

Reference: 20180333

19 September 2018



Dear 

Thank you for your Official Information Act request, received on 14 August 2018. You requested the following:

*“... a copy of all advice or information you or The Treasury has created, sent or received regarding the decision and yesterday’s announcement of \$240m for the creation of a new grants programme and partnership fund to get more trees in the ground and provide training and employment opportunities. I would expect this to include all emails, briefings and aide memoires you or your staff have sent to or received from Ministers and other government departments as well as all communications, including meetings and phone calls, you or your officials have had with any interested parties or their representatives.*”

*I specifically request all Cabinet and Cabinet Committee papers and associated minutes. I am interested in exactly how the \$240m is to be allocated including any proposed criteria for grant applications and the partnership fund and what work the government has undertaken in relation to the proposed training and employment opportunities.*

*Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19(a)(i) and (ii) of the Official Information Act.”*

Following a discussion with a Treasury official on 22 August 2018, your request was revised to:

*“Under the Official Information Act I request a copy of all significant advice or information you or The Treasury has created, sent or received (excluding MPI) informing the decision and yesterday’s announcement of \$240m for the creation of a new grants programme and partnership fund to get more trees in the ground and provide training and employment opportunities. I would expect this to include all significant emails, briefings and aide memoires you or your staff have sent to or received from Ministers and other government departments (excluding MPI) as well as all communications, including meetings and phone calls, you or your officials have had with any interested parties or their representatives.”*

## Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	21 June 2018	Aide Memoire: Advice on the forthcoming One Billion Trees funding request	Release in part
2.	3 August 2018	Treasury Report: Briefing for Cabinet Economic Development Committee 8 August 2018	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons,
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- advice, under section 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by officials,
- confidential information, under section 9(2)(j) – to enable the Crown to negotiate without prejudice or disadvantage, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Some information has been deleted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

Please also note that several documents (including the relevant Cabinet paper and Cabinet minute) were excluded from the scope of this OIA on the grounds that the Ministry for Primary Industries authored the documents. The Treasury has been informed that these documents will be released to you soon as part of MPI's reply to your request.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

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

Natalie Labuschagne  
**Policy Manager, Natural Resources**

# OIA 20180333

## Information for Release

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1.	<a href="#"><u>Aide Memoire: Advice on the forthcoming One Billion Trees funding request</u></a>	1
2.	<a href="#"><u>Treasury Report: Briefing for Cabinet Economic Development Committee 8 August 2018</u></a>	4

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Reference: T2018/1719

SH-12-2-3



Date: 21 June 2018

To: Minister of Finance (Hon Grant Robertson)

Deadline: 28 June 2018

**Aide Memoire: Advice on the forthcoming One Billion Trees funding request**

1. The Minister of Forestry intends to lodge a Cabinet paper next week for consideration at DEV on 4 July 2018. The current draft paper seeks agreement to a total of \$273.300 million in forestry initiatives, of which \$186.800 million would be new operating funding charged against Budget 2019. The majority of this funding includes:
  - New forestry grant schemes (\$104.600 million in 2018/19-2020/21), and
  - A partnership fund (\$145.700 million in 2018/19-2020/21).
2. The Treasury does not support funding the grant schemes or the partnership fund at this stage. The grant scheme proposal is not investment-ready, and the partnership fund does not yet have eligibility and assessment criteria.
3. We recommend that this paper is changed to a noting paper for Cabinet on the costs of the One Billion Trees programme, and that decisions on creating new grant and partnerships funding is deferred until further work on fund design is undertaken.
4. This Aide Memoire sets out our advice, and suggests questions you may wish to raise with the Minister of Forestry. The Treasury is working with officials to resolve these points as the Cabinet paper progresses.

**Fiscal implications of the One Billion Trees paper**

5. The total cost of these initiatives will count against the Provincial Growth Fund (PGF). The paper seeks to transfer s9(2)(j) from the 2018 allocation of the PGF. This leaves the PGF with around s9(2)(j) appropriated for decisions in 2018/19. The paper seeks the remaining s9(2)(j) to be charged against the Budget 2019 operating allowance.
6. It is possible to charge the remaining s9(2)(j) against the amount already appropriated for the PGF in Budget 2018, instead of pre-committing against Budget 2019. This would leave around s9(2)(j) appropriated in the PGF for decisions in 2018/19.

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**The grant schemes do not appear to be investment ready**

7. The paper currently does not detail how the funding will be spent. It is stated that 145 million trees will be delivered via grants over 10 years, but there is no detail around how many trees, or what kind of trees will be delivered in the 2019 planting season.
8. Furthermore, grant categories and rates, and the operational design of the grant scheme has not yet been determined. The paper seeks to delegate these decisions to Forestry Ministers.<sup>1</sup> This indicates that there are still several important details still to be worked through.
9. Given this lack of detail, the Treasury is not convinced that the grant schemes are investment ready. We propose waiting until grant decisions are finalised before appropriating the funding. This would allow, for example, the detailed design work on the grant scheme to influence the appropriate amount of funding.
10. The Minister of Forestry may oppose delayed funding on the grounds that this funding is urgent. However, the lack of detail around grants indicates that the urgency driving this proposal is not clear. It is also possible that these design decisions can still be settled in time to ensure the grants are ready for the last quarter of 2018.

**Lack of criteria for the partnership fund**

11. If agreed, partnership funding of \$145.7 million would be ring-fenced from the wider PGF. In principle, we have no concerns with this approach provided the ring-fenced funding operates under the same conditions as the PGF. It is not clear, however, what criteria will be used to agree or decline proposals.
12. It is also unclear whether the partnership fund will operate under current PGF constraints: for example, the PGF eligibility and assessment criteria are not explicitly stated as criteria which will govern the partnership fund.<sup>2</sup>
13. Provided that all relevant PGF criteria are embedded in the criteria governing the partnership fund, the Treasury can see no further issues with establishing a partnership fund.

**Unclear why three years funding is necessary**

14. The paper asserts that three years of funding for the partnership fund and the grant schemes is necessary to ensure landowners, councils and community groups factor new planting into their planning. We do not agree: the One Billion Trees target is well known and foresters will understand that more policy announcements will come in the future.

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<sup>1</sup> Minister of Forestry, Minister for the Environment, Minister of Agriculture, Minister for Climate Change, Minister of Conservation, Associate Minister of Forestry; as well as the Minister of Finance.

<sup>2</sup> The operational criteria that applies to all tiers of the PGF includes: link to Fund and government outcomes; additionality; connected to regional stakeholders and frameworks; and governance, risk management and project execution (CAB-18-MIN-0045 refers).

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15. It is possible that there may be an overall reduction in trees planted if only one year of funding is provided. However, this must be weighed against the advantage that no precommitment against Budget 2019 is made, and the 2018/19 PGF will remain at \$1 billion (rather than an effective s9(2)(j) ). It will also limit the amount of funding provided ahead of final design and implementation decisions being made.

**Questions you may wish to raise with the Minister of Forestry:**

- Do you intend for the 2018/19 PGF to effectively be s9(2)(j) (reducing future the 2019/20 PGF) as a result of this decision?
- Will there be further forestry requests for pre-commitments against Budget 2019?
- How long will it take to determine the design of the grant schemes?
- What are the risks of delaying funding until this detailed design work has been undertaken?
- Is the partnerships fund intended to be governed differently to the PGF?
- Can clear messaging around the ongoing Government investment in forestry overcome the downsides of providing only one year of grant and partnership funding?
- Could the paper be deferred until further design work is undertaken?

s9(2)(g)(i) Graduate Analyst, Natural Resources, s9(2)(k)

Natalie Labuschagne, Policy Manager, Natural Resources, s9(2)(k)

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**Treasury Report: Briefing for Cabinet Economic Development Committee  
8 August 2018**

<b>Date:</b>	3 August 2018	<b>Report No.:</b>	T2018/2194
		<b>File Number:</b>	MS-5-3-DEV

**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Grant Robertson)	<b>Read</b> prior to Cabinet DEV Committee meeting	11:00 am, Wednesday 8 August 2018
Associate Minister of Finance (Hon Dr David Clark)	<b>Read</b> prior to Cabinet DEV Committee meeting	11:00 am, Wednesday 8 August 2018
Associate Minister of Finance (Hon David Parker)	<b>Read</b> prior to Cabinet DEV Committee meeting	11:00 am, Wednesday 8 August 2018
Associate Minister of Finance (Hon Shane Jones)	<b>Read</b> prior to Cabinet DEV Committee meeting	11:00 am, Wednesday 8 August 2018
Associate Minister of Finance (Hon James Shaw)	<b>Read</b> prior to Cabinet DEV Committee meeting	11:00 am, Wednesday 8 August 2018

**Contact for Telephone Discussion (if required)**

<b>Name</b>	<b>Position</b>	<b>Telephone</b>		<b>1st Contact</b>
s9(2)(g)(i)	Analyst, Transition and Regional Economic Development	s9(2)(k)	N/A (mob)	✓
Simon McLoughlin	Manager, Economic Strategy and Productivity		s9(2)(a)	

**Actions for the Minister's Office Staff (if required)**

Return the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** No

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**Treasury Report: Briefing for Cabinet Economic Development Committee 8 August 2018**

Out of scope

DEV priority work programme items		
Description and analysis	Fiscal implications	Treasury Recommendation
<b>The One Billion Trees programme - actions and decisions for implementation</b>		
<p>This paper seeks to establish two new programmes spanning 2018/19 to 2020/21 which will count towards the PGF:</p> <ul style="list-style-type: none"> <li>- <b>Tree planting grant scheme</b> (\$116.3 million) which is estimated to result in 60 million new trees over the next three years.</li> <li>- <b>Partnership fund</b> supporting tree planting enablers (\$127.2 million) such as scaling up nursery production, promoting innovation, and providing information to the forestry sector.</li> </ul> <p>The Treasury recommends deferring the funding of these schemes until they are fully developed. Currently, there is little detail on exactly what the partnership fund will deliver or how bids for it will be assessed. Similarly, for the grant scheme, appropriate rates and categories have not been determined yet. The Cabinet paper proposes that these decisions be delegated to a group of Ministers (including the Minister of Finance).</p> <p>s9(2)(f)(iv)</p>	<p>This paper seeks appropriation of \$235.079 million operating expenditure across 2018/19 to 2020/21. This will be funded from:</p> <ul style="list-style-type: none"> <li>- \$40.26 million reprioritised from the Hill Country Erosion programme out year funding which was agreed through Budget 2018,</li> <li>- Draw-down of the \$13.500 million contingency for planting native trees established as part of Budget 2018;</li> <li>- \$84.014 million pre-commitment against Budget 2019 (will count against PGF 2019), and</li> <li>- \$97.305 million pre-commitment against Budget 2020 (will count against PGF 2020).</li> </ul> <p>An additional \$8.4 million will be transferred from the PGF appropriation within Vote Business, Science and Innovation, to Vote Forestry via a separate joint-Ministers letter. This funding is for partnership programmes which have already been approved through the PGF.</p> <p>s9(2)(f)(iv)</p>	<p><b>Do not support and Invite</b> the Minister of Forestry to seek funding for grant and partnership schemes when design and implementation details have been worked through.</p> <p>However, if the paper is to be agreed, we recommend pre-committing against only Budget 2019. Pre-committing against future allowances is not recommended as it impacts the government's ability to make decisions in 2020.</p>