



## COVERSHEET

<b>Minister</b>	Hon Poto Williams	<b>Portfolio</b>	Building and Construction
<b>Title of Cabinet paper</b>	<b>Funding the Building for Climate Change Programme</b>	<b>Date to be published</b>	9 August 2021

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
23 June 2021	<i>Funding the Building for Climate Change Programme</i>	<i>Office of the Minister of Building and Construction</i>
23 June 2021	<i>Cabinet Minute: DEV-21-MIN-0133</i>	<i>Cabinet Office</i>

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld to protect the confidentiality of advice tendered by ministers and officials.

## In Confidence

Office of the Minister for Building and Construction  
Cabinet Economic Development Committee

## Funding the Building for Climate Change Programme

### Proposal

- 1 The Building for Climate Change Programme was launched mid-2020 by the Ministry of Business, Innovation and Employment (MBIE) to reduce carbon emissions in the construction of buildings and during the building's lifespan. The Building for Climate Change Programme will play a key role in New Zealand's goal of reaching net zero carbon emissions by the year 2050.
- 2 This paper seeks Cabinet's approval to reprioritise a forecast underspend of up to \$2 million from Weathertight Services to the Building for Climate Change Programme through a fiscally neutral adjustment and in-principle expense.

### Executive Summary

- 3 There is a forecast underspend of up to \$2 million in the Weathertight Services appropriation in Vote Building and Construction for the 2020/21 financial year, which if transferred could supplement the Building for Climate Change Programme's funding across the 2020/21 and 2021/22 financial years.
- 4 With this funding the Building for Climate Change Programme will be able to:
  - 4.1 establish dedicated resource to drive the Building for Climate Change Programme;
  - 4.2 purchase data to support the development of the National Adaptation Plan;
  - 4.3 better understand future climate risks; and
  - 4.4 plan at a regional and community level as opposed to being limited to national-scale risks.
- 5 I seek Cabinet's approval reprioritise the forecast underspend of up to \$2 million, from the Weathertight Services appropriation for 2020/21 to Building for Climate Change.

### Background on Building for Climate Change

- 6 New Zealand has started the journey to a low emission and climate resilient future. The government has committed to being Carbon Zero by 2050 and has established the Climate Change Commission to support this journey.

- 7 The construction sector is a major contributor to carbon emissions, it is estimated that it contributes around 20% of New Zealand's gas emissions<sup>1</sup>. The Building for Climate Change Programme intends to significantly reduce the sector's carbon footprint and support transition to a sustainable, climate-resilient and low-emissions economy.
- 8 The Building for Climate Change Programme will provide the tools the Building and Construction Sector needs to deliver the required change. The goals of the Building for Climate Change Programme are twofold:
- 8.1 reduce carbon emissions, and
  - 8.2 improve New Zealand's resilience to climate change.

### Related funding decisions

- 9 Confidential advice to Government
- 10 Cabinet has already agreed to reprioritise \$2.5 million underspend in the Residential Earthquake-prone Building Scheme's administration budget to the Building for Climate Change Programme covered in Treasury's Cabinet paper for the 2021 Budget Technical Financial Recommendations<sup>2</sup>.
- 11 This \$2.5 million will be spent on initiatives to support the sector and pave the way for implementation of the Building for Climate Change Programme.
- 12 In addition, a further underspend of up to \$2 million in the 2020/21 Vote Building and Construction in the Weathertight Services appropriation has been identified. As Weathertight Services has a sufficient and secure future funding, this underspend is not eligible to be transferred to subsequent financial years, and is therefore available for reprioritisation.

### Reprioritisation of the forecast underspend of up to \$2 million

- 13 The *2021 Wellbeing Budget: Securing Our Recovery* is focused on supporting Aotearoa New Zealand in the response to the uncertainty of COVID-19 and accelerating the recovery and the rebuild, while addressing key issues such as climate change, housing affordability, and child poverty.
- 14 Laying the foundations for the future, including addressing climate change is a key goal outlined in the Government's Budget Policy Statement 2021. I recommend that the forecast underspend of up to \$2 million is reprioritised to the Building for Climate Change Programme.

<sup>1</sup> Building for Climate Change: Transforming the Building and Construction Sector to reduce emissions and improve climate resilience, July 2020

<https://www.mbie.govt.nz/dmsdocument/11522-building-for-climate-change>.

<sup>2</sup> CAB-21-MIN-0096.03 refers.

- 15 The Building for Climate Change Programme intends to significantly reduce the sector's carbon footprint and support the transition to a sustainable, climate-resilient, and low-emissions economy.
- 16 The additional funding will mean the Building for Climate Change Programme can:
- 16.1 establish dedicated resource to drive the Building for Climate Change Programme;
  - 16.2 purchase data to support the development of the National Adaptation Plan;
  - 16.3 better understand future climate risks; and
  - 16.4 plan at a regional and community level as opposed to being limited to national-scale risks.
- 17 Without this funding, the Building for Climate Change Programme will be reliant on incomplete data to develop the National Adaptation Plan. Having more robust data will drive confidence in the National Adaptation Plan from the sector and will support the transition to a climate-resilient, sustainable and low-emissions economy.

### **Financial Implications**

- 18 I propose \$2 million from the Weathertight Services appropriation for 2020/21 to the Building for Climate Change Programme across the next two fiscal years 2021/22 and 2022/23. Cabinet approval is required for this transfer due to the combination of a fiscally neutral adjustment and in-principal expense required.

### **Legislative Implications, Human Rights, Gender Implications and Disability Perspective**

- 19 There are no legislative, human rights or gender implications resulting from the proposal set out in this paper.

### **Consultation**

- 20 Treasury has been consulted and has reviewed the financial recommendations.

### **Communications**

- 21 There will be no announcement or media release associated with this Cabinet paper.

**Proactive Release**

22 This Cabinet paper, along with the Cabinet minutes and supporting documentation, is proposed to be proactively released on MBIE’s website within 30 working days of the final decision being made by Cabinet. The release of the information is subject to redactions consistent with the Official Information Act 1982.

**Recommendations**

The Minister for Building and Construction recommends that the Committee:

- 1 **note** the Building for Climate Change Programme intends to significantly reduce the sector’s carbon footprint and support transition to a sustainable, climate-resilient and low-emissions economy;
- 2 **note** that the Minister for Building and Construction was not invited to submit a Budget bid for the Building for Climate Change Programme, and instead was encouraged to identify opportunities to reprioritise existing baselines to fund the Programme;
- 3 **agree** to fund the next phase of work for Building for Climate Change in the 2021/22 and 2022/23 financial years through a repurposing of resources in the Vote Building and Construction from the Weathertight Services appropriation;
- 4 **approve** an in-principle expense transfer of up to the following maximum amount of operating expenditure from 2020/21 to 2021/22 and 2022/23:

	\$m – increase/(decrease)				
<b>Vote Building and Construction Minister for Building and Construction</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 &amp; Outyears</b>
Departmental Output Expense: Weathertight Services (funded by Revenue Crown)	(2.000)	1.300	0.700	-	-
Multi-Category Expenses and Capital Expenditure:					
Building Policy, Regulation and Advice MCA					
Departmental Output Expense:					
Policy Advice and Related Services to Ministers - Building and Construction (funded by Revenue Crown)	-	-	-	-	-

- 5 **authorise** the Minister of Finance and the Minister for Building and Construction jointly to agree the final amount to be transferred across financial

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years and between appropriations from recommendation 4 above, following completion of the 2020/21 audited financial statements, with no impact on the operating balance and/or net core Crown debt across the forecast period;

- 6 **authorise** the Minister of Finance and the Minister for Building and Construction jointly to approve the following fiscally neutral adjustment, subject to the confirmed final in-principle expense transfer amount, to give effect to recommendation 5 above, with no impact on the operating balance:

	\$m – increase/(decrease)				
<b>Vote Building and Construction</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 &amp; Outyears</b>
<b>Minister for Building and Construction</b>					
Departmental Output Expense:					
Weathertight Services (funded by Revenue Crown)	-	(1.300)	(0.700)	-	-
Multi-Category Expenses and Capital Expenditure:					
Building Policy, Regulation and Advice MCA					
Departmental Output Expense:					
Policy Advice and Related Services to Ministers - Building and Construction (funded by Revenue Crown)	-	1.300	0.700	-	-

- 7 **authorise** the Minister of Finance and the Minister for Building and Construction jointly to approve any other changes to appropriations required to enact the policy decisions made by Cabinet in this paper;
- 8 **agree** that the proposed changes to appropriations be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.

Authorised for lodgement

Hon Poto Williams

Minister for Building and Construction