

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT HĪKINA WHAKATUTUKI



COVERSHEET

List of documents that have been proactively released					
Date	Title	Author			
14 December 2023	Offshore renewable energy	MBIE			
18 December 2023	Iwi Engagement in Offshore Renewable Energy	MBIE			
1 February 2024	Offshore renewable energy: Timing and design of permitting regime	MBIE			
1 March 2024	Offshore renewable energy: Regime design and next steps for Cabinet decisions	MBIE			
15 March 2024	Offshore Renewable Energy – Alignment with Fast-track Approvals Bill	MBIE			
28 March 2024	Offshore renewable energy regulatory regime: Draft Cabinet Paper	MBIE			
18 April 2024	Offshore renewable energy – Interaction with environmental consents	MBIE			
17 May 2024	Offshore renewable energy regulatory regime – Next steps	MBIE			
21 May 2024	Offshore renewable energy – decommissioning requirements	MBIE			
22 May 2024	Offshore renewable energy regulatory regime - Timeline	MBIE			

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.

- Privacy of natural persons
- Commercial information
- Confidentiality
- Confidential advice to Government
- Free and frank opinions
- Legal professional privilege
- International relations
- Constitutional conventions





BRIEFING

Offshore renewable energy regulatory regime: Draft Cabinet Paper

Date:	28 March 2024	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-2428

Action sought						
	Action sought	Deadline				
Hon Simeon Brown Minister for Energy	 Provide feedback on the draft Cabinet paper, for officials to update in preparation for Ministerial consultation. Seek pre-approval from the Minister of Finance to commence ministerial consultation. Circulate the draft Cabinet paper for Ministerial consultation, once pre- approval is received from the Minister of Finance. 	3 April 2024				

Contact for telephone discussion (if required)					
Name	Position	Telephone	1st contact		
Melanee Beatson	Manager, Offshore Renewable Energy and Hydrogen	Privacy of natural persons	✓		
Poppy Haynes	Principal Policy Advisor	Privacy of natural persons			
Jahnavi Manubolu	Senior Policy Advisor	Privacy of natural persons			

The following departments/agencies have been consulted				
The attached Cabinet paper has been consulted with agencies.				
Minister's office to complete:	Approved	Declined		

☐ Noted ☐ Seen

See Minister's Notes

Needs change

Overtaken by Events

🗌 Withdrawn

Comments

BRIEFING



Offshore renewable energy regulatory regime: Draft Cabinet Paper

Date:	28 March 2024	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-2428

Purpose

The purpose of this briefing is to:

- seek your feedback on a draft Cabinet paper for the offshore renewable energy regime
- inform you that pre-approval from the Minister of Finance is required before Ministerial consultation can commence, and provide you the relevant documents to support this
- provide further policy advice on relevant issues reflected in the Cabinet paper.

Recommended action

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

a **Provide** feedback on the attached draft Cabinet paper by 3 April 2024

Agree / Disagree

b **Note** the proposed regime requires pre-approval from the Minister of Finance before Ministerial consultation can commence, because there are some financial implications (but the regime will be fully cost-recovered and we are not seeking Crown funding)

Noted

c **Agree** to provide a letter and out-of-cycle funding request to the Minister of Finance seeking pre-approval to consult on the Cabinet paper

Agree / Disagree

d **Agree** to circulate the draft Cabinet paper (subject to any amendments following your feedback) for consultation with your Ministerial colleagues once you have received preapproval from the Minister of Finance

Agree / Disagree

e **Agree** that the Minister for Energy will be responsible for initiating feasibility permit rounds and making permitting decisions, but this can be delegated to the regulator

Agree / Disagree

f **Agree** that there should be no right to appeal the feasibility permit decision (judicial review would still be available)

Agree / Disagree

Privacy of natural persons

Melanee Beatson Manager, Offshore Renewable Energy and Hydrogen Policy Energy Markets, MBIE

Hon Simeon Brown Minister for Energy

28 / 03 / 2024

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Background

- 1. On Wednesday 6 March 2024, in response to our briefing on the design of the offshore renewable energy regulatory regime [Briefing 2324-2096 refers], you:
 - a. made policy decisions on the design of the regime, and
 - b. instructed MBIE to draft a Cabinet paper:
 - i. seeking agreement to the design of the regulatory regime
 - ii. inviting you to issue drafting instructions to the Parliamentary Counsel Office for the proposed Offshore Renewable Energy Bill and associated secondary legislation, and
 - iii. delegating authority to you to take further decisions on relevant details of the regime.
- 2. As set out in our previous briefing, we have separately developed a full Regulatory Impact Analysis (RIA) to accompany the Cabinet paper, which is a requirement for all Cabinet papers involving regulatory change. MBIE's regulatory impact assessment review panel is currently assessing the RIA. We will provide this to you as soon as possible once complete.

Draft Cabinet Paper

- 3. A draft Cabinet paper is attached at **Annex One** for your feedback. This incorporates:
 - a. your advice following consideration of options for iwi participation [Briefing 2324-2513 refers]
 - b. feedback from interagency consultation undertaken from 18 March 2024. No significant issues were identified as part of this process.
- 4. We have aimed to keep the Cabinet paper as concise as possible. The length reflects the number and nature of the decisions, and the detail the Parliamentary Counsel Office (PCO) requires to draft the legislation in time (i.e. to introduce legislation by the end of the year).

Pre-approval to consult from the Minister of Finance

Pre-approval from the Minister of Finance is required before Ministerial consultation

- 5. You agreed that the operation of the regulatory regime will be fully cost-recovered through application fees and annual fees [Briefing 2324-2096 refers]. This will require a new appropriation in the context of Budget 2025 and a new memorandum account.
- 6. We are not seeking any Crown funding. However, because the regime has financial implications, i.e. spending associated with setting up the regulator will be required before activities can be cost-recovered, you will need to seek the Minister of Finance's agreement to an 'out-of-cycle funding request' prior to the Ministerial consultation process.¹
- 7. We are assuming that expenditure will be required from 1 July 2025. However, application fees are unlikely to be received before early 2026. The initial costs of the regime will be managed through a memorandum account and MBIE's balance sheet for a short period within the 2025/2026 financial year. Confidential advice to Government

¹ CO (18) 2: Proposals with Financial Implications and Financial Authorities (DPMC)

8. We have prepared the required letter (**Annex 2**) and funding request (**Annex 3**).

Further policy advice

- 9. In this section, we provide further policy advice, as reflected in the draft Cabinet paper, on issues where either:
 - a. you have asked for more information, or
 - b. we have proposed changes based on departmental consultation and/or further analysis.

Decision-making

- 10. In our March 2024 briefing, we undertook to provide further advice on the decision-making functions in the regime. Following further analysis, we recommend that the regime adopts a model that aligns with the Crown Minerals Act 1991:
 - a. the Minister will be responsible for initiating feasibility permit rounds
 - b. the Minister for Energy is responsible for permitting decisions, but this can be delegated to the regulator. As described in the Cabinet paper, in practice most decisions are expected to be made by the regulator given their technical nature. However, Ministerial oversight is warranted where decisions involve potentially significant policy or strategic considerations, or significant trade-offs among competing applications at the feasibility stage. This is a change from our briefing of 1 February 2024, where we had proposed the regulator makes most permit decisions but elevates the decision to the Minister where there are implications for national security or public order [Briefing 2324-1541 refers].
- 11. These proposals are described in paragraph 32 of the Cabinet paper.

Permit Criteria

Refinement of criteria

- 12. In previous briefings, we provided an overview of the proposed criteria for permit assessments. At both feasibility and commercial permit stages, the criteria are designed to align with New Zealand's national interests and manage the risks of developments, including risks to the government. Following further analysis, we propose to reduce the criteria for the commercial permit process. We would welcome your feedback on this.
- 13. **Appendix two of the Cabinet paper** provides an overview of the proposed updated criteria. We are proposing:
 - a. **Feasibility permit**: At feasibility, the proposed criteria are designed to
 - i. enable a comparative assessment to select the best developments for New Zealand, and
 - ii. provide as much certainty as possible that a development will go ahead (including to avoid opportunity costs for other developments).

The proposed feasibility criteria remains appropriate to achieve these objectives. Having clear criteria also protects against judicial review. (Note the first discussion document proposed only technical and financial capability, national interest and iwi engagement. Feedback, including from developers, suggested additional criteria to align with broader Government priorities would support a comparative assessment.)

- b. **Commercial Permit**: At commercial permit stage, the assessment is pass/fail. These criteria provide the opportunity to check the claims and assumptions made at feasibility stage hold true and risks are appropriately managed. Following further assessment, we have proposed reducing the criteria at the commercial stage, to cover only:
 - i. Technical and Financial Readiness
 - ii. Decommissioning (which can only be assessed at a high level at feasibility)
 - iii. Engagement with Iwi and Hapū (which links to consultation at this stage)
 - iv. National Security (which will only be relevant if there have been significant changes since feasibility)

If a developer does not initially meet the criteria at the commercial permit stage, the regulator will provide opportunity for them to remedy this (i.e. it's about ensuring appropriate conditions are met, not about trying to knock people out).

National Security

- 14. The National Security criterion is to enable a ministerial decision to not proceed with an application based on national security risks or risks of significant public disorder. There is a national security test under the Overseas Investment Act, but this would usually come later (meaning several years could be invested before a decision to preclude a development) and might not capture all developments.
- 15. You asked for advice on whether permits under the Crown Minerals Act 1991 includes consideration of national security impacts. National security is not considered under the Crown Minerals Act, as it was not commonly considered in older regimes. However, New Zealand's threat landscape has changed in recent years and offshore wind developments would likely be considered critical national infrastructure. The Outer Space and High-Altitude Activities Act 2017 is an example of a regulatory regime that includes some consideration of national security impacts. The Australian Offshore Energy Infrastructure Act also includes a national interest criterion for both feasibility and commercial licences.

Appeals

- 16. You indicated following our 1 March 2024 briefing that permit decisions should be able to be appealed on points of law only.
- 17. Following further consultation, we propose one further change, i.e. that there should be no right to appeal the feasibility permit decision. Judicial review would be available. This is because the ability to appeal at the feasibility stage (where projects are selected on a comparative basis) could significantly delay feasibility work by a successful permit-holder while the appeal is underway, especially where the appellant seeks to stay the permit decision until the outcome of the appeal is heard. This would be inconsistent with the objective of the regime of providing greater certainty.
- 18. There is no right of appeal for the similar tender process under the Crown Minerals Act 1991 for competing applications. The Australian Offshore Energy Infrastructure Act does not have appeals at the feasibility stage.

Permit area

19. You sought further advice on whether the maximum permit areas could be greater than the proposed 250 square kilometres (which roughly equates to a 1GW development). This

proposed limit would not be set in legislation, but rather in guidance to enable flexibility. There will be opportunities to test this recommended permit area size over the coming year.

- 20. This proposed maximum permit area was based on having an area large enough to be economical for developers (to benefit from economies of scale and access the requisite supply chain), while enabling competition within the constraints of our energy system.
- 21. Most submitters during consultation, including developers, agreed that the proposed maximum area of 250 square kilometres was appropriate to enable economies of scale, encourage the industry to use space efficiently, enable the potential for more developments in an area and minimise the risk of land-banking.

Revenue-gathering/Royalties

22. You asked for further advice on options to capture value from new export products produced from renewable electricity, such as green hydrogen, methanol or ammonia. We intend to provide further advice to you on this shortly. We recommend any such mechanism should sit outside the offshore renewable energy regulatory regime (i.e. apply to the end-product rather than electricity generation). This is reflected in the draft Cabinet paper.

Next steps for seeking Cabinet decisions

- 23. The table below summarises the proposed next steps for seeking Cabinet decisions on the attached Cabinet paper.
- 24. The next steps are for you to:
 - a. provide any feedback on the draft Cabinet paper, for MBIE to update before Ministerial consultation
 - b. provide the letter, funding request and draft Cabinet paper to the Minister of Finance for pre-approval to consult on the regime.
 - c. once you have pre-approval, circulate the draft cabinet paper for feedback from your Ministerial colleagues.
- 25. Note to meet the timeframes set out in the table below, Ministerial consultation would need to commence by 4 April 2024, requesting responses by close of business on 18 April 2024. If there are any delays to the timeframe, e.g. due to the requirement for pre-approval from the Minister of Finance or if substantial updates are required, this could delay when the paper is considered by Cabinet. Depending on the length of the delay, we would still seek to manage immediate next steps to enable introduction of the Bill by the end of the year.

Offshore Renewable Energy Timeline for Cabinet decisions

Date	Milestone			
Thursday 28 March	Draft Cabinet paper provided to Minister			
	(Note Good Friday 29 March and Easter Monday 1 April)			
Wednesday 3 April	Feedback from Minister on draft Cabinet paper			
	Officials update Cabinet paper			
Thursday 4 April	Ministerial consultation begins (2 weeks)			
	Subject to pre-approval from the Minister of Finance			
Thursday 18 April	Feedback from Ministerial consultation			
Tuesday 23 April	Revised Cabinet paper provided to Minister			
Wednesday 24 April	Cabinet paper lodged			
Wednesday 1 May	Cabinet Economic Policy Committee			
Monday 6 May	Cabinet			

Annexes

Confidential advice to Government

Annex Two: Letter to Minister of Finance notifying of financial implications and seeking preapproval to consult

Annex Three: ORE Regime - Potential Out-of-Cycle Funding Request

Confidential advice to Government

Annex Two: Letter to Minister of Finance notifying of financial implications and seeking pre-approval to consult

Hon Simeon Brown

Minister for Energy Minister of Local Government Minister of Transport Minister for Auckland Deputy Leader of the House



Hon Nicola Willis Minister of Finance Parliament Buildings

To the Minister of Finance,

Financial implications for a proposed new regulatory regime

I am seeking your support to take my proposal to establish an offshore renewables regulatory regime forward for Ministerial consultation before Cabinet consideration.

I expect to formally seek an appropriation for the new regime as part of Budget 2025. No out-of-cycle funding is required, nor is it anticipated any Crown funding will be required as part of Budget 2025. However, as this proposal has financial implications associated with the establishment of the regulator, I understand it needs to be considered as part of the 'out-of-cycle funding request' process. This requires your pre-approval before ministerial consultation can commence.

I am seeking Cabinet's agreement to establish a new regulatory regime for offshore renewable energy, which gives developers greater certainty to invest in developing projects and enables the selection of developments that best meet New Zealand's national interests. The regime will need to be established through a legislative process. Current timeframes anticipate the regime coming into effect in mid-2025.

It is intended that the regime will be fully-cost recovered through application fees and annual fees paid by permit holders and permit applicants. The full financial implications of establishing the regime are yet to be worked through in detail. I intend to address those in the context of Budget 2025. Initial advice from my officials is that a new appropriation will be required, as will a memorandum account process given the full cost-recovery approach.

Constitutional conventions

Costings have assumed that expenditure will be required from 1 July 2025, with fee revenue coming online in early 2026. As a result, MBIE will have to meet the costs of the regime for the first part of that financial year from their balance sheet.

Constitutional conventions

Constitutional conventions

I confirm I have met all the requirements of the pre-approval process for out-of-cycle funding.

Hon Simeon Brown Minister for Energy

| |

Hon Nicola Willis Minister of Finance

Approved / Not Approved

Annex Three: ORE Regime – Potential Out-of-Cycle Funding Request

ORE Regime - Out-of-Cycle Funding Request

Section 1: Overview

Section 1A: E	Basic initiative	information					
Proposal title	Funding the O	Funding the Offshore Renewable Energy (ORE) Regime					
Lead Minister	Energy		Agency	MBIE			
Brief description of Cabinet paper (max 800 characters)	support draftin The paper prop and notes that of an approp	The Cabinet paper seeks agreement to the design of an ORE regulatory regime, to support drafting of legislation. The paper proposes that the new regime be 100% funded through third party revenue and notes that the advice on the detail of the cost recovery regime, and establishment of an appropriation and memorandum account to support the regime will be progressed in the context of Budget 2025.					
Suggested source of funding sought	Between- Budget Contingency	Pre-commitment to operating or capital allowances		ther fund (e.g. onal Resilience Outside of X allowances or other established funds			
Is this a cross-Vote initiative or part of the Justice/Natur al Resource sector cluster process?	No						
Has the initiative been previously considered by Cabinet, declined, or deprioritized through Budget?	No	Under the previous Government, Cabinet considered and agreed limited in-principal decisions relating to the scope of the regime. Cabinet has not previously considered the financial implications of the scheme. The attached Cabinet paper is now seeking high level policy decisions around the design of the regime and the financial implications still need to be fully worked through.					

BUDGET-SENSITIVE

Section 1B: S	Summary of funding profile					
Operating fund	Operating funding sought by this out-of-cycle request (\$m)					
2023/24	2024/25 2025/26 2026/27 2027/28 & outyears* Total					
Constitutional co	prventions					
*Extend the prof limited funding.	ile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-					
Capital funding	sought by this out-of-cycle request (\$m)					
23/24 24/25	25/26 26/27 27/28 28/29 29/30 30/31 31/32 32/33* Total					
	\$0					
	ile above if funding is needed beyond 2032/33.					
Section 1C:	Cost breakdown					
Cost breakdown	The costs signaled above are indicative only, and further work will be required once the design of the regime has been agreed by Cabinet and when we know whether there will be any amendments as a result of the select committee process.					
	The indicative costs are based on MBIE's advice about the high-level design of the regime and assume that a regulatory team can be set up in a way that will leverage potential economies of scale from the management of the Crown Mineral Estate regulatory regime (i.e. staff working across regulators).					
	The costings also assume that costs associated with supporting the legislative process and initial operational design can be absorbed from within baselines. The costing assumes that appropriation will be required from 1 July 2025, to ensure that the regulatory system can be implemented in a short timeframe once the legislation is passed.					
	The indicative costings include funding for staffing, overheads and IT system requirements.					
	• It is assumed that expenditure will be required from 1 July 2025, however it is unlikely that applications fees will be received before early 2026, and therefore the initial costs of the regime will need to be managed through a memorandum account and MBIE's balance sheet for a short period (with a potential impact on OBEGAL), within the 2025/2026 financial year.					
	Constitutional conventions					
	Assumptions The costings in this initiative are indicative only. The full design of the regime has yet to be agreed by Cabinet or progressed through the legislative process, and therefore a key assumption is that the design will match official's advice at this time. This includes an assumption that the regulator will sit alongside the regulator of the Crown Minerals Estate, providing for some synergies across the functions.					
	The costings assume that the work will be cyclical in nature, and that therefore some level of contracted resource will be required for the assessment of permit applications.					

BUDGET-SENSITIVE

Operating expen	Operating expenses (\$m)									
Operating expense category	2023/24	2	024/25	2025/26		2026/27		7/28 & years*	Tota	
Management of the Offshore Renewables Regime	Constitution	al cor	nventions							
Capital expense	s (\$m)									
Capital expense category	e 23/24 24	4/25 2	25/26 26/2	7 27/28	28/29	9 29/30	30/31	31/32	32/33*	Total
N/A				-		-	-	-	-	-

Section 2: Value proposition: Why is this important?

Section 2A: Problem	n definition, outcomes, and implementation
What is the problem or opportunity that this initiative is	What is the policy problem or opportunity that the initiative is trying to address?
trying to address?	Developers need site exclusivity before they can invest
	ORE projects have development cycles typically consisting of the following stages – feasibility, construction, operation, and decommissioning.
	 Due to the scale and complexity of offshore wind projects, even the first stage (feasibility) typically costs hundreds of millions of dollars (estimates suggest ~\$200-250 million for a 1GW project).
	• Developers say that they cannot commit to this level of investment without a corresponding level of certainty that their development will progress to commercial operation.
	• The minimum level of certainty needed to support investment in feasibility is 'site exclusivity'. This means assurances that another offshore wind developer cannot be actively seeking to develop in that same site.
	 In practice, developers could be provided sole rights relative to other developers by seeking a resource consent under the RMA for a development in the coastal marine area (which includes the territorial waters), or a marine consent under the EEZ Act to construct and operate ORE infrastructure. However, developers have identified that they need a level of certainty being carrying out the resource-intensive and expensive studies that will be required before reaching consenting stage.
	Limited opportunity to pick the best project for New Zealand's national interest
	• Currently any person can apply for consent under the RMA or the EEZ Act to construct offshore renewable energy infrastructure. Existing consenting processes do not provide a good way to select projects that maximise potential outcomes for New Zealand.
	• The existing consenting frameworks under the RMA and EEZ Act focus primarily on environmental outcomes. However, there are other factors relevant to whether an offshore wind project should be taken forward, e.g., whether the developer has sufficient financial resources or technical capability or if the project is a good fit with the New Zealand energy system.
	• The resource management system's 'first come, first served' approach also means that earlier applications receive priority over stronger applications. This is relevant where developers' proposals cover overlapping areas, which is very likely in certain locations. This could result in New Zealand missing out on potential projects that could deliver greater benefit to the energy system, economy, local communities, and the environment.

regime: • There is no legal obligation to decommission. There is a risk that, without a legal obligation to do so, developers may not decommission infrastructure, in which case the costs of decommissioning may fall to the Crown and, ultimately, the taxpayer. • There is no ability to establish safety zones for ORE activities. • There is a lack of certainty and regulation around the development of supporting transmission infrastructure, which would be ad hoc and not strategic, without regulatory intervention. How the proposal will address the problem and capitalize on opportunities • The regime would establish a two-step (feasibility and commercial) permitting model that works alongside the existing environmental consenting regimes. • The proposed approach will provide ORE developers with greater confidence to invest in costly feasibility studies, including the extensive and resource-intensive process needed to get environmental consents for ORE projects. The regulatory regime will also enable the Government to select potential ORE projects in a comparative process based on defined criteria, taking into account potential economic and energy system benefits. • The proposed regime would also place a legal obligation on permit holders to decommission ORE infrastructure at the end of its useful economic life. In addition, the regime would provide for the establishment of safety zones to protect infrastructure from harm and ensure safety of navigation and include measures to provide certainty around the model for developing supporting transmission infrastructure. What outcome(s) would the initiative achibition towards increasing the supply of renewable electricity needed to support New Zealand's transition away from emissions-intensive fue		There are also risks apposisted with ODE development without a dedicated							
Implementation Implementation What outcome(s) What outcome(s) What outcome(s) There is a carbity one show one s		There are also risks associated with ORE development without a dedicated regime:							
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Section 2B: Alignment to priorities Alignment to Budget Builing for growth and enabiling <tr< th=""><th></th><th>•</th><th colspan="6"></th></tr<>		•							
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confidence to invest in costly feasibility studies, including the extensive and resource-intensive process needed to get environmental consents for ORE projects. The regulatory regime will also enable the Government to select potential ORE projects in a comparative process based on defined criteria, taking into account potential economic and energy system benefits. • The proposed regime would also place a legal obligation on permit holders to decommission ORE infrastructure at the end of its useful economic life. In addition, the regime would provide for the establishment of safety zones to protect infrastructure from harm and ensure safety of navigation and include measures to provide certainty around the model for developing supporting transmission infrastructure. What outcome(s) The regime is a key enabler of offshore renewable energy, which could make a significant contribution to neare awarded permits would receive the investment certainty needed to support New Zealand's transition away from emissions-intensive fuels. Developers who are awarded permits would receive the investment certainty needed to developers. The regime also enables the selection of the developments that are likely to deliver the best outcomes for New Zealand. Implementation MBIE will establish the regulator once the legislation has been passed. It is anticipated that the regulatory function for the Offshore Renewables Regime will be similar to that for which manages the Crown Minerals Estate and systems and processes will leverage from that system. No market procurement will be required. Section 2B: Alignment to priorities MBIE will for growth and enabling		 The regime would establish a two-step (feasibility and commercial) permitting model that works alongside the existing environmental consenting regimes. The proposed approach will provide ORE developers with greater confidence to invest in costly feasibility studies, including the extensive and resource-intensive process needed to get environmental consents for ORE projects. The regulatory regime will also enable the Government to select potential ORE projects in a comparative process based on defined criteria, 							
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BUDGET-SENSITIVE

Specific implications regarding the Crown's obligations under the Treaty of Waitangi	Y Iwi and hapū have been consulted in the development of the regime The regime includes requirements for the regulator and developers to engage with iwi and hapū.							
Section 3: Urgency: Why is funding needed now?								
Section 3A: Urgency and nature of funding								
Why is the funding urgent? Why can it not wait until the next Budget?	 The funding is not urgent. MBIE intends to continue developing advice on the proposed cost recovery regime and the need for a new appropriation over 2024, with the aim of providing advice in the context of Budget 2025. 							
What is the nature of	The funding request is for a new initiative to establish the ORE regulatory function. No							

Section 4: Funding options analysis: What other funding options have been considered?

the funding request? new Crown revenue is requested. This function will be entirely cost-recovered.

Section 4A: Reprioritisation options analysis

What funding options have been considered as an alternative to new funding?	As discussed above, it is intended that this system is fully cost recovered. However, there will be an initial deficit during the 2025/2026 year while the regulator is established but revenue from applications will not yet be received. MBIE intends to fund this deficit from its Balance Sheet. This has OBEGAL impacts. Crown funding is not anticipated to be required unless there is a significant delay between establishing the regulator and applications being received.							
If new funding is not provided, what is the second-best option for funding?	The second-best option would be Crown funding. No offset from similar regulatory functions would be available because they are similarly cost recovered (at least in part).							
Part funding/scaled options	As noted above, the costs reflected in this template are indicative only. Further work is required to undertake a full costing exercise. As a result, scaling options have yet to be identified.							
Operating expenses (\$m) Operating 2023/		5 2025/26	2026/27	2027/28 &	Total			
expense category	24 2024/2	2023/20	2020/21	outyears*	lotai			
Scaled amount met N/A through reprioritisation	N/A	N/A	N/A	N/A	N/A			
Capital expenses (\$m)	-	-	-	-	-			
Capital expense 23/24 category		26/27 27/28	28/29 29/30		32/33* Total			
Scaled amount met N/A through reprioritisation	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A			