Hon Shane Jones

Minister for Oceans and Fisheries Minister for Regional Development Minister for Resources Associate Minister of Finance Associate Minister for Energy



14 February 2025

Hon Nicola Willis Minister of Finance Parliament Buildings

Dear Nicola

I am seeking an invitation for Budget 2025 to progress a series of growth initiatives. These would require budget allocation to support a package of legislative and regulatory work to support the Government's *Going for Growth* agenda, which as you know, is organised around the five pillars of:

- Developing talent;
- Competitive business settings;
- Promoting global trade and investment;
- Innovation technology and science; and
- Infrastructure for growth.

The below initiatives support all the above pillars, but with a particular focus on creating competitive business settings, promoting global trade and investment, and improving New Zealand's infrastructure to support growth.

Taken together, it is my belief that these initiatives will help New Zealand maintain its comparative advantage in several key sectors of the economy. Further detail about these initiatives is outlined below.

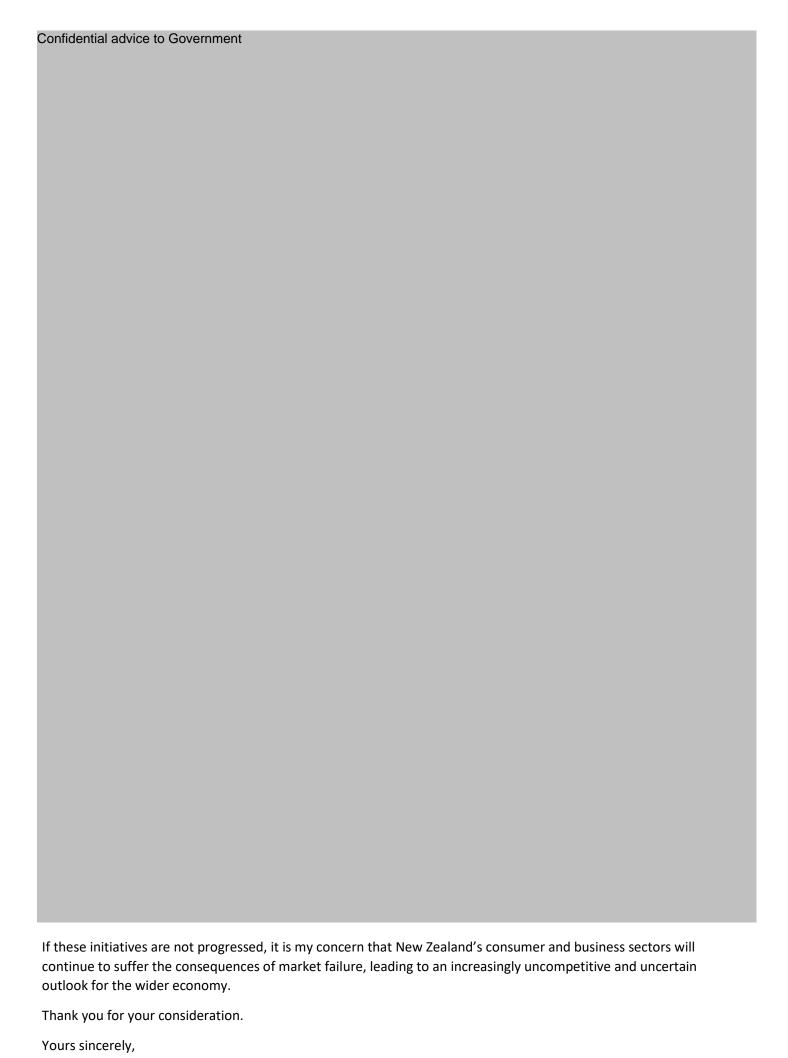
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Early initiatives to ensure an affordable, secure and internationally competitive electricity market

The power crisis New Zealand experienced last winter highlighted how important affordable and secure electricity at internationally competitive prices is to New Zealand's economic growth and prosperity. In response to this crisis, the Government has undertaken several initiatives to improve New Zealand's regulatory settings to incentivise competition, encourage investment into new electricity generation, and boost overall supply. Minister Watts and I are also undertaking a first-principles review of the current market structure (due to be finalised in mid-2025) and are progressing with an Energy and Electricity Security Bill as part of the Government's 2025 legislative programme.

However, while these initiatives will provide relief to New Zealand consumers and firms in the medium-to-long term, there is a pressing need to provide immediate relief. Just today, Oji's Kinleith Mill announced that it is downsizing its production capacity, in part due to its inability to remain competitive due to New Zealand's increasingly uncompetitive electricity market. This event is not isolated, and I am increasingly concerned about the impact electricity prices are having on the manufacturing sector, and the downstream effects that this is having on New Zealand's communities.

Confidential advice to Government



Hon Shane Jones

Minister for Resources
Associate Minister for Energy
Minister for Regional Development

cc Minister Simon Watts Minister for Energy