

# The Treasury and Office of the Minister of Finance

## Budget 2019 Information Release August 2019

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## Treasury Report: Budget 2019 Bilateral with Minister Sage

<b>Date:</b>	18 March 2019	<b>Report No:</b>	T2019/665
		<b>File Number:</b>	AD-1-27

### Action Sought

	Action Sought	Deadline
Associate Minister of Finance (Hon Dr David Clark)	<b>Note</b> the contents of this briefing, including the provided talking points	Prior to your meeting with Minister Sage at 4.00pm on 20 March 2019
Minister of Finance (Hon Grant Robertson)	<b>Note</b> this briefing has been provided for Minister Clark's bilateral with Minister Sage.	N/A

### Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Alasdair Gardiner	Analyst, Natural Resources	[39] (wk)	N/A (mob) ✓
Gwen Rashbrooke	Manager, Natural Resources	[39] (wk)	N/A (mob)

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

**Return** the signed report to Treasury.  
**Refer** the report to the Minister of Finance.

Note any feedback on the quality of the report

**Enclosure:** No

## Treasury Report: Budget 2019 Bilateral with Minister Sage

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### Executive Summary

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You are meeting with the Minister of Conservation and Land Information, Hon Eugenie Sage, at 4.00pm on Wednesday 20 March to discuss her initiatives for Budget 2019. This briefing provides you with background material and advice in relation to Minister Sage's Conservation, Land Information, and Associate Environment portfolios. In summary:

- Minister Sage submitted 12 initiatives for Budget 2019 across these three portfolios, seeking [38] operating funding over four years (an average of [38] per annum) and [38] of capital funding.
- Of these initiatives, the Treasury Vote teams supported funding totalling [38] operating over four years (an average of [38] per annum) and [38] capital.
- Following discussions between the Minister of Finance and the Treasury, a draft package was presented to the Cabinet Economic Development Committee (DEV) on 6 March 2019 that included [38] operating over four years (an average of [38] per annum) and [38] capital funding for initiatives in Minister Sage's portfolios.
- Budget Ministers subsequently expressed an interest in an additional initiative led by Minister Sage. This has been added to the draft package, meaning that [38] operating over four years (an average of [38] per annum) and [38] capital from Minister Sage's portfolios is now supported. This equates to [38] of the operating and [38] of the capital funding requested.

We are conscious of the Minister of Finance's focus on driving specific priorities and wellbeing outcomes in Budget 2019. We provide a high-level indication of how Minister Sage's initiatives could impact on these on page 8.

We would like to draw your attention to the following key points:

- Minister Sage's initiatives in the draft package contribute to a Wellbeing Budget by impacting a variety of wellbeing domains, but particularly the **environment, safety & security, health and cultural identity domains**.
- **Fiscal constraints required difficult decisions on trade-offs.** For environment-related initiatives that aligned with Priority A ("Creating opportunities for businesses, regions, iwi and others to transition to a sustainable and low-emissions economy"), The Treasury has prioritised initiatives that contribute to sustainable land use through institutional and regulatory changes. Consequently, Minister Sage's conservation initiatives were deprioritised for Budget 2019, and her resource efficiency initiative was scaled heavily.
- Four initiatives submitted by Minister Sage as aligning with Priority A demonstrated **weak alignment with this priority** and contributed to these initiatives not being recommended for funding in Budget 2019. Seven of Minister Sage's eight initiatives submitted as Priority A-aligning have been re-classified as out-of-scope or as a non-discretionary cost pressure.
- The **funding context of agencies** also influenced our recommendations for Budget 2019. The Department of Conservation received \$181.600 million additional operating funding over four years in Budget 2018; whereas Land Information New Zealand has not had any significant uplift in Crown baseline funding for its core activities for several years, which has

contributed to non-discretionary cost pressures being a theme in the Land Information portfolio in Budget 2019.

- Minister Sage has identified <sup>[33]</sup> in funding for **prioritisation** from the Conservation and Land Information portfolios. We have recommended accepting \$5.4 million.

## Recommended Action

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We recommend that you:

- note** the contents of this report, including the provided talking points, prior to your meeting with Minister Sage at 4.00pm on Wednesday 20 March 2019.
- note** that Minister Sage's initiatives in the draft package contribute to a Wellbeing Budget by impacting many wellbeing domains, particularly the environment, safety and security, health and cultural identity domains.
- note** that seven of the eight initiatives submitted by Minister Sage as aligning with Priority A were re-assessed as being out-of-scope or a non-discretionary cost pressure. Four of these initiatives are not being recommended for funding in Budget 2019.
- note** that a substantial amount of funding has been set aside in this Budget to improve the environment wellbeing domain. The Treasury has prioritised initiatives that contribute to sustainable land use through institutional and regulatory changes. Minister Sage's initiatives were not all a priority from this perspective.
- note** that the funding context of agencies, the evidence base, and investment readiness also influenced our recommendations for Budget 2019.

Gwen Rashbrooke  
**Manager, Natural Resources**

Hon Dr David Clark  
**Associate Minister of Finance**

## Treasury Report: Budget 2019 Bilateral with Minister Sage

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### Purpose of Report

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1. This report provides you with advice for your bilateral discussion with Hon Eugenie Sage on Budget 2019 at 4.00pm on Wednesday 20 March 2019. This report covers Minister Sage's portfolios of Conservation, Land Information, and also includes information relating to bids that Minister Sage is leading as Associate Minister for the Environment.
2. This report covers:
  - a summary of funding sought for Minister Sage's portfolios in Budget 2019 (pages 4-7)
  - impact on achieving priorities and enhancing wellbeing from Minister Sage's initiatives (pages 7-8)
  - specific portfolio issues (pages 10-14)
  - relevant context on agencies' baselines (page 9)
  - prioritisation initiatives (pages 13-14)
  - talking points for your bilateral discussion (page 15)
3. Attached to this report is an annex that covers the individual initiatives sought and our assessment of these initiatives (**Annex A**).

### Funding sought by Minister Sage in Budget 2019

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#### Requested funding

4. On 14 December 2018, Minister Sage submitted 12 initiatives under her Conservation, Land Information, and Associate Environment portfolios for consideration as part of Budget 2019, seeking <sup>[38]</sup> average operating funding over the forecast period and <sup>[38]</sup> of capital funding (shown in Table 1 below).

Table 1: Funding sought by Minister Sage in Budget 2019

Portfolio	Number of initiatives	Operating (Total over forecast period - \$m)	Capital (10 year total - \$m)
Conservation	[34]		[33]
Land Information	[38]		
Environment (as Associate Minister)	[33]		
<b>Total</b>	[38]		

## Recommended funding

5. The Treasury Vote team initially supported funding seven initiatives totalling <sup>[38]</sup> of operating funding over the forecast period and <sup>[38]</sup> capital from Minister Sage's portfolios.
6. The draft package that was presented to the Cabinet Economic Development Committee on 6 March 2019, contained funding for initiatives totalling <sup>[38]</sup> operating over the forecast period and <sup>[38]</sup> capital. In addition, Budget Ministers indicated an interest in funding for waste-related initiatives at their meeting on Monday 11 March. As a result, an additional \$6.340 million operating (over the forecast period) for funding waste reduction has been added to the package. This is illustrated in Table 2.

*Table 2: Funding recommended in draft package for Minister Sage's initiatives*

Portfolio	Number of initiatives supported	Operating (Total over forecast period - \$m)	Capital (10 year total - \$m)
Conservation	[33] [38]		
Land Information			
Environment (as Associate Minister)			
<b>Total</b>			

7. A summary of Minister Sage's initiatives are outlined in Table 3. For more detail on the differences between requested funding, the Vote team's recommendation, and the funding recommended in the draft package, refer to **Annex A**.

Table 3: Summary of initiatives in Minister Sage's portfolios by category<sup>1</sup>

Status	Initiative and portfolio	Opex avg per annum (\$m)	Total opex (\$m)	Capex (\$m)	Comment
Funding in draft package	<b>Land Information:</b> Improved satellite based position to grow an innovative, safe and efficient New Zealand	[38]			<b>Supported in full</b> with contingency, to be drawn down once delivery model established, cost recovery options fully investigated, and negotiations concluded with the Australian Government.
	<b>Land Information:</b> Watts Peninsula Reserve Development	1.000	4.000	-	<b>Supported in full</b> to honour the Crown's commitment to Wellington City Council, and avoid ongoing holding costs of the land.
	<b>Land Information:</b> Treaty Settlement Landbank - demolition and remediation of complex properties	4.200	16.800	-	<b>Scaled to</b> [33]. This funding would [33] [33] address public health and safety risk.
	<b>Land Information:</b> Treaty Settlement Landbank - Deferred Property Maintenance	5.315	21.300	-	<b>Supported in full.</b> The funding would mitigate health and safety risks to tenants, and ensure properties meet regulatory requirements and the Crown's obligations to iwi.
	<b>Environment:</b> System Integrity: Hazardous substances reassessment and compliance programmes and international chemicals classification	[33]			<b>Scaled to</b> [33] <b>(for operating)</b> . The Treasury supports funding for (i) the Globally Harmonised System of Classification and Labelling and (ii) a hazardous substances database.
	<b>Environment:</b> Improving New Zealand's resource efficiency by reducing waste	[33]			<b>Scaled to</b> [33] The Vote Analyst supported a [33] scaled version to fund 10 FTEs to develop a waste investment related strategy, improve the availability of data on waste, and expand the waste disposal levy.
	<b>Conservation:</b> Safety, security [33] [33]	2.140	8.560	-	<b>Scaled to 35%.</b> The scaled funding will enable DOC to build its capability to respond to current health and safety issues.
Funding supported by Vote Analyst but not in Draft Package	<b>Land Information:</b> Protecting lakes, rivers and lands from invasive weeds and pest: The LINZ biosecurity Programme	[33]		-	<b>Excluded from package</b> due to other cost pressure priorities and the potential for International Visitor Conservation and Tourism Levy funding. The Vote Analyst supported a [33] scaled version.

<sup>1</sup> For initiatives **in the draft package**, these figures represent the amount included in the package.  
 For initiatives which were **recommended by the Vote Analyst but not in the draft package**, these figures represent the Vote Analyst assessment including any recommended scaling.  
 For initiatives which were **not supported by the Vote team**, these figures represent the amount sought.

Funding sought by Minister Sage but not supported by Vote team	<b>Land Information:</b> Delivering improved stewardship of Crown pastoral land in the south island high Country	[33]
	[33]	

## Impact on achieving priorities and enhancing wellbeing

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8. We are conscious of the Minister of Finance's focus on driving specific priorities and wellbeing outcomes in Budget 2019. While the initiatives across Minister Sage's portfolios do not form a cohesive package, there are some high-level themes which we have outlined below.

### **Minister Sage's initiatives are mostly non-discretionary cost pressures or out-of-scope initiatives**

9. Minister Sage is seeking funding for a diverse array of initiatives across her portfolios of Conservation and Land Information, as well as the initiatives she is leading as Associate Minister for the Environment.
10. Minister Sage submitted three Priority A initiatives<sup>2</sup>, and one Priority B<sup>3</sup>. One Priority A-aligned initiative (*Improving New Zealand's resource efficiency by reducing waste*) and the Priority B-aligned initiative (*Improved satellite based positioning to grow an innovative, safe and efficient New Zealand*) are included in the current package. She also submitted four non-discretionary cost pressures and six out-of-scope initiatives. (One of the non-discretionary cost pressures, and all of the out-of-scope initiatives were submitted as aligning with Priority A, but were re-classified by the Vote Analyst). Two of the non-discretionary cost pressures (the two *Treaty Landbank* initiatives) and three of the out-of-scope initiatives (*Watts Peninsula Reserve Development; Safety, Security* <sup>[33]</sup> ; and *System Integrity: Hazardous substances reassessment and compliance*) are also in the package.

<sup>2</sup> Priority A: Creating opportunities for businesses, regions, iwi and others to transition to a sustainable and low-emissions economy

<sup>3</sup> Priority B: Supporting a thriving nation in the digital age through innovation, social and economic opportunities

11. [33]

### **Well-being analysis has influenced funding decisions for Minister Sage's initiatives**

12. Well-being analysis, particularly in the context of the formation of packages, has influenced funding decisions for Minister Sage's initiatives. The majority of the wellbeing impacts associated with the initiatives in Minister Sage's portfolios are in the environment, health, safety and security, and cultural identity domains. The initiatives interact with a number of other initiatives affecting the same domains.

#### *Environment domain*

13. We have prioritised initiatives that support a shift towards more productive and sustainable land use as they have the potential to help achieve immediate progress on Priority A.
14. The Economic Sector Leadership Group (ESLG) advice on sustainable land use has been influential in our recommendations for which environmental initiatives to support (TR2019/236 refers). They recommended Ministers should place a high priority on bids relating to productive and sustainable land use and climate change. Within this set of initiatives they recommended the initial priority is to establish the institutions, rules and incentives that create economic signals and a structured pathway for the market to shift to a sustainable future.
15. Neither Minister Sage's conservation initiatives nor her resource efficiency initiative fit well within this prioritisation framework. [33]  
[33]  
[33]
16. Environment initiatives led by other Ministers fitted more closely within the ESLG framework and had better value-for-money or investment readiness. Therefore, funding in the climate change, agricultural and other environment portfolios has been prioritised for the draft package. As a consequence, the resource efficiency initiative has been scaled to [33] to focus on that work most aligned with the ESLG advice. In addition, no funding is currently in the package for [33]  
[33]

#### *Other well-being domains*

17. Improving both the health, and safety and security wellbeing domains, is a theme across a number of initiatives in Minister Sage's portfolios. The *System Integrity: Hazardous substances reassessment and compliance initiative* in the Environment portfolio has a focus on reducing poor health outcomes in the community arising from contact with dangerous

chemicals. The *Treaty Landbank* initiatives in the Land Information portfolio would also improve health outcomes for tenants and individuals in neighbouring properties.

18. The *Safety, Security* <sup>[33]</sup> initiative in the Conservation portfolio also has a safety and security dimension, but it is more narrowly focused on the safety and security of department staff and contractors, rather than the public as a whole. Again, the Treaty Landbank initiatives would improve safety for tenants, and individuals in neighbouring properties.
19. Cultural identity would be positively impacted through three initiatives in the Land Information portfolio by delivering on Treaty of Waitangi obligations and preserving historical sites. Cultural identity is also closely tied to environmental outcomes, particularly in Te Ao Māori.
20. The Land Information and Conservation initiatives mentioned above are also driven by legal or regulatory obligations.

## Agency baseline context

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21. This section outlines contextual information on the funding profile for Department of Conservation, Land Information New Zealand and the Ministry for the Environment.

### Conservation

22. Vote Conservation's baseline will increase by approximately 17% from 2018/19 to 2021/2022 as a result of decisions made in Budget 2018. A total of \$181.6 million over four years in operational funding was provided in Budget 2018. In addition, the International Visitor Levy is expected to be in force from July 2019 and will provide an additional \$45-50 million per annum to conservation-related initiatives.
23. In addition, in Budget 2018, Minister Sage indicated that she had asked DOC to undertake a review of the Department's pricing and concessions regime, with the goal of lifting revenue that the Department generates from public conservation land. Progress to date has been limited, and we will continue to work with DOC on this initiative.

### Land Information

24. In contrast to DOC, LINZ has not had any significant uplift in Crown baseline funding for its core activities for several years (new funding has largely been time limited, or for new priorities such as the new Overseas Investment regime). This has given rise to several cost pressures, particularly related to the management of Crown land, which is reflected in LINZ's funding requests for Budget 2019. The cost pressures are also driven by a historical funding shortfall in relation to the management of the Treaty Landbank, and additional regulatory requirements in relation to biosecurity. In the short-term, LINZ has been prioritising funding from other areas to meet these funding pressures, but this is unsustainable over the long-term.

### Environment

25. The Ministry for the Environment (MfE)'s departmental baseline has been increasing gradually over time from just over \$59 million in 2010/11 to just under \$69 million in 2018/19. Additions to the baseline have funded climate, resource management and water projects. However, much of this work has been supported through time limited funding. In addition, over the last six years they have also absorbed corporate cost-pressures (such as remuneration and input price pressures) of \$1-2 million per annum and the costs of environmental reporting of \$5

million per annum. A drop in MfE's baseline to \$64 million is forecast for 2019/20, which will add further pressure. This is due to a number of time-limited funding arrangements.

26. Environment portfolio Ministers are asking for a large increase in funding in Budget 2019. The draft package scales the funding sought significantly, but the supported funding still amounts to around a <sup>[33]</sup> increase in funding for MfE's departmental baseline for 2019/20 and an average 58.25 additional FTE (for an agency of around 350). This funding will partly cover corporate projects which have been deferred and partly support the expansion of activities to meet the Government's environment ambitions. There may be challenges associated with such a large expansion and we will work closely with MfE on this following the Budget.

## Conservation portfolio

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### Summary of initiatives in portfolio

27. Minister Sage submitted three initiatives, a total of <sup>[33]</sup> operating over four years, and <sup>[33]</sup> capital, under the Conservation portfolio. The initiatives are *Safety, Security* <sup>[33]</sup>. DOC is also seeking \$14 million operating funding over four years through the MPI Biosecurity bid for '*Long Term Management Programmes for Pests of National Significance.*'
28. Minister Sage may raise concerns <sup>[33]</sup>  
<sup>[33]</sup>
29. In doing so, Minister Sage may reference the commitments by this Government to increase funding to biodiversity initiatives. We note that:
  - a significant funding has already been provided through Budget 2018, Predator Free 2050 Limited has received additional funding provided through the Provincial Growth Fund, and the International Visitor Conservation and Tourism Levy (IVL) will provide additional funding for conservation.
  - b <sup>[34]</sup>
  - c the case for new funding across the biodiversity system will be better supported following the completion of the New Zealand Biodiversity Strategy and National Policy Statement for Indigenous Biodiversity (expected in late 2019 and early 2020 respectively).
30. We do not support these initiatives, <sup>[34]</sup>  
<sup>[34]</sup>

[33]

[33]

31. A full comparison of the requested funding, compared to the Vote team assessment and the draft package, can be found in **Annex A**.

## Land Information portfolio

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### Summary of initiatives in portfolio

32. Minister Sage submitted six initiatives under the Land Information portfolio for a total of <sup>[38]</sup> operating over four years, and <sup>[38]</sup> capital. Three of the six Land Information initiatives are non-discretionary cost pressures (the two *Treaty Landbank* initiatives and the *LINZ Biosecurity Programme*). One initiative is Priority B-aligned (*Improved satellite based position to grow an innovative, safe and efficient New Zealand*), <sup>[33]</sup>  
<sup>[33]</sup>  
<sup>[33]</sup>
33. The funding requested for the Land Information portfolio would represent an approximately <sup>[38]</sup> in LINZ's total appropriated funding for 2019/20 over 2018/19. A comparison of the requested funding, compared to the Vote team assessment and the draft package can be found in **Annex A**.
34. The draft package includes funding for four of Minister Sage's bids in the Land Information portfolio (the two *Treaty Landbank* initiatives, *Improved satellite based position to grow an innovative, safe and efficient New Zealand*, and *Watts Peninsula Reserve Development*), totalling <sup>[38]</sup> over four years and <sup>[38]</sup> capital.
35. Below, we provide you with additional advice on the two Land Information initiatives not recommended for funding in Budget 2019. These initiatives have a focus on the South Island high country and biodiversity and are likely to be of interest to Minister Sage.

### ***Improved stewardship of Crown land in the South Island high country*** <sup>[33]</sup>

<sup>[33]</sup>

[33]

[33]

**LINZ Biosecurity Programme** <sup>[33]</sup> operating over four years)

*Description*

39. This initiative aims to accelerate existing biosecurity programmes and prioritise key sites to minimise the high risk of major outbreaks and mitigate long-term fiscal impacts. In particular, the funding would enable LINZ to mitigate the risk of rapid spread of aquatic weed in light of potential financial, economic and ecological damage that would result.

*Analysis*

40. The Treasury considers that this initiative has merit, but due to fiscal constraints was not deemed to be sufficiently high priority to include in the draft package, relative to other non-discretionary cost pressures across the public sector. There is also the potential for the initiative to be funded through the International Visitor Levy (IVL), pending final decisions from the Ministers of Tourism, Finance and Conservation on the scope of the IVL. <sup>[33]</sup>  
[33]  
[33]

## Environment Portfolio

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### Summary of initiatives in portfolio

41. As Associate Minister for the Environment, Minister Sage is leading on three initiatives for the Environment portfolio: a priority A initiative (*improving New Zealand's resource efficiency by reducing waste*), <sup>[33]</sup>  
[33] and an out-of-scope initiative (*System Integrity: Hazardous substances reassessment and compliance programmes and international chemicals classification*). <sup>[33]</sup>  
[33]
42. Of these three initiatives, Minister Sage may raise specific issues with two of them:
- a Improving New Zealand's resource efficiency by reducing waste.  
[33]

### *Improving New Zealand's resource efficiency by reducing waste* (<sup>[33]</sup> [33] )

43. The package discussed at DEV on 6 March 2019 did not include funding for this initiative. However, on 11 March Budget Ministers indicated an interest in including funding for waste reduction in Budget 2019. <sup>[33]</sup>

[33]

[33]

This funding provides for the expansion of the waste disposal levy, development of a waste investment related strategy, and improvements in the availability of data on waste.

44. These three work programmes are likely to have the biggest impact on reducing waste to landfills. They are also most in line with the ESLG advice to establish the institutions, rules and incentives that create economic signals and a structured pathway for the market to shift to a sustainable future.
45. As noted in the agency baseline context section, the DEV package proposes a significant amount of funding for MfE in addition to this initiative (through the Sustainable Land Use and Strengthening Integrity initiatives) and there may be challenges associated with such a large expansion. Of the 58.25 additional FTE now included in the DEV package, 10 are for the resource efficiency initiative.

[33]

## Prioritisation

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48. As part of the prioritisation exercise, Minister Sage submitted initiatives in her portfolios totalling \$17.1 million over the forecast period, averaging \$4.3 million per annum. As Associate Minister for the Environment, prioritisation is not part of Minister Sage's responsibility in that portfolio. Minister Parker has submitted an initiative fulfilling the environment portfolio requirements.
49. *Table 4: Summary of funding submitted and recommended for prioritisation in Minister Sage's portfolios*

<b>Portfolio</b>	<b>1% target (\$ millions over the forecast period)</b>	<b>Amount identified (\$ millions over the forecast period)</b>	<b>Amount recommended to accept (\$ millions over the forecast period)</b>
Conservation	15.9	14.6	2.9
Land Information	2.5	2.5	2.5
<b>Total</b>	18.4	17.1	5.4

### Conservation

50. Minister Sage submitted funding for prioritisation in the Conservation portfolio totalling \$14.6 million over the forecast period, which was an under-identification of \$1.3 million. The under

identification is due to a disagreement between the Treasury and DOC regarding the scope of the exercise.

51. The Treasury has maintained that concession revenue collected by DOC is a rental payment from Crown owned land (as opposed to third party revenue), and therefore should not be excluded from the prioritisation exercise. The Treasury maintains this position in order to ensure prioritisation is treated consistently across all portfolios.
52. Out of the \$14.6 million identified, the Treasury recommends Ministers accept \$2.9 million, as explained in Table 5 below.

*Table 5: Funding identified for prioritisation in the Conservation portfolio*

Prioritisation Initiative Title	Amount (\$ millions over forecast period)	Feasibility	Risks	Accept/Do Not Accept
Historical Property Maintenance	1.000	High feasibility of achieving savings	No risk.	Accept
South Island Landless Natives Act (SILNA)	1.869	High feasibility of achieving savings.	No risk to delivery of biodiversity outcomes.  DOC will have to manage a relationship risk with Nga Tahoe. They indicate they will be able to manage this risk.	Accept

[33]

### Land Information

53. Minister Sage submitted funding for prioritisation in the Land Information portfolio totalling \$2.52 million over the forecast period, averaging \$0.630 million per annum. This represents 1% of the eligible baseline. The Treasury recommends Ministers accept the full \$2.520 million identified by LINZ for prioritisation, but note that there is some risk of LINZ seeking additional Crown funding should demand on these (largely demand-driven) appropriations be higher than expected.



## Annex A: Initiatives for Bilateral Discussion (excluding triaged initiatives)

### Conservation

Title	Description	Funding Sought by Agency		Vote team assessment		Draft package		% scaling in package	Treasury Comment
		Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
Safety, security [33] [33] (out of scope)	The funding sought will enable DOC to build its capability to respond to the threat, safety, [33] environment that DOC now operates in. It is a critical bid for DOC in the current threat environment, and essential for maintaining the Government's ability to protect indigenous biodiversity, carry out effective predator control enforcement [33] [33] and other regionally-led initiatives.	[33]	-	2.140	-	2.140	-	[33]	<b>Support scaled.</b> We support the health and safety and the chief security officer support function and the depreciation costs for urgent capital expenditure in this initiative. The Department has demonstrated that there are urgent health and safety needs that require addressing. We recommend DOC continue to work with SSC between now and July to ensure the safety and security functions are fit for purpose and address the recommendations of the 2018 Safeplus Assessment. [33] [33]

Title	Description	Funding Sought by Agency		Vote team assessment		Draft package		% scaling in package	Treasury Comment
		Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
[33]									

Title	Description	Funding Sought by Agency		Vote team assessment		Draft package		% scaling in package	Treasury Comment
		Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
[33]									

## Land Information

Title	Description	Funding Sought by Agency		Vote team assessment		Draft package		% scaling in package	Treasury Comment
		Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
Protecting lakes, rivers and lands from invasive weeds and pest: The LINZ biosecurity Programme (non-discretionary cost pressure)	This funding will protect the values of many iconic lakes, rivers and lands stewarded by the Crown for the benefit of current and future New Zealanders and international visitors. This will involve accelerating existing biosecurity programmes and prioritising key sites to minimise the high risk of major outbreaks and mitigate long-term fiscal impacts. New management <b>measures will include: increased surveillance; better monitoring and evaluation of control activities; and additional control to meet community expectations and new good neighbour rules.</b>	[33]			-	-	-	-	<p><i>Revised recommendation: This initiative was not included in the DEV package due to the potential for International Visitor Levy funding.</i></p> <p><b>Support scaled.</b> This initiative is a non-discretionary cost pressure, driven by increased demand for weed and pest control, and increased regulatory requirements. The initiative aligns with the Government's general direction on biosecurity and freshwater. LINZ has clearly outlined aquatic weed control as a priority, and that the risks of not funding this component are high. Consequently, we support a scaled version of this initiative to cover only aquatic weed control and associated overhead. While the intervention logic for the aquatic weed component is strong, the terrestrial weed and pest component has less detail; therefore we recommend deferring support for this component until the agency produces its updated Biosecurity Strategy. We are satisfied that LINZ will effectively prioritise its available funding to manage the risks associated with deferring this component. If Ministers do not agree to funding this through the Budget, it could be considered against other biodiversity priorities in the development of the investment plan for the International Visitor Levy (IVL).</p>

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		Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
Enabling innovation package: Improved satellite based position to grow an innovative, safe and efficient New Zealand (Priority B)	This funding will deliver a <b>national service to improve satellite-based positioning, such as GPS, for all New Zealanders</b> as an underlying public-good infrastructure to support innovation and everyday improvement in wellbeing. A satellite-based augmentation system (SBAS) will enable significant safety and efficiency benefits across many sectors, including more reliable rescue helicopters, better regional aviation connections, precision agriculture and satellite-based road pricing. It will also promote the uptake of emerging technologies that require more precise positioning. To achieve this, we will partner with the Australian Government to deliver a regional service across the two countries at significantly lower cost to both nations.	[38]							<b>Support in full with tagged contingency.</b> The bid aligns with Priority B as the satellite technology is expected to support innovative practices in a number of sectors e.g. agriculture and transportation. It is also somewhat aligned to Priority A as the technology is expected to lead to productivity gains across a range of sectors. The technology is widely used overseas, and LINZ has provided evidence of positive outcomes in these countries. Similar benefits are expected to occur in New Zealand. The initiative is well costed and merits further consideration given the potential wellbeing and economic benefits, and has also been endorsed by the Government Chief Digital Officer and Government Chief Data Steward. We recommend supporting this initiative with a tagged contingency pending the outcome of negotiations with Australia, with funding being drawn down once the agency has: 1) provided more clarity over the delivery model and the impact of negotiations with the Australian Government on the final cost; 2) further considered ways in which it might charge private beneficiaries of the service e.g. exploring co-funding opportunities with industry or encrypting the technology to sell off to users. We do not recommend deferring this initiative until Budget 2020, as there is an increased cost, financial and diplomatic, associated with delaying the investment.

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Watts Peninsula Reserve Development (out of scope)	This funding will enable the Crown to contribute towards the <b>creation of a reserve at Watts Peninsula in Wellington</b> , providing a range of wellbeing benefits and growing its natural capital. LINZ is also seeking funding for site maintenance until the reserve is established in 2022. The Crown's contribution will supplement a contribution from Wellington City Council who will also meet all operational costs once the reserve is established.	1.002	-	1.002	-	1.002	-	-	<b>Support.</b> This initiative is out of scope of Budget 2019, but it would give effect to a Cabinet decision made under the previous Government. It would also honour the Crown's commitment in a Memorandum of Understanding with Wellington City Council on the Crown contribution to the reserve. The funding requested is time limited and ends in 2022/23, when it is intended that Wellington City Council will become responsible for operating costs. Not funding this initiative in Budget 2019 would result in the Crown incurring ongoing holding and maintenance costs for an indefinite period, amounting to approximately \$900,000 over the forecast period. The initiative is implementation ready, as extensive work has already been done on the feasibility of, and plans for, development of the reserve site. Detailed costings have been provided.

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Treaty Settlement Landbank - demolition and remediation of complex properties (non-discretionary cost pressure)	This funding will be used to demolish and remediate five properties and replace the water plant on one property. These projects will also address public risk where the properties are in close proximity to the public (e.g., fire, structural integrity, and hazardous material risks).	[33]			-	4.200	-	[33]	<p><i>Revised recommendation: due to fiscal constraints, the draft package includes a [33] scaled version of this initiative.</i></p> <p>Support. This initiative is a non-discretionary cost pressure relating to the remediation and demolition of six “complex” properties in the Treaty Landbank. The cost pressure arises from insufficient baseline funding being available to mitigate health and safety risks [33] [33]</p> <p>[33] It is well costed, although the wellbeing analysis could be improved. LINZ has explored how to make best use of existing funding and have a well-considered phasing plan in place for managing remediation and demolition required in the Treaty Landbank. Funding is time limited and ends in 2023/24.</p>

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Treaty Settlement Landbank - Deferred Property Maintenance (non-discretionary cost pressure)	This funding will be used to <b>ensure the 900+ properties in the Landbank Estate are maintained to the standard required</b> to meet regulatory requirements (e.g., Healthy Homes Guarantee Act 2017), the Crown's obligations to iwi and LINZ's agreed responsibilities in managing the Landbank Estate. Across the Landbank Estate, just 11 percent of the properties with improvements meet the required standard. At the time of the transfer of the Landbank Estate to LINZ in 2016, Cabinet noted [SEC-16-MIN-0017] that it was likely additional funding may be needed to address outstanding deferred maintenance. This initiative seeks to address this.	5.315	-	5.315	-	5.315	-	-	<b>Support.</b> The initiative is a non-discretionary cost pressure, resulting from underfunding of maintenance of the Treaty of Waitangi Landbank and new regulatory requirements (the Government's "Healthy Homes" requirements). The risks of not funding the initiative are potentially significant, as they may lead to the Crown not complying with legal [33] obligations, and associated reputational risk to the Crown. At the time the Landbank was transferred to LINZ in 2016, Cabinet noted [SEC-16-MIN-0017] that it was likely that LINZ may need to seek additional funding in the future to address outstanding deferred maintenance. Costings are well developed, and there is evidence of positive wellbeing impacts.

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[33]									
<b>Total for Land Information portfolio</b>		[38]							

**Environment** (for the initiatives being led by Minister Sage)

Title	Description	Funding Sought by Agency		Vote team assessment		Draft package		% scaling in package	Treasury Comment	
		Opex Avge (\$m)	Capex Total (\$m)	Opex (\$m)	Avge (\$m)	Capex Total (\$m)	Opex Avge (\$m)			Capex Total (\$m)
System Integrity: Hazardous substances reassessment and compliance programmes and international chemicals classification (out of scope)	Assoc Min Sage Lead. This funding will deliver four chemicals regulation initiatives that are to ensure New Zealand aligns with international practices and our trading partners: a chemicals reassessment programme; a hazardous substances compliance monitoring programme, targeting high risk areas; implementation of the UN Globally Harmonised System of Classification and Labelling of Chemicals; and a new hazardous substances database. These initiatives are essential to support productive, export businesses and transitioning to a sustainable economy.	[33]					0.263	2.400	[33]	<b>Support scaled</b> [33] The Treasury supports funding for (i) the Globally Harmonised System of Classification and Labelling and (ii) a hazardous substances database. New Zealand is the only OECD country that has not adopted the Globally Harmonised System, and aligning with other countries should lead to health and environmental benefits. The EPA has advised that cost recovery for this component would require amending the Hazardous Substances and New Organisms Act. In respect of the reassessments programme and compliance programme components of the initiative, the Treasury does not support increased funding. The scale of wellbeing impacts is unclear and the EPA has not identified any engagement with the Ministry of Health to inform its analysis of health outcomes.
Improving New Zealand's resource efficiency by reducing waste (Priority A)	Assoc Min Sage Lead. This initiative will: expand the waste disposal levy to reduce waste to landfills and improve waste data; target investments to circular economy initiatives	[33]								<i>Note: this initiative was originally not included in the package presented to the Cabinet Economic Development Committee on 6 March 2019, but on 11 March Budget Ministers indicated an interest in including funding for waste reduction in Budget 2019.</i>  We [33] of this initiative to fund

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	that create jobs and reduce GHG emissions; identify sectors with greatest opportunities for transition to a circular economy to increase wealth and decouple economic activity from the consumption of finite resources; reduce plastics and other harmful materials entering the waste stream or escaping into the environment; and develop on-shore infrastructure to multiply the productivity of resources in the economy.									<p>10 FTEs to develop a waste investment related strategy, improve the availability of data on waste and expand the waste disposal levy. These work programmes support the Labour and Greens confidence and supply agreement to minimise waste to landfill with significant reductions in all waste classes by 2020. These initiatives are also in line with the recommendations of the 2017 review of Waste Management. [33]</p> <p>[33] We recommend that the agency revisit their approach to hypothecation of the waste disposal levy (i.e. consider a change in legislation), especially if there are significant increases in funds raised, to ensure revenue is used in the most effective way to move towards a more circular economy. This is in line with the recommendations of the Tax Working Group.</p>
[33]										

Title	Description	Funding Sought by Agency		Vote team assessment			Draft package		% scaling in package	Treasury Comment
		Opex Avge (\$m)	Capex Total (\$m)	Opex (\$m)	Avge	Capex Total (\$m)	Opex Avge (\$m)	Capex Total (\$m)		
[33]										
Total		[33]								