

Notes on process forward for Min Seymour Climate baseline savings work

TO: James Palmer, Sam Buckle, Mark Vink/Hemi Smiler, Arun Patel

FROM: Jeremy Strickland, Principal Advisor, Finance & Procurement

Summary of Treasury's Aide Memoire (AM) (provided **CLASSIFICATION**)

- Tsy have provided MfE a copy of their AM to Min Seymour as context, suggesting a head start with preparing content for savings bids. They have asked not to share this with MCC's Office at this stage to avoid cutting across the Minister-level process.
- Tsy have summarised our line-by-line detail, recommended areas that have potential for further savings analysis, asking the Minister to circle which workstreams should be specifically considered in our savings package.
- We expect to be invited for our two climate departmental appropriations (Managing Climate Change in NZ + CCIEB), and the Climate Change Commission.
- Tsy have suggest that MfE's baseline savings submissions can then be used to support a further discussion with MCC about the Government's ambition and climate change work programme priorities, ahead of finalising any savings for B25 (ie a 2nd bilateral).

Invite Letter from Min Seymour to MCC & expected timeline

- Treasury have requested that Min Seymour review their advice and respond by Friday so they can prepare a letter to MCC outlining which appropriations and workstreams are requested be considered in a baseline savings submission on 13 February (Thursday next week).
- The submission will be via savings template(s) into CFISnet + a cover letter from Min Watts agreeing to the savings initiatives (& we could add in any caveats).

Discussion with MCC 4pm Monday 10 February

- Our advice is to recommend to MCC to hold the line as per the earlier [BRF-5779](#), which suggest some minimal savings for B25 (totalling \$4.177m over four years for surplus VCM funding and flat-lining the CCIEB), with further discussion at another bilateral.
- Climate Commission. We consider it would be preferable to defer seeking further savings from the CCC ahead of a more fundamental review of the institutional arrangements for climate change. The CCC advises that further operational saving options as part of B25 would not be substantial, i.e., less than \$0.5m. Additionally, descoping the breadth and depth of its reports would be the CCC's

main lever for responding to further funding constraints, with resulting trade-offs to the usefulness of those reports.

- 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- Tsy are seeing the submission as an opportunity to put forward what the choices for Ministers are (i.e. where there are discretionary things that Ministers could choose to deprioritise), and then providing context on the risks and trade-offs to help inform a later bilateral between the Ministers, and then ultimately Budget Ministers.
- We can prepare draft talking points on Friday or Monday morning once we receive the invite letter from Min Seymour (via MCC's office).
- Suggest we re-confirm MCC's direction on what savings to progress (*via email to the office summarising what we heard was agreed*)