the initiatives?
 - c. Which initiatives do Ministers consider are highest priority to contribute to achieving stated BGA objectives?

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Simon McLoughlin, Team Leader, Fiscal and State Sector Management, 917 6011

Natural Resources initiatives

No high priority initiatives for new funding have been identified.

Medium priority initiatives for new funding

Vote	Title	Description	Departmental sought(black)/ Treasury recommended (red)					Treasury assessment
			13/14 (\$m)	14/15 (\$m)	15/16 (\$m)	16/17 (\$m)	17/18 (\$m)	
Environment	Implementing the freshwater management reforms	The reforms of the freshwater management system are an integrated set of institutional changes and tools designed to better enable communities to plan for, and make decisions in relation to, land and water use.	0	5.000	3.000	2.000	2.000	☑ Support but with scaled funding. We consider the \$5m recommended for 14/15 to cover activities that represent good value, with the additional \$7m providing a level of certainty to plan science/economic research across years. [7]
Environment	Implementing the resource management reforms	Phase two reforms of the RMA will focus on simplifying the RMA to provide certainty and predictability for communities and applicants while reducing cost and time delays. They will also make improvements to Maori participation in the RMA process, and planning for natural hazards.	0	3.000	0	0	0	☑ Support with scaled funding, contingent on Resource Management Amendment Bill 2014 being introduced and passed this year. [7]

Energy	Resources Data Acquisition and Management	Funding required for acquisition of seismic information relating to New Zealand's minerals, offshore petroleum basins and potentially geothermal, plus for further analysis of existing data. [7]	[7]	Discretionary and scalable but likely to provide value for money by incentivising private sector investment. If Ministers wish to progress without new funding, further work to look at options for funding within MBIE baselines can be completed.
Total				

Low priority initiatives for new funding

Vote	Title	Description	Departmental sought					Treasury assessment
			13/14 (\$m)	14/15 (\$m)	15/16 (\$m)	16/17 (\$m)	17/18 (\$m)	
Environment	Land Use Carbon Analysis System	The Land Use Carbon Analysis System is an important part of the New Zealand's climate change policy package and helps inform international climate change negotiations and commitments. Additional investment is required to enable the programme to respond to changes in reporting requirements.						<input checked="" type="checkbox"/> If considered a priority by MfE, this will be able to be met within baselines from either Vote Environment or other relevant votes (e.g. Conservation or Primary Industries).
								<input checked="" type="checkbox"/>

									[7]
Primary Industries	Kauri Dieback Programme	Continuation of MPI's contribution towards the Kauri Dieback Programme. Funding for this programme was approved over 5 years through to 2013/14 [EGI Min (09) 22/7]. Note the Department of Conservation may also lodge a budget bid.	0	1.229	1.229	1.229	1.229	Fund within baselines.	[7]
									[7]

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Total									7	
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