

# The Treasury

## Budget 2022 Information Release

August 2022

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- [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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## Treasury Report: Budget 2022 - Update on the Climate Emergency Response Fund Package

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<b>Date:</b>	7 March 2022	<b>Report No:</b>	T2022/429
		<b>File Number:</b>	SH-10-8

### Action sought

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	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	<p><b>Discuss</b> the contents of this report at Budget Ministers 4.</p> <p><b>Agree</b> to recommendations on the CERF top-up process and the treatment of ongoing expenditure.</p>	None

### Contact for telephone discussion (if required)

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Name	Position	Telephone	1st Contact	
Callum Lo	Analyst, Climate Change	[39]	[35]	✓
Nicky Lynch	Manager, Climate Change			

### Minister's Office actions (if required)

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**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** Yes (attached)

# Treasury Report: Budget 2022 - Update on the Climate Emergency Response Fund Package

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## Executive Summary

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You are meeting with Budget Ministers on Wednesday 9 March; the Budget 2022 CERF package will be discussed at this meeting. This report updates you on the current status of the CERF package, and provides advice on:

### **The impact of scaling proposed by Climate Chief Executives on quantified abatement**

We expect scaled and deferred bids under the Climate Chief Executives' (Climate CEs) 'high priority' package to increase the estimated "gap" to meet our first emissions budget from **0.3Mt to 0.726Mt**.

The suggested changes to the 'high priority' package discussed at Budget Ministers 3 are estimated to result in a "gap" of 0.675Mt for a revised package. This slightly closes the gap as estimated under the 'high priority' package by 0.051Mt.

### **Treasury's recommended CERF package adjustments following Budget Ministers 3**

We have provided further options in relation to the initiatives following feedback from Budget Ministers 3. The report provides some further explanation of these options.

### **Implications for the CERF and top ups**

The Climate CEs' 'high priority' package would leave \$133 million remaining in the CERF after Budget 2022. The smaller package, signalled in the Budget Ministers slides, would instead leave \$1.3 billion remaining in the CERF after Budget 2022. You have choices in relation to whether you top up the CERF and how this process happens on an ongoing basis. You have noted you wish to come back to this after Budget Ministers 4. In relation to how top ups occur, we suggest that this is via an explicit decision each EFU.

### *Ongoing expenditure in the CERF*

You also have choices over how to manage outyear funding within the time-limited CERF. Our first preference would be to extend the time horizon of costs that are charged against the CERF (for ongoing initiatives, the total impact over a 10- or 15-year period would be charged against the CERF). This approach is feasible for our smaller proposed package, but not feasible based on the amounts in the Climate CE 'high priority' package.

## Recommended Action

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We recommend that you:

### Size of the CERF

- a **agree** to continue to review the size of the CERF at each future Economic and Fiscal Update;

Agree  Disagree

### Ongoing expenditure in the CERF

- b **note** that the CERF is a multi-year fund, but that the funding it can provide is currently time-limited from 2022/23 to 2025/25;

- c **note** that the Climate CEs' 'high priority' package implies up to \$439 million of ongoing operating expenditure per annum; and

- d **indicate** how you would like to manage outyear funding in the CERF:

- i. Make all CERF funding in Budget 2022 time-limited, and require agencies to seek any outyears funding through future Budget rounds (**not recommended**);

Yes  no

- ii. Manage four years of costs through the CERF, but do not manage outyears, allowing them to impact fiscal indicators directly (**not recommended**);

Yes  no

- iii. Extend the time horizon of costs that are charged against the CERF (**recommended**);

Yes  no

- e if you selected option (d)(iii), **indicate** your preference for the time horizon of costs to be charged against the CERF (please circle); and

10 years (**not recommended**)

15 years (**recommended**)

- f **note** that we can provide you further options to scale outyear funding in the CERF after the discussion at Budget Ministers 4 on 9 March.

Nicky Lynch  
Manager, Climate Change

  
Hon Grant Robertson  
Minister of Finance

# Treasury Report: Budget 2022 - Update on the Climate Emergency Response Fund Package

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## Purpose of Report

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1. This report updates you on the current status of the Budget 2022 CERF package, and provides advice on:
  - The impact of the scaling proposed by the Climate Chief Executives on the quantified emissions reductions from the package.
  - Key changes to initiatives within the proposed CERF package raised at Budget Ministers 3.
  - The size of the CERF, its operating to capital split, ongoing funding and the process for future 'top-ups'.

## Emissions quantification of the Climate Chief Executives package

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2. At Budget Ministers 3, the Prime Minister asked for further analysis on what the Climate CEs' 'high priority' package would imply for the quantification of emissions reductions expected under the ERP in the **first** emissions budget (EB1). We have worked with the Ministry for the Environment to provide what we can say on this question.
3. Based on the information available now, we expect the scaling and deferring of funding recommended under the Climate CEs 'high priority' package to increase the estimated "gap" to meet our first emissions budget from **0.3Mt to 0.726Mt**, an increase of 0.426Mt.
4. The impact of the suggested changes to the Climate CE 'high priority' package discussed at Budget Ministers 3 would slightly close this "gap". The suggested changes are estimated to result in a "gap" of 0.675Mt, a decrease of 0.051Mt from the Climate CE 'high priority' package as submitted.
5. Appendix 1 provides more detailed information on the expected abatement of initiatives seeking funding from the CERF this year, and how achievement of this abatement is likely to be affected if the Climate CEs' 'high priority' package went forward. We have also noted the potential effect of the changes to this package discussed at BMs 3.
6. Importantly, the abatement potential for all Transport initiatives has not been included to-date in the 'adding up' exercise to estimate the gap to meeting our first emissions budget. For this reason, funding any Transport initiative with abatement potential in our first emissions budget (in full or in part) will have an impact of *closing* the gap.
7. The abatement potential of the other scaled or deferred initiatives was previously included in the 'adding up' exercise and therefore scaling or deferring has the impact of *widening* the gap.
8. The biggest driver of the widening of the gap, through both the Climate CE 'high priority' package as well as the package with the suggested changes, [33]  
Together, these initiatives, if fully funded, were assumed to contribute 0.567Mt to the 'adding up' exercise. Not funding these initiatives therefore widens the gap by 0.567Mt.

9. This exercise has some significant limitations, which you should be aware of in interpreting the information. In particular:
- Overall, the estimates of abatement remain highly uncertain and should be treated more as roughly indicative rather than precise or predictive.
  - We have relied on information previously provided to the Ministry for the Environment or the Treasury and in some cases have had to make judgements about the likely impact of scaling. Where these judgements were most material or uncertain, we have tested them with the relevant agency, but agencies have not had sufficient time to re-run their modelling.
  - The estimate of the “gap” to meeting our first emissions budget is focused solely on EB1. For many initiatives (in particular, Transport initiatives such as the Mode Shift initiative), the most substantial abatement is anticipated to be achieved in future budget periods (EB2 or EB3). Officials have not modelled the impacts of scaling or deferring the funding of these initiatives on their abatement potential at this point.
  - When considering the abatement potential of initiatives, it is important to keep delivery risk in mind. More specifically, where scaling has been recommended to reflect delivery risk, whether or not the fully funded initiative would have been able to achieve its estimated abatement potential is highly uncertain and not guaranteed.
10. Most importantly, we encourage Ministers to make decisions that focus on the need to create the strong foundations for emissions reductions and removals over the medium and longer term, in addition to the short-term first emissions budget. Ultimately, it is important to balance the consideration of estimated immediate abatement potential and the broader role certain initiatives may play in laying the foundations for future emissions reductions and removals.

## CERF package changes under consideration

11. At the last meeting of Budget Ministers, we used the Climate CEs’ advice on a “high priority” CERF package as a starting point for further package development. Based on the conversation at that meeting, we have identified the following options for adjustment to the package.

### *Transport*

12. The Prime Minister expressed an interest in the Vehicle Scrappage Scheme in the initiative Assisting low-income New Zealanders to shift to cleaner vehicles. In the Climate CE advice, it was unclear whether this was included in the “high priority” package. We have determined that the trial was included in the package, and we recommend that this is not changed. We see significant risks in the delivery of the full scheme, and whether the settings proposed would create a genuine pathway to mode shift for low income households above and beyond what existing supports facilitate.
13. You expressed interest in including the initiative *‘Accelerating the decarbonisation of the public transport bus fleet’*. We have recommended including \$40.65 million, which provides funding for the initiative through to 2025. We understand that mandates are under consideration which would stimulate the same shift from 2025 onward.

14. [33]

### *Agriculture*

15. [33]

16. The initiative ‘*Supporting producers and Māori entities transition to a low emissions future*’ is currently funded in the package at \$63.7 million. We heard some concern about the amount of funding for advisory services across both the CERF and the Natural Resources cluster. We have included a scaling option in the slides that would reduce the initiative by 45%, removing components for behaviour change and learning modules for advisors.

### *Waste*

17. You expressed interest in options to fund a greater portion of the initiative *Reducing emissions from waste* through the Waste Levy, as opposed to the CERF. We have included the “Treasury recommended” option for this initiative, which assumed the ability to draw on rising Waste Levy revenue, which is expected to increase from \$65 million in 2021/22 to \$270 million per annum by the end of the forecast period due to the increased rate and expanded scope that was agreed by Cabinet in 2020.
18. The above revenue is split evenly between Territorial Local Authorities and central government (although there is a proposal to increase the central government share, per ENV-21-MIN-0050). Over the forecast period, we understand that \$100-150 million of this revenue is earmarked for emissions reduction. We believe that with some trade-offs, more could be spent on emissions reduction; particularly if central government takes a larger proportion of the revenue in future. Taking this approach would allow you to fund this initiative with \$104.5 million from the CERF, with the remainder to be met from the Waste Levy.

### *Energy and Resources*

19. We recommend that you confirm with Budget Ministers an intention to pre-announce the investment in the Government Investment in Decarbonising Industry (GIDI) fund. We understand that this pre-announcement could contribute up to 0.2Mt of additional abatement, if that announcement is made two to three months before Budget Day. To announce two months before Budget Day, a pre-commitment and announcement will need to be made within the next two weeks.
20. Signalling Budget Ministers’ support for this approach would allow officials to fast-track this process. Following confirmation of your support, Cabinet will need to agree to a pre-commitment, if the two month window is to be achieved; we will work with MBIE as the lead agency, and can suggest that this is effected through the Energy & Industry Cabinet paper for the ERP.

## Implications for the size of the CERF and the process for updating the balance

### Size of the CERF

21. You established the Climate Emergency Response Fund (CERF) through the Budget Strategy Cabinet Paper, and later set it up with a total of \$4.5 billion funding available [CAB-21-MIN-0514 refers]. Since its establishment, a pre-commitment of \$840 million has been made against the CERF. You are also considering a draft package of \$3.5 billion (Climate CE 'high priority' package) for Budget 2022. Supporting this package would leave \$133 million remaining in the CERF after Budget 2022.
22. In the fiscal strategy roadcheck advice [T2022/244 refers] we have recommended that you fund a smaller package than the Climate CE recommended due to delivery risk, potential for increased inflationary pressures and in order to preserve funding in the CERF for likely future funding requirements. In this report and in the draft Budget Ministers 4 slides, we have provided you with options for a new package of \$2.4 billion. This would instead leave \$1.3 billion remaining in the CERF after Budget 2022.
23. In the roadcheck we also recommended that you could increase the CERF based on updated ETS cash proceed forecasts. In the recent March Baseline Update, ETS cash proceeds were reforecast for the period from 2022/23 to 2025/26 and have increased by just over \$750 million:

Table 1: Forecast ETS cash proceeds at March Baseline Update

Cash proceeds (\$m)	2022/23	2023/24	2024/25	2025/26	Total
HYEFU 2021	1,222.275	1,180.350	1,112.625	1,015.875	<b>4,531.13</b>
MBU 2022	1,425.988	1,377.075	1,298.063	1,185.188	<b>5,286.31</b>
<b>Difference</b>	<b>203.71</b>	<b>196.73</b>	<b>185.44</b>	<b>169.31</b>	<b>755.19</b>

24. We heard from you at Budget Matters on 7 March that you were not yet ready to confirm the CERF top up. Ahead of any top up, proceeds will be revised in the fiscal forecasts ahead of BEFU. We assume that because the New Zealand Unit price has increased again by \$5 in February that BEFU cash proceeds could be higher than this initial \$750 million.
25. We note that any increase to the CERF will have a proportional impact on the Operating Balance Excluding Gains and Losses (OBEGAL). For this reason, our advice is to avoid increasing the CERF beyond cash proceed forecasts at this stage. We consider there are two further reasons for taking this approach:
  - There is some fiscal headroom available for additional capital spending, but the CERF package is at present overwhelmingly operating expenditure. Providing significant additional operating funding through the CERF at this stage would impact OBEGAL even further.
  - [33]

26. On this basis, we also recommend that you avoid an approach of automatically adjusting the CERF based on changes to ETS cash proceeds (either up or down) at each EFU. Instead, we suggest that you review any additional proceeds, and make an explicit decision in the context of your climate objectives, the overall level of the CERF, and impacts on fiscal indicators [33]

#### *Operating and capital expenditure in the CERF*

27. At the Half-Year Economic and Fiscal Update, the Treasury forecasted a 50:50 split of operating and capital spending through the CERF.
28. Although the Climate CEs did not provide an operating to capital split in their 'high priority' package, Treasury has estimated that of the \$3.5 billion of funding recommended by Climate CEs, 95% (or \$3.3 billion) is likely to be operating.
29. For this reason, the Treasury is likely to reforecast the notional split of CERF funding. At this stage, we intend to include an assumption of a 90:10 operating to capital split in our preliminary fiscal forecasts.
30. We will not be able to accurately establish the actual operating to capital split of the draft CERF package until we have been able to confirm funding recommendations with lead agencies. When you are at the stage of being comfortable with socialising a draft package we will be able to test Vote team assumptions on Climate CE recommendations with agencies.

#### *Ongoing expenditure in the CERF*

31. The CERF has been established as a multi-year fund. However, the initial 'down payment' of ETS proceeds which constitutes its funding source is time limited, running from 2022/23 to 2025/26. This means that while the CERF might continue beyond 2025/26, and future funding put into the CERF could span a longer funding profile, at this point any funding allocated outside the 2022/23 to 2025/26 forecast period is not able to be charged against the CERF.
32. The implication of this is that any outyear operating funding allocated from the CERF in Budget 2022 could contribute to a structural deficit, unless it is explicitly charged against another funding source. This will be particularly true if the funding is baselined.
33. Despite the time-limited nature of the CERF, several agencies sought ongoing funding from it in Budget 2022. Treasury estimates that in the Climate CE 'high priority' package there could be **up to \$439 million of ongoing outyear operating funding per annum** in the recommended package.
34. You have some discretion on how to manage this outyear funding. In our view, there are three options:
  - Make the CERF funding approved at Budget 2022 time-limited, and direct agencies to seek increases beyond the forecast period through future Budget rounds.
  - Allow these costs to impact the fiscal indicators directly. This was the approach for the COVID-19 Response and Recovery Fund but is not recommended for the CERF because of the size of the outyear commitment and potential precedent risk for a longer-term fund.
  - Extend the time horizon of costs that are charged against the CERF (i.e., for ongoing initiatives you could take the total impact over a 10- or 15-year period and charge this against the CERF).

35. We recommend option (c) as the most transparent means of reflecting costs of CERF spending in the fiscal forecasts and projections. You have options about how long to extend the horizon to; 10 years is consistent with the multi-year capital allowance, while 15 years would cover both the forecast and projection periods for the Budget 2022 fiscal strategy. On balance, we prefer the longer horizon of 15 years to provide greater transparency.
36. However, this approach is not feasible based on the Climate CE 'high priority' package, as charging four years of the recommended funding would leave only \$133 million of funding available in the CERF. This would be insufficient to manage the remaining \$439 million per annum for an additional 6 or 11 years.
37. If you instead opt to fund the smaller package proposed for discussion at Budget Ministers 4, you could use the remaining \$1.3 billion, along with the top up of \$750 million to manage ongoing costs. This approach would leave \$2 billion available to manage these costs.
38. However, the scaling being considered at BM4 largely affects initiatives which are already time limited; it generally does not propose to scale outyear costs. This means that the proposed changes still include \$439 million of ongoing funding per annum. This would exhaust the \$2 billion that would be available in the CERF in five years. We therefore recommend that you both agree to the changes proposed for Budget Ministers 4 and consider further changes to scale outyear funding.
39. In future, we can provide additional guidance to Ministers and agencies about the time-limited, split capital and operating nature of the CERF, in order to incentivise fewer issues with ongoing operating funding arise in the future. We will also work on how to ensure operating expenditure (including from the CERF) stays fiscally sustainable over time, and doesn't cause structural issues. In the meantime, we recommend limiting decisions that create structural risk where possible.

#### *Monitoring and reporting on the CERF*

40. The Treasury is currently in the process of developing an approach to monitoring and reporting on CERF initiatives that would incorporate tracking both financial and performance information for funded initiatives.
41. This will involve reporting at the sub-appropriation level. This was something that proved challenging when reporting on the COVID-19 Response and Recovery Fund, and we intend to use the CERF to pilot a more systematic approach that ideally could be used across all initiatives in future Budgets.
42. We will report to you in future about the approach to monitoring and reporting, ahead of the finalisation of the CERF package for Budget 2022.

#### **Next Steps**

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43. Discuss the contents of the Budget 2022 CERF package at the fourth Budget Ministers Meeting on Wednesday 9 March.

Annex 2: Impact of original Climate Change Chief Executives' "High Priority" package proposed scaling on emissions quantification

Initiative ID	Title	CE package status	Original abatement estimate of funding sought (EB1) Kt	Estimate of abatement under the CE 'high priority' package (EB1) Kt	Impact of CE 'high priority' package on the estimated "gap" to meet EB1 (Kt)	Comment on the impact of scaling or deferring funding on EB1	General comment
13814	Funding further decarbonisation of industry and heat and implementing supporting policies	High Priority - Full	1604	1604	0	Fully funded in the 'High Priority' package. All estimated abatement is assumed to be achieved.	
14058	Agriculture emissions reduction - Accelerating development of greenhouse gas mitigations	High Priority - Full	420	420	0	Fully funded in the 'High Priority' package. All estimated abatement is assumed to be achieved.	
14062	Maximising carbon storage: increasing natural sequestration to achieve New Zealand's future carbon goals	High Priority - Scaled	387	387	0	Quantified emissions component seems to be fully funded and so all estimated abatement is assumed to be achieved.	
[33]							
13827	Delivering mode-shift and reducing VKT in New Zealand's main urban areas	High Priority - Scaled	130	60	60	Emissions impact has been scaled proportional to how funding has been scaled in the 'High Priority' package. Scaling has a negative impact on the total abatement potential of the Climate CE 'high priority' package. However, because Transport initiatives have not been included in the 'adding up' exercise to calculate the estimated "gap" to meet EB1, any abatement achieved from funding Transport initiatives through B22 will help close the "gap".	The estimated abatement impact of this bid is significantly greater in EB2 and EB3. Scaling the bid would therefore have implications for abatement quantification beyond EB1. However, there is significant delivery risk associated with the majority of funding being sought by this initiative. This creates significant uncertainty that the estimated abatement in any budget period would be able to be achieved as modelled, regardless of how much funding was allocated to the initiative. Despite this delivery risk, MoT expects this bid to target investments that can be delivered quickly and are not 'infrastructure' heavy. They also expect to mitigate delivery risk through incentives placed on access to funding (e.g., 'use it or lose it' clauses for councils).
14059	Agriculture emissions reduction - Supporting producers and Māori entities transition to a low emissions future	High Priority - Full	120	120	0	Fully funded in the 'High Priority' package. All estimated abatement is assumed to be achieved.	
13840	Accelerating the decarbonisation of the public transport bus fleet	Expansion	90	0	0	Not in the 'High Priority' package- abatement associated with these initiatives is assumed to not be achieved.	
13839	Assisting low-income New Zealanders to shift to cleaner vehicles	High Priority - Scaled	22	8	8	Emissions impact has been scaled proportional to how funding has been scaled in the 'High Priority' package. MoT notes that the impact may be greater. However, because Transport initiatives have not been included in the 'adding up' exercise to calculate the estimated "gap" to meet EB1, any abatement achieved from funding Transport initiatives through B22 will help close the "gap".	

[33]

14248	Reducing emissions from waste	High Priority - Scaled	17	17	0	The impact of the proposed scaling in the 'High Priority' package is uncertain. However, it is assumed that the proposed scaling will not impact the achievement of the estimated abatement in EB1.
13837	Making public transport more affordable for low-income New Zealanders	Expansion	14	0	0	Not in the 'High Priority' package- abatement associated with these initiatives is assumed to not be achieved. Because Transport initiatives were never included in the calculation to estimate the "gap" to meeting EB1, not funding this initiative has no abatement impact on the "gap".
14057	Increasing woody biomass supply to replace coal and other carbon intensive fuels and materials	High Priority - Scaled	12	12	0	Quantified emissions component seems to be fully funded and so all estimated abatement is assumed to be achieved.
13828	Building a sustainable skilled workforce to support upscaling of bus networks	Not high priority	3	0	0	Not in the 'High Priority' package- abatement associated with these initiatives is assumed to not be achieved. Because Transport initiatives were never included in the calculation to estimate the "gap" to meeting EB1, not funding this initiative has no abatement impact on the "gap".
[33]						
<b>Total (Kt)</b>			<b>3405</b>	<b>2628</b>	<b>-516</b>	The impact of the scaling and deferring of funding as recommended by the Climate CE's 'high priority' package is anticipated to increase the estimated "gap" to meet our first emissions budget from 0.3Mt to 0.816Mt
<b>Total (Mt)</b>			3.405	2.628	-0.516	

Impact of changes agreed at Budget Ministers 4						
Initiative under consideration		Proposed change	Impact of change on estimate of abatement under the Climate CE 'high priority' package (kT) in EB1	Impact of change on the estimated "gap" to meet EB1 (Kt), as compared to the "gap" under the Climate CE 'high priority' package	Comment on the impact of scaling on the Climate CE package	Comment on the impact of scaling on the estimated "gap" to meet EB1 (Kt)
14248	Reducing emissions from waste	Reduce to [33]	0	0	The impact of the proposed scaling is uncertain. However, it is assumed that the estimated abatement in EB1 is unlikely to be significantly impacted, as the intention is to use other revenue sources.	No anticipated impact
13840	Accelerating the decarbonisation of the public transport fleet	Include \$40.65m	90	90	While initiative is not fully funded, the proposed scaling of the initiative is not anticipated to have an impact on its estimated abatement potential in EB1.	Transport initiatives were never explicitly included in the "adding up" exercise to calculate the "gap" to meeting our first emissions budget. For this reason, any abatement anticipated to be achieved by funding B22 Transport initiatives is assumed to close the "gap" to meeting our first emissions budget.
13827	Delivering mode-shift and reducing VKT in New Zealand's main urban areas	Reduce to \$374.55m	-44	-44	The impact on the estimate of abatement anticipated to be supported by this bid has been scaled proportionally to the amount that is recommended to be funded. Further scaling beyond the Climate CE 'high priority' package recommendation results in a decrease of 44Kt to the overall abatement potential of the CERF package.	After further scaling, this initiative is anticipated to deliver 16Kt. This is 44Kt lower than the anticipated abatement under the CE 'high priority' scaling therefore the BM4 adjustment will widen the gap as estimated under the Climate CE 'high priority' package by 44Kt.
14059	Agriculture emissions reduction - Supporting producers and Māori entities transition to a low emissions future	Reduce to \$34.69m	-55	-55	The impact of the estimate of abatement anticipated to be supported by this bid has been scaled proportionally to the amount that is recommended to be funded. The recommended scaling results in a decrease of 55Kt to the overall abatement potential of the CERF package.	Scaling this initiative is expected to have a direct impact on widening the "gap" to meeting our first emissions budget by 55Kt.
<b>Total impact of suggested changes compared with Climate CEs high priority package (Kt)</b>			<b>-9</b>	<b>9</b>	The impact of the suggested changes to the CE 'high priority' package is anticipated to <b>decrease the estimated abatement potential of the Climate CE 'high priority' package by 0.009Mt.</b>	The impact of the suggested changes to the Climate CE 'high priority' package means that the <b>Climate CE 'high priority' package with the suggested changes is anticipated to further increase the estimated "gap" to meet our first emissions budget from 0.816Mt to 0.825Mt.</b> The suggested changes therefore marginally widen the "gap", compared to the Climate CE 'high priority' package without these changes.
<b>Total impact of suggested changes compared with Climate CEs high priority package (Mt)</b>			<b>-0.009</b>	<b>0.009</b>		