



BRIEFING

Budget 2025 – Energy funds and grants final savings initiatives

Date:	12 December 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-007173

Action sought		
	Action sought	Deadline
Hon Simeon Brown Minister for Energy	Agree to submit the attached savings initiatives for Budget 2025 Sign the attached letter to the Minister of Finance advising of your proposed savings initiatives	17 December 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Justine Cannon	General Manager, Energy Markets	Privacy of natural persons	✓
Privacy of natural persons	Senior Policy Advisor		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To seek your agreement to submit cost savings initiatives for grants and funds in the Energy portfolio, to meet Budget 2025 savings targets. A draft response letter to the Minister of Finance confirming your intended savings initiatives is provided as Annex One.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that for Budget 2025 the Minister of Finance has requested that you identify savings initiatives from funds and grants within the Energy portfolio **Confidential advice to Government**
Noted
- b **Note** that you were not requested to submit any saving or spending initiatives for the Auckland portfolio
Noted
- c **Note** that the Minister of Finance has requested that you provide a letter to her outlining your intended initiatives by 23 December
Noted
- d **Agree** to sign and provide the letter attached as Annex One to the Minister of Finance outlining your savings initiatives
Agree / Disagree
- e **Agree** to MBIE submitting the savings initiatives templates attached as Annexes Two and Three to Treasury on your behalf.
Agree / Disagree

Justine Cannon
General Manager, Energy Markets
Building, Resources, and Markets, MBIE

12 / 12 / 2024

Hon Simeon Brown
Minister for Energy

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You have signalled agreement to Energy grants and funds initiatives to meet targets for Budget 2025

1. On 15 November the Minister of Finance wrote to Ministers outlining the core components of Budget 2025 and requesting Ministers begin developing their spending and/or savings submissions. In the Energy portfolio, you have been asked to provide options for savings from funds and Confidential advice to Government
2. On 28 November, MBIE provided you an initial package to meet these savings targets [BRIEFING-REQ-0006614]. You provided feedback on this package on 3 December.

Confidential advice to Government

We have drafted these initiatives for submission to Treasury and the Minister of Finance

5. The Minister of Finance requested you write to her confirming your intended initiatives by 23 December. In addition, MBIE are required to submit two sets of initiative templates to Treasury on your behalf by 23 December:
 - a. The *Initiatives Summary* (Annex Two) provides an overview of options to meet the low and high savings targets. This Summary is to be included in your response to the Minister of Finance as well as provided to Treasury. For completeness, the Summary also notes your intended small scale reprioritisations for baselines updates in 2025.
 - b. The *Budget 2025 Savings initiatives* (Annex Three) provide details of your preferred savings options for Energy funds and grants Confidential advice to Government
6. Annex One provides a draft response letter to the Minister of Finance. As discussed at the Officials meeting on 3 December, this letter notes your preference to not reduce funding to the Warmer Kiwi Homes programme and your intention to address the declining baseline for MBIE's energy policy through a transfer of non-departmental funding in the March baseline update.

The draft response letter also confirms you do not intend to submit any initiatives for the Auckland portfolio

7. While the invitation letter was copied to you as the Minister for Auckland, you were not requested to submit any initiatives for this portfolio. For ease of reference we have included a confirmation no initiatives are intended within the same letter as your Energy portfolio response.

Further information on expected impacts of savings

FTE impacts

8. We have discussed with EECA the likely FTE impacts of the proposed savings. The consolidation and reduced scale of technology diffusion funds will reduce EECA's administrative requirements, and therefore have some FTE impact. Confidential advice to Government

9. Confidential advice to Government

Savings for the Crown and for levy payers

10. In our previous briefing MBIE indicated we would provide further advice on the distribution of savings between Crown and levy funding. Approximately half of funding for EECA's technology diffusion funds comes from levies (a combination of the Petroleum, Electricity Industry and Gas levies).

11. Confidential advice to Government

- 12.

Next steps

13. Our suggested timings to progress this Budget submission are:

Date	Milestone	Description
17 Dec	Officials meeting	Option to discuss final package, if required
17-20 Dec	Submission to Treasury	MBIE will commence submission to Treasury's CFISnet system on 17 December.
23 Dec	Letter to MOF due	Last date for the Minister of Finance to receive Budget 2025 submission letters from Portfolio Ministers

Annexes

Annex One: Draft response letter to the Minister of Finance

Confidential advice to Government