



BRIEFING

Joint Energy Budget Initiative - Policy Capability

Date:	14 March 2025	Priority:	Urgent
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0011027

Action sought		
	Action sought	Deadline
Hon Simon Watts Minister for Energy	Approve the Budget 2025 Initiative for additional policy capability to advise on the independent review and options for government procurement to support energy system objectives	17 March 2025
Hon Shane Jones Associate Minister for Energy	Approve the Budget 2025 Initiative for additional policy capability to advise on the independent review and options for government procurement to support energy system objectives	17 March 2025

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	Policy Director, Energy Markets		✓

The following departments/agencies have been consulted
MBIE's Government Procurement Group has been consulted The Treasury has been informed

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☐ Withdrawn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

Following correspondence with the Associate Minister for Energy, the Minister of Finance has agreed to submission of a joint Budget 2025 initiative (letter dated 10 March 2025 refers) to increase MBIE's policy capacity to assess and provide ongoing advice on the review of electricity market performance and any subsequent actions the Government agrees, i

Confidential advice to Government

Confidential advice to Government

This paper seeks your approval of this joint Budget 2025 initiative.

Recommended action

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

- a **Note** the Minister of Finance has agreed to a joint Budget initiative for policy capability to provide ongoing advice on the review of electricity markets

Noted

- b **Agree** to an initiative as follows:

- i) energy policy capacity to assess and provide ongoing advice on the review and actions at \$1.960 million per annum Confidential advice to Government
- ii) \$0.600 for procurement policy advice over 2 years Confidential advice to Government to assess how best to leverage all-of-government procurement to achieve the government's objectives in the energy system

Agree / Disagree

- c **Agree** the following fiscal implications for the above initiative:

\$ million	Funding increase required (\$m)				
	2024/25	2025/26	2026/27	2027/28	2028/29
Additional policy capability	-	1.680	2.360	1.960	1.960

- d **Note** that submission to CFISnet is required by Monday 17 March 2025, to enable Budget Ministers' consideration of the proposal

Note



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

12 / 03 / 2025

Hon Simon Watts
Minister for Energy

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Hon Shane Jones
Associate Minister for Energy

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Background

Following correspondence with the Associate Minister for Energy, the Minister of Finance has agreed to submission of a joint Budget 2025 initiative (letter dated 10 March 2025 refers) to increase MBIE’s policy capacity to assess and provide ongoing advice on the review of electricity market performance and any subsequent actions the Government agrees, Confidential advice to Government

Confidential advice to Government

MBIE has developed a bid to deliver on these objectives

- 1. MBIE has considered how best to deliver against these proposals. We note, in particular, that the recommendations of the Review are still being shaped, and that Cabinet will need to consider which actions it wants to progress or prioritise.
- 2. Given these uncertainties, as well as the specific elements the Associate Minister of Energy has requested advice on, we are recommending an initiative that covers:
 - a. Additional capacity to advise on the Review and implementation of actions (mix of FTE and expert input)
 - b. A small project team to advise on what Government procurement could most effectively deliver on for the energy system
- 3. The cost estimates for additional policy capability are set out in the table below, with further detail on assumptions and cost breakdown in the remainder of this briefing.

\$ million	Funding increase required (\$m)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
Additional policy capability	-	1.680	2.360	1.960	1.960

Advice on the Review and subsequent actions

- 4. We recommend additional capability Confidential advice to Government to ensure a swift flow of advice on the Review and actions agreed by Cabinet. The current resourcing will support the initial response to the Review’s final report (due in June 2025). We expect that additional capability will be useful to support advice on the resulting workstreams.

- 5. Confidential advice to Government

Proposed funding request

\$ million	Funding increase required (\$m)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Additional energy policy resource	-	1.480	1.960	1.960	1.960

Advice on role of Government Procurement in the Energy System

6. We recommend establishing a fixed term project team to provide advice on how Government Procurement might be used to best effect in achieving objectives in the energy system.

Confidential advice to Government

7. To ensure this work is well-connected with all-of-government procurement, the project will be set up in the Government Procurement Group, and work closely with the Energy Markets branch.

8. Confidential advice to Government

Proposed funding request

\$ million	Funding increase required (\$m)				
	2024/25	2025/26	2026/27	2027/28	2028/29
Additional procurement policy resource	-	0.200	0.400	-	-

Next steps

9. In order to support Budget Ministers' consideration, an initiative needs to be submitted to CFISnet (the Treasury's budget management system) by Monday, 17 March. Officials have prepared the required submission form, in line with the content of this paper, and will update as required.
10. There may be some (limited) scope in the week of the 17th for adjustments to the specifics of the proposal, but not for increases to the amount of funding sought.