TE TAI ŌHANGA
THE TREASURY

14 September 2022

Dear

Thank you for your Official Information Act request, received on 17 August 2022. You requested:

> The November 24, 2021 Cabinet Paper "DEV-21-SUB-0237: Report Back: Funding and Financing the Climate Transition" notes "the Minister of Finance will include fiscal projections for climate spending in the period to 2030 in the final Budget 2022 documents".
>
> - I request the latest version of these fiscal projections of climate spending out to 2030.
>   - If the most up-to-date version cannot be released, I request the latest version that can be released.
> - I request any information, excluding correspondence, relating to the development of these fiscal projections of climate spending out to 2030.
> - Where any document falls under the scope of this request, please release it in full, including sections which might otherwise be considered out of scope.

Response to your request

In the lead up to Budget 2022 it was agreed that the Climate Emergency Response Fund (CERF) would cover only a forecast 4-year period, in line with projected emissions trading scheme (ETS) cash proceeds over four years. Ultimately, we therefore did not develop standalone fiscal projections of climate spending out to 2030. However, climate related information is included in a number of reporting products we produce, as outlined below.

Firstly, the Treasury publishes our current forecasts for all government expenditure, where it can be estimated, as part of our twice-yearly Economic and Fiscal Updates. These official forecasts include all expenditure and revenue that can be quantified for particular years with reasonable certainty, where a decision has been taken or it is reasonably probable that it will occur, based on our best understanding at the time. This means that over time, as areas of expenditure become more certain, the costs of climate change will be progressively incorporated in near-term forecasts where appropriate.

1 The Terrace
PO Box 3724
Wellington 6140
New Zealand

tel. +64-4-472-2733
https://treasury.govt.nz

Where we see material risks to the forecasts, these are included in the "Fiscal Risks" published at each Economic and Fiscal update. Fiscal risks are disclosed where the likely impact is $100 million or more over the forecast period, and either;

a.   a decision has not yet been taken but it is reasonably possible (but not probable) that it will occur; or

b.   it is reasonably probable or possible that it will occur, but the matter cannot be quantified across particular years with reasonable certainty.

These fiscal risks now increasingly consider specific climate-related risks. The Treasury's latest Economic and Fiscal Update available at https://www.treasury.govt.nz/sites/default/files/2022-05/befu22.pdf provides our most recent analysis relating to the fiscal risks of climate change (see page 63 of the document).

We also provide an assessment of longer-term fiscal issues periodically as part of the Long-term Fiscal Statement (LTFS). The role of the LTFS is to indicate possible trends in spending, revenue, the operating balance, and debt over the relevant period (of at least 40 consecutive financial years) based on current policy settings and recent history. In *He Tirohanga Mokopuna 2021*—our combined Statement on the Long-term Fiscal Position and Long-term Insights Briefing last year—we included a section on the economic and fiscal impacts of climate, including impacts from the transition to a low-emissions, climate-resilient economy and those resulting from the physical effects of climate change.

Finally, the Treasury also intends to publish some further analysis on what we can say at this stage about the potential economic and fiscal impacts of climate change later this year or early next year.   This may be of interest to you at that time.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Nicky Lynch
Manager, Climate Change