

The Treasury

Budget 2022 Information Release

August 2022

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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
- [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
- [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] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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Note: Ministers received the same invitation letter. Therefore, we are only releasing this letter as an example.

Hon Damien O'Connor
Minister of Agriculture
Minister for Land Information
Parliament Buildings
Wellington

Dear Damien

Thank you for your recent engagement on Budget 2022. This letter is being sent to all Ministers who sought invitations to submit initiatives to the Climate Emergency Response Fund (CERF). It therefore covers initiatives across many Ministerial portfolios.

As you will be aware, we have set a very high bar for the initiatives that will be invited for submission. A total of 75 initiatives were submitted to the CERF through the Budget 2022 invitation process. Indicative funding sought totals \$10.3 billion operating and \$1.6 billion capital across the forecast period. Although the CERF will be a transformative, multi-year approach to climate investment, spending at this rate will not be sustainable over the course of our low-emissions transition. I will therefore have a strong focus on the highest priority initiatives with the strongest value for money.

My invitation decisions are listed in the Appendices to this letter:

- Appendix 1 lists initiatives being **invited for CERF consideration**.
- Appendix 2 lists initiatives that are being invited but will be outside of the CERF. Instead, they should be **submitted to the main Budget process**.
- Appendix 3 lists initiatives that are **not being invited**.

Invited initiatives should be submitted by 10 December 2021 for consideration through Budget 2022, for both the CERF and the main Budget process. However, I want to emphasise that I expect the number of initiatives submitted in December across all portfolios to be less than the number invited.

This will require those Ministers with invited CERF initiatives to collectively prioritise these initiatives. I also ask that you consider the multi-year nature of the CERF, and the potential for sequencing the submission of these proposals across the next few Budgets. When initiatives are submitted in December, I expect these to be accompanied by a clear articulation of their relative importance. This may include a ranking of submitted initiatives within your portfolio and the CERF overall, identifying those that are less discretionary and higher priority.

I also expect you to focus on the implementation readiness of initiatives and delivery risk. I will only be supporting initiatives that are implementation ready, unless there is clearly articulated reasoning for why an exception to this rule should be considered.

Please note that while the creation of the CERF demonstrates a step-change in our approach to climate change investment, this does not guarantee that what you submit in December 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 CERF package considered by Cabinet. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as realistic scaling and reprioritisation options.

The proposals in Appendix 3 that I have not invited may be addressed through future CERF Budget rounds or other levers such as reprioritisation. I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency.

Please note that Ministers who only sought invitations to submit initiatives to the CERF will not receive individual invite letters besides this one.

Thank you for your ongoing work.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Appendix 1: Initiatives invited for CERF consideration

Portfolio	ID#	Initiative	Conditions/Notes
Agriculture	14056	Implementing a farm-level agricultural emissions pricing system	
Agriculture	14058	Accelerating technologies to reduce on farm greenhouse gas emissions	Elements of Initiative 14059 overlap with this proposal. It would be preferable to refine the scope of Initiative 14058 to ensure outputs of investment are clearly differentiated between bids.
Agriculture	14059	Increasing farm support services to reduce agricultural emissions	

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Climate Change	14030	Maori Climate Action – Strategy, governance, and alignment	This initiative is important but will require further development.
Climate Change	14031	Maori Climate Action – Community Enablers	This initiative is important but will require further development.
Climate Change	14032	Maori Climate Action – knowledge development and data infrastructure enablers	This initiative is important but will require further development.
Climate Change	14035	Emissions Reduction Plan Performance Monitoring	This initiative requires future work on where responsibility for Emissions Reduction Plan monitoring would sit.

The initiative should analyse where funding could be provided through baselines.

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Climate Change	14051	Policy capability to deliver on international targets, aligned with domestic emissions budgets
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Climate Change	14055	Establish the Voluntary Carbon Market
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Economic and Regional Development	13952	Circular economy strategy	This initiative should place a particular emphasis on sequencing.
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Economic and Regional Development	14064	Equitable Transitions Programme	Note that this initiative was not originally submitted to the CERF.
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Energy and Resources	13808	Developing an energy strategy for Aotearoa's transition to a net zero carbon economy
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Energy and Resources	13812	Reforming the electricity market to enable 100 percent renewable electricity	<p>This initiative will need to provide greater detail in the next stage of the process as to what the funding will specifically be used for.</p> <p>This initiative will need to be closely aligned with the development of the energy strategy (Initiative 13808).</p>
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Energy and Resources	13814	Funding further decarbonisation of process heat and implementation of supporting policies
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Energy and Resources	13823	Supporting renewable and affordable energy in New Zealand communities
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Forestry	14057	Increasing woody biomass supply to replace coal and other carbon intensive fuels and materials	Greater clarity is needed around what the capital component of this initiative purchases.
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Forestry	14061	Establishing native forests at scale to develop long-term
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		carbon sinks and improve biodiversity
Forestry	14062	Maximising and incentivising the contribution from existing forests and wood products to New Zealand's carbon accounts

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Transport	13825	Mode shift: Development of mode shift plans to enable an accelerated pipeline of mode-shift investment nationwide	Submit a single, condensed bid in place of Vote Transport Mode Shift initiatives 13825, 13827 and 13828. This should focus on addressing any barriers to local government carrying out this work themselves, rather than funding it centrally.
Transport	13827	Mode shift: Investment fund to scale-up urban active and public transport networks	Submit a single, condensed bid in place of Vote Transport Mode Shift initiatives 13825, 13827 and 13828. This should focus on addressing any barriers to local government carrying out this work themselves, rather than funding it centrally.
Transport	13828	Mode shift: Building a sustainable skilled workforce to support upscaling of bus networks	Submit a single, condensed bid in place of Vote Transport Mode Shift initiatives 13825, 13827 and 13828. This should focus on addressing any barriers to local government carrying out this work themselves, rather than funding it centrally.

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Transport	13837	Just transition: Reducing public transport fares, focussing on low-income households nationally	
Transport	13838	Just transition: Enabling clean car and e-bike social leasing schemes in communities	This initiative must address alignment with other similar schemes.
Transport	13839	Just transition: A vehicle scrappage scheme to support low-income New Zealanders shift to low-emissions transport	Submit a single, condensed bid in place of Vote Transport Just Transition initiatives 13839, 13843 and 13844. This should consider what measures most effectively complement the clean car scheme and support the goal of a clean vehicle fleet.
Transport	13840	Cleaning our vehicle fleet: Accelerating the decarbonisation of the public transport bus fleet	This initiative must include assessment of what specific barriers need to be overcome to enable local entities to carry out the majority of work themselves.
Transport	13841	Cleaning our vehicle fleet: Contestable funding to accelerate the decarbonisation of the freight sector	This initiative must consider alternative funding sources (e.g. the Low Emissions Transport Fund via EECA).

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Appendix 2: Initiatives invited for submission outside of the CERF

Portfolio	ID#	Initiative	Conditions/Notes
Commerce and Consumer Affairs	13877	Supporting the Financial Markets Authority's expanding legislative mandate - climate change response component	<p>Invited as a cost pressure initiative, rather than a CERF initiative.</p> <p>The level of funding sought should be informed by the public consultation on the FMA's funding, progress of relevant legislation, and include scaling and phasing options to take into account when legislation comes into effect.</p> <p>This initiative should provide detail of a scaled-down approach to implementation to account for possible constraints on finding specialist staff.</p>
Energy and Resources	13820	Extending the Warmer Kiwi Homes programme	Invited as a cost pressure initiative, rather than a CERF initiative.
Transport	13833	Mode shift: Completing the renewal of KiwiRail's locomotive and wagon fleet as part of the New Zealand Rail Plan	Invited as manifesto initiative, rather than a CERF initiative.
Transport	13959	Mode shift: Investigating port sector opportunities to support decarbonisation, resilience and regional development	Invited as manifesto initiative, rather than a CERF initiative.

Appendix 3: Initiatives not being invited

Portfolio	ID#	Initiative	Notes
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