

The Treasury

Budget 2023 Information Release

July 2023

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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
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- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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2023 Budget Package: Vote Environment

Appropriation Administrator: Ministry for the Environment

It is recommended that the relevant Appropriation Minister and the Minister of Finance jointly:

- note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2023 Budget package, as detailed in the summary table(s) below:

Summary of Funded Initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
15030	Climate Change Commission - Agricultural Emissions Pricing Function	-	3.000	3.000	3.000	3.000
14946	Climate Change Commission - Wage Pressures	-	0.651	0.651	0.650	0.650
14905	Environmental Protection Authority – Hazardous Substances Cost Pressures	-	1.147	1.653	1.653	1.653
14898	Environmental Protection Authority - Core Operations Cost Pressures	0.558	6.069	6.275	6.275	6.275
15235	Return of Sustainable Biofuels Obligation Funding	-	(1.500)	-	-	-
15366	Setting Up and Operating an Agricultural Emissions Pricing Scheme	-	2.900	-	-	-
Total Operating		0.558	12.267	11.579	11.578	11.578

Summary of Contingency Initiative(s) agreed by Cabinet:

Operating Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
14785	Climate Data Infrastructure	-	6.175	6.175	6.175	6.175	6.175
14832	New Zealand Emissions Trading Scheme Market Governance	-	9.500	9.500	9.500	9.500	6.000
15301	Return of Sustainable Biofuels Obligation Funding	-	-	(3.000)	(3.000)	(3.000)	(3.000)
Total Operating		-	15.675	12.675	12.675	12.675	9.175

2 **note** that Cabinet has:

- i. **authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiative(s) included in the 2023 Budget package for the above Vote, as detailed in the summary table(s) above;
- ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2022/23 approved by Joint Ministers as authorised above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2023/24 Estimates and being sought in the Appropriation (2023/24 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
- iv. **authorised** Joint Ministers, for each contingency initiative, jointly to agree:
 - a. the work that needs to be completed or other conditions that need to be satisfied before the contingency is drawn down into appropriations;
 - b. whether the draw down into appropriations requires Cabinet approval or the approval of Joint Ministers;
 - c. the expiry date of contingency funding;
 - d. any related recommendations necessary to give effect to the contingency initiative;
- v. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2022/23 Supplementary Estimates, the 2023/24 Estimates and the fiscal forecasts;
- vi. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent and/or Statement of Performance Expectations;
- vii. **noted** that all communications relating to the 2023 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

3 **agree** to establish new appropriations where required to implement the initiative(s) included in the summary table(s) above, as detailed in the attached initiative document(s);

4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiative(s) included in the summary table(s) above, as set out in the attached initiative document(s);

- 5 **approve** the additional recommendation(s) to give effect to the initiative(s), as set out in the attached initiative document(s);
- 6 **agree** that the proposed change(s) to appropriations and/or capital injections for 2022/23 detailed in the attached initiative document(s) be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Climate Change Commission - Agricultural Emissions Pricing Function

Description: This initiative provides ongoing funding for the Climate Change Commission to provide regular advice to Ministers to inform decisions on agricultural emissions levy rates.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	3.000	3.000	3.000	3.000
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.000	3.000	3.000	3.000

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Climate Change Commission - Advisory and Monitoring Function	-	3.000	3.000	3.000	3.000
Total Operating	-	3.000	3.000	3.000	3.000
Total Capital	-	-	-	-	-

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Climate Change Commission - Wage Pressures

Description: This initiative provides funding for the Climate Change Commission to address wage pressures.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	0.651	0.651	0.650	0.650
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.651	0.651	0.650	0.650

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Climate Change Commission - Advisory and Monitoring Function	-	0.651	0.651	0.650	0.650
Total Operating	-	0.651	0.651	0.650	0.650
Total Capital	-	-	-	-	-

Vote:	Environment
Appropriation Administrator:	Ministry for the Environment
Title:	Climate Data Infrastructure
Description:	This initiative will deliver a climate data infrastructure with a range of climate data tools. These tools will support decision-makers to implement targeted climate mitigation and adaptation policies, and improve New Zealand's climate progress reporting.

Tagged Contingency

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	-	6.175	6.175	6.175	6.175
Capital Contingency	-	-	-	-	-
Total	-	6.175	6.175	6.175	6.175

Additional Recommendations

- 7 **direct** the Ministry for the Environment to report back to the Minister of Finance and the Minister of Climate Change with an update on the implementation model and deliverables for this initiative;
- 8 **agree** that the Minister of Climate Change and the Minister of Finance, acting jointly, can draw down the tagged operating contingency established above (establishing any new appropriations as necessary) after the report-back described in recommendation 7;
- 9 **agree** that the expiry date for the above tagged contingency be 1 February 2024;
- 10 **note** that Cabinet has agreed to charge the operating expenditure from 2023/24 to 2026/27 associated with this initiative against the Climate Emergency Response Fund;
- 11 **note** that Cabinet has agreed that any operating expenditure associated with this initiative will impact OBEGAL and net debt directly after 2026/27;
- 12 **agree** that this initiative will be subject to the financial and outcome-based monitoring and reporting associated with the Climate Emergency Response Fund;

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Environmental Protection Authority – Hazardous Substances Cost Pressures

Description: This initiative addresses cost pressures on the Environmental Protection Authority to deliver its hazardous substances work, in particular enhancing capacity to process the current backlog of hazardous substances applications. It also incorporates Māori consultation, reassessments of emerging issues, and associated compliance activity.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	1.147	1.653	1.653	1.653
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.147	1.653	1.653	1.653

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Environmental Protection Authority functions	-	1.147	1.653	1.653	1.653
Total Operating	-	1.147	1.653	1.653	1.653
Total Capital	-	-	-	-	-

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Environmental Protection Authority - Core Operations Cost Pressures

Description: This initiative provides funding for the Environmental Protection Authority to continue its core work programmes protecting the environment and people’s health.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	0.558	6.069	6.275	6.275	6.275
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.558	6.069	6.275	6.275	6.275

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Environmental Protection Authority functions	0.558	6.069	6.275	6.275	6.275
Total Operating	0.558	6.069	6.275	6.275	6.275
Total Capital	-	-	-	-	-

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: New Zealand Emissions Trading Scheme Market Governance

Description: This initiative provides market governance regulation to increase the integrity of the New Zealand Emissions Trading Scheme and reduce the risk of misconduct.

Tagged Contingency

	Sm - increase/(decrease)					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	-	9.500	9.500	9.500	9.500	6.000
Capital Contingency	-	-	-	-	-	-
Total	-	9.500	9.500	9.500	9.500	6.000

Additional Recommendations

- 13 **invite** the Minister of Climate Change to include options to draw down the \$38 million tagged operating contingency established above when reporting back to Cabinet on Emissions Trading Scheme market governance;
- 14 **agree** that the expiry date for the above tagged contingency be 1 February 2024;
- 15 **note** that Cabinet has agreed to charge the operating expenditure from 2023/24 to 2026/27 associated with this initiative against the Climate Emergency Response Fund;
- 16 **note** that Cabinet has agreed that any operating expenditure associated with this initiative will impact OBEGAL and net debt directly after 2026/27;
- 17 **agree** that this initiative will be subject to the financial and outcome-based monitoring and reporting associated with the Climate Emergency Response Fund;

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Return of Sustainable Biofuels Obligation Funding

Description: This initiative returns funding for the Environmental Protection Authority's monitoring and compliance costs associated with the Sustainable Biofuels Obligation Bill. This funding is no longer required as Cabinet agreed to withdraw this Bill.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	(1.500)	-	-	-
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(1.500)	-	-	-

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Environmental Protection Authority functions	-	(1.500)	-	-	-
Total Operating	-	(1.500)	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 18 **note** that Cabinet agreed to stop the Sustainable Biofuels Obligation [CAB-23-MIN 0019];
- 19 **note** that the above appropriation changes give effect to CAB-23-MIN-0019;

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Return of Sustainable Biofuels Obligation Funding

Description: This initiative returns funding for the Environmental Protection Authority's monitoring and compliance costs associated with the Sustainable Biofuels Obligation Bill. This funding is no longer required as Cabinet agreed to withdraw this Bill.

Tagged Contingency

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	-	-	(3.000)	(3.000)	(3.000)
Capital Contingency	-	-	-	-	-
Total	-	-	(3.000)	(3.000)	(3.000)

Additional Recommendations

- 20 **note** that Cabinet agreed to stop the Sustainable Biofuels Obligation [CAB-23-MIN-0019];
- 21 **note** that the above appropriation changes give effect to CAB-23-MIN-0019;
- 22 **note** that the above tagged contingency is now closed;

Vote: Environment

Appropriation Administrator: Ministry for the Environment

Title: Setting Up and Operating an Agricultural Emissions Pricing Scheme

Description: This initiative funds a system to administer agricultural greenhouse gas emissions pricing. This pricing scheme will support the agriculture sector to reduce agricultural emissions in line with international and domestic targets.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	2.900	-	-	-
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.900	-	-	-

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Departmental Output Expenses:					
Managing Climate Change in New Zealand (funded by revenue Crown)	-	2.900	-	-	-
Total Operating	-	2.900	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 23 **note** that this initiative relates to initiative 15367 in Vote Revenue and initiatives 14927 and 15365 in Vote Agriculture, Biosecurity, Fisheries and Food Safety;
- 24 **note** that Cabinet has agreed to charge the operating expenditure associated with this initiative against the Climate Emergency Response Fund; and
- 25 **agree** that this initiative will be subject to the financial and outcome-based monitoring and reporting associated with the Climate Emergency Response Fund.