



BRIEFING

Budget 2024: Emergency Management portfolio funding for geohazards - information for MBIE baseline review

Date:	2 February 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-1827

Action sought		
	Action sought	Deadline
Hon David Seymour Associate Minister of Finance	Note no savings are available from the Geohazards appropriation	9 February 2024
Hon Mark Mitchell Minister of Emergency Management and Recovery	Note no savings are available from the Geohazards appropriation	9 February 2024
Hon Melissa Lee Minister for Economic Development	For your information	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robyn Henderson	General Manager, Science, Innovation and International	Privacy of natural persons	
Privacy of natural persons	Policy Director, Science Innovation and International		✓
	Principal Policy Advisor		

The following departments/agencies have been consulted
National Emergency Management Agency (NEMA)

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Budget 2024: Emergency Management portfolio funding for geohazards - information for MBIE baseline review

Date:	2 February 2024	Priority:	High
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Purpose

To provide financial information about the Services for Geohazards Management appropriation to inform the review of MBIE baselines.

Executive summary

The Minister of Finance has appointed the Hon David Seymour, in his capacity as associate Minister of Finance, to lead an initial baseline review for the Ministry of Business, Innovation and Employment (MBIE). The exercise will contribute to the Budget 2024 and the fiscal sustainability programme agreed by Cabinet. Minister Seymour is responsible for coordinating across MBIE's portfolio Ministers. We have been asked to provide the information in this briefing to support the review process.

The Minister for Emergency Management and Recovery, Hon Mark Mitchell, is the lead Minister for the "Services for Geohazards Management" appropriation which is administered by MBIE, and therefore contributes to MBIE's baseline.

This appropriation was established in 2021 to provide interim top up funding to GeoNet and the National Seismic Hazards Model (NSHM). GeoNet and the NSHM provide information about New Zealand's seismic, tsunami, landslides and volcanic risks and are run by GNS Science (GNS), a Crown Research Institute.

Funding provided through this appropriation is set out below. Funding increased in 2023/24 to address a decline in agency funding for GeoNet, and support maintenance of GeoNet IT and sensor networks and the release of the updated NSHM.

Non-Departmental Funding (\$m)	21/22 (part year funding only)	22/23	23/24	24/25
Output Expense (operating)	1.900	8.700	25.100	-
Capital Expenditure	2.200	3.000	6.700	-
TOTAL	4.100	11.700	31.800	-

Given no funding is available from 30 June 2024, this appropriation provides no opportunities for future savings.

The Minister of Finance has invited a budget bid that presents options for long term funding for GeoNet and the NSHM. The budget process will be an opportunity to consider the size of government's investment in these platforms, Confidential advice to Government

Confidential advice to Government

Recommended action

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

a **Note** that there are no savings available in the geohazards appropriation.

Noted

b **Note** that the size of government's future investment in GeoNet and the NSHM,
Confidential advice to Government will be considered through
the Budget process.

Noted



Robyn Henderson
Acting General Manager
Science, Innovation and International, MBIE

02 / 02 / 2024

Hon David Seymour
Associate Minister of Finance

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Hon Mark Mitchell
**Minister of Emergency Management and
Recovery**

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Hon Melissa Lee
Minister for Economic Development

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Background

1. This briefing is part of a suite of briefings to support a review of Ministry of Business, Innovation and Employment (MBIE) baselines.
2. The Minister of Finance has appointed the Hon David Seymour, in his capacity as Associate Minister of Finance, to lead an initial baseline review for MBIE. The exercise will contribute to the Budget 2024 and the fiscal sustainability programme agreed by Cabinet.
3. The Minister of Finance has asked Minister Seymour to focus on:
 - a. Low value programmes.
 - b. Programmes that do not align with the new Coalition Government's priorities.
 - c. Non-essential back-office functions including contractor and consultant spend.
4. Minister Seymour is responsible for coordinating across MBIE's portfolio Ministers. We have been asked to provide the information in this briefing to support engagement with Ministers and the review process.
5. The Minister for Emergency Management and Recovery, Hon Mark Mitchell, is the lead Minister for the Services for Geohazards Management appropriation which is administered MBIE. This appropriation contributes to MBIE's baseline.
6. This appropriation was set up in 2021 to provide funding to maintain GeoNet and the National Seismic Hazard Model (NSHM). It is time-limited, with no funding committed beyond the current financial year.

Description of geohazards programmes

7. Both GeoNet and the NSHM are run by GNS, a Crown Research Institute. Agencies have supported GNS to develop these platforms over the last 20 years. These platforms provide high value information that supports New Zealanders to manage our significant geohazards risks.

GeoNet is New Zealand's core system for monitoring volcanoes, earthquakes, tsunami and landslide risks.

8. GeoNet also provides location data for global positioning. Government agencies and businesses use GeoNet products and services to inform their management of geohazard risks. Many New Zealanders use the GeoNet app on their phone. GeoNet data is used in a number of research programmes.
9. For 2023/24 GeoNet funding is made up of the Services for Geohazards Management funding administered by MBIE (\$25.4 million), agency contributions (\$11 million), and a small amount of funding to purchase specific services (less than \$0.2 million).

The NSHM uses data from GeoNet and elsewhere to estimate earthquake ground shaking around the country.

10. NSHM data informs building policy and building performance regulations and is used by insurance companies to inform risk pricing, including by the international financial markets that provide reinsurance coverage. Infrastructure operators use information from the model to inform design and maintenance decisions. The NSHM is fully funded through this appropriation.

Breakdown of expenditure and FTE growth since 2017

11. Since 2021, the bulk of the funding for GeoNet and NSHM has been provided via the Services for Geohazards Management appropriation, as set out in the table below. Prior to that, all funding was from agency contributions.
- a. In 2021, Cabinet agreed to provide funding to complete the upgrade of the NSHM, and to maintain GeoNet, including providing funding to immediately address degradation of the sensor network.
 - b. In Budget 2023, a further year's funding was provided to continue both programmes. This funding was an increase of \$20.1 million compared with the previous year, comprising a \$18.2m increase for GeoNet and a \$1.9m increase for the NSHM to:
 - i. address a decline of \$8 million in Toka Tū Ake/Earthquake Commission insurance levy funding for GeoNet (from \$12m to \$4m per annum),
 - ii. ensure GNS could continue to maintain GeoNet's sensor and IT systems at agreed standards,
 - iii. support the public release of the updated NSHM and maintain the NSHM research platform capability at GNS.

Non departmental expenses(\$m)	Purchasing	21/22 (part year funding only)	22/23	23/24	24/25
Services for Hazards Management (Output/Operating)	Products and services from GeoNet and the NSHM.	1.900	8.700	25.100	-
Capital to support Services for Hazards Management	Capital investment in GeoNet infrastructure.	2.200	3.000	6.700	-
TOTAL		4.100	11.700	31.800	-

12. There is no departmental funding, and therefore no departmental FTE or contractors associated with these services.

Revenue and expenditure options

13. This appropriation has no funding available beyond 30 June 2024, and there are no opportunities to make savings in the current financial year as funds are committed to existing initiatives.

Future funding requirements

14. Without new funding, GeoNet and the NSHM will not be able to continue. The NSHM has no future funding. GeoNet has a funding gap over Confidential advice to Government from 1 July 2024.
15. The Minister of Finance has invited a budget bid for geohazards science services. This bid will present options to maintain the core services Confidential advice to Government

Confidential advice to Government

. MBIE is working with GNS and in consultation with other agencies to develop the bid.

16. To maintain GeoNet and the NSHM at current levels, funding requirements are likely to be as follows:
 - a. GeoNet Confidential advice to Government
 - b. NSHM Confidential advice to Government (Briefing 2324-1028 refers).
17. There are options to reduce the size of the GeoNet and NSHM programmes, and we are working with GNS and partner agencies to develop scaled options that maintain critical functions and capabilities to support New Zealand's ability to manage geohazard risks.
18. Confidential advice to Government

Next steps

19. Opportunities to reduce funding Confidential advice to Government will be considered as part of the budget process. We will shortly be providing advice to the Minister for Emergency Management and Recovery on the options that can be considered in budget.