

# The Treasury

## Mini-Budget 2023 Information Release

May 2024

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# Climate Implications of Policy Assessment: Disclosure Sheet

This disclosure sheet provides the responsible department’s best estimate of the greenhouse gas emissions impacts for New Zealand that would arise from the implementation of the policy proposal or option described below. It has been prepared to help inform Cabinet decisions about this policy. It is broken down by periods that align with New Zealand’s future emissions budgets.

## Section 1: General information

General information	
Name/title of policy proposal or policy option:	Fiscal Management: Mini Budget, Budget 2024 and the Fiscal Sustainability Programme
Agency responsible for the Cabinet paper:	Treasury
Date finalised:	11 December 2023
Short description of the policy proposal:	Discontinuing the Clean Car Discount from 31 Dec 2023 (Transport) Returning funding from the Government Investment in Decarbonising Industry Fund (Industry)

## Section 2: Greenhouse gas emission impacts

Sector & source	Changes in greenhouse gas emissions in tonnes of carbon dioxide equivalent (Mt CO <sub>2</sub> -e)						Cumulative impact
	2020–25	2026–30	2031–35	2036–40	2041–45	2046–50	
Electricity							
Transport	0.05-0.08	0.32-0.59	0.32-0.63	0.22-0.45	0.14-0.29	0.07-0.15	<b>1.10-2.18</b>
Industry	0.14	3.03	3.95	2.11	1.03	0.01	<b>10.27</b>
Waste							
Agriculture							
Land use, land use change and forestry							
<b>Total</b>	<b>0.19-0.22</b>	<b>3.35-3.62</b>	<b>4.27-4.58</b>	<b>2.33-2.56</b>	<b>1.17-1.32</b>	<b>0.08-0.16</b>	<b>11.37-12.45</b>

## Section 3: Additional information

### Additional information

These figures represent an increase to GHG emissions as a result of the Clean Car Discount and GIDI being discontinued. Low to high ranges of impact have been provided to give a sense of the level of uncertainty of these changes. Figures were provided by the Ministry of Transport and the Ministry for Business, Innovation and Employment, respectively.

Based on this information and recent projections, returning funding from the GIDI and Clean Car Discount is not likely to pose a significant risk to achieving our first emissions budget (2022-2025). The impacts could be more significant for the second (2026-2030) and third emissions budgets (2031-2035), where the initiatives formed a substantial proportion of the modelled emissions reductions from the transport and industry sectors and margins for achieving these emissions budgets are expected to be tight. Conclusions about impacts on emissions budgets are based on emissions projections reflecting information and policy settings at 1 July 2023. These projections make assumptions about the future and are based on current knowledge, so are inherently uncertain, but are the best source of information we have about progress towards emissions budgets and climate targets. Importantly, the further out projections run into the future the greater the uncertainty in the estimates.

The projections are updated annually and will change to reflect updated assumptions about economic activity, the impacts of policy to reduce emissions and the way we measure emissions. The next projections update is expected in the second half of next year which will take account of new information on the matters sets out above, including the policy settings the Government is using to achieve emissions budgets.

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## Section 4: Quality assurance

### Quality assurance

Due to the sensitive nature of the proposals being put forward, the Climate Implications of Policy Assessment (CIPA) team has not been consulted to review these results.

The Climate Change Chief Interdepartmental Executives Board (CCIEB) is tasked with monitoring progress against the emissions reduction plan. In November 2023, the CCIEB considered analysis on updated emissions projections of initiatives in the first emissions reduction plan made using policy settings at 1 July 2023, and an assessment of our ability to meet the first three emissions budgets. Findings presented to the CCIEB are consistent with the analysis above.

The CCIEB secretariat have been consulted to review these results and consider them reasonable for indicating the impact of this change.