

Minister of Climate Change
Minister for Energy
Minister of Local Government
Minister of Revenue



Hon Nicola Willis
Minister of Finance
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19 February 2025

Dear Minister of Finance,

I write to you seeking a late invitation into the Budget 2025 process, to establish a tagged contingency to support cost-effective investments that help meet New Zealand's climate goals whilst supporting our priority to lift economic growth.

As you know, in our roles as shareholding Ministers we are now seeking a Cabinet decision to disestablish NZGIF. I understand that there is the potential for early recovery of \$100m in capital (with more funding to potentially be recovered in time), which may be available to allocate at Budget 2025.

I am writing now to seek invitation into the Budget process, so that we are in a position to make an announcement committing funds towards climate priorities alongside any public announcements regarding the disestablishment of NZGIF, to demonstrate our commitment to our climate goals and economic growth.

These funds would be channelled into priority projects aligned to the Government's Climate Strategy's five pillars, that deliver cost-effective benefits for climate mitigation and adaptation objectives, economic development, and energy affordability and security. I propose that the quantum of the tagged contingency be the recovered funds and that these funds be allocated at approximately a 90-10 capex-opex split.

I have annexed to this letter some specific initiatives which could be funded through tagged contingencies. We will initially focus on projects that are implementation ready, for example, concessionary loans for public electric vehicle charging infrastructure. Further work will be required on the remaining initiatives before funding is made available.

I look forward to discussing this with you further.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Watts', written over a horizontal line.

Hon Simon Watts
Minister of Climate Change

Annex: Initiatives that could be funded from a tagged contingency (non-exhaustive)

EV Charging Infrastructure

Cabinet will shortly consider a proposed financing approach as part of the Supercharging EV Infrastructure policy. This proposes using concessional loans to support the construction of EV chargers, administered by EECA. Extending the initially proposed funding of \$68m by another \$90m can be expected to deliver the Government's goal of 10,000 additional chargers.

Afforestation on Crown Land

The Crown is exploring opportunities to partner with private entities to plant new native and exotic forests on Crown-owned land. The ongoing Request for Information (RFI) process will help determine the attractiveness of the proposition, and to what extent funding is a barrier. While the design of the policy is still being considered, some level of financial support is likely to be required to generate planting at scale outside of the ETS. As an indicative estimate, \$100 million may be needed to achieve the desired scale of exotic and native afforestation modelled in the second emissions reduction plan.

Rooftop Solar and wider energy security / affordability

My officials are currently progressing work on options within the energy portfolio that support greater affordability, and security of supply for the energy system, and align with our Climate Strategy. They are also specifically looking at increasing the uptake of rooftop solar along with batteries. More policy work is needed, but my initial understanding is that finance remains a barrier for some households when it comes to uptake. As an indicative estimate, \$50m could support around 1600-2000 homes using low interest loans. I flag this option as one we could progress through a tagged contingency once more policy work is completed.

Supporting agricultural mitigation uptake

The Government could consider further initiatives to support the development and uptake of agricultural mitigation technologies. This could be done in a variety of ways. For example, we could direct funding to:

- support the development of internationally aligned methodologies for a voluntary carbon market – and bolster demand for units created by agtech;
- directly engage with agricultural processors with supply chain Scope 3 emissions reduction targets; and/or
- directly support projects such as EcoPond (which aims to reduce methane produced from effluent).

Supporting Marae resilience

The Government could consider providing funds towards the increased resilience of marae in New Zealand, as part of supporting wider community resilience after an emergency event, given the significant role marae play in the response phase. This funding would implement five climate resilience projects scoped through the Ministry for the Environment and Pou Take Ahuarangi joint work programme (JWP). It builds on the existing work of the JWP to

assess climate vulnerabilities across more than 1,000 marae to identify possible pilot projects for funding.

Supporting climate resilience for small business and community organisations

The Government could consider providing funding towards increasing the climate resilience of small business and community organisations across New Zealand. This could be done in a variety of ways, including through expanding existing Crown funds or grants programmes, or through the development of new community and business partnerships.