



BRIEFING

Budget 2024 – Geohazards bid update

Date:	27 March 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-2790

Action sought		
	Action sought	Deadline
Hon Mark Mitchell Minister of Emergency Management and Recovery	Note the information on scaled options	2 April 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Richard Walley	Policy Director	Privacy of natural persons	✓
Privacy of natural persons	Principal Policy Advisor		

The following departments/agencies have been consulted
The Treasury.

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 Withdrawn |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



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Purpose

To update you on discussions about the Geohazards Information Services budget bid at the 18 March 2024 Budget Bilateral meeting between the Minister of Finance and Associate Minister of Finance.

Recommended action

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

- a **Note** that the Minister of Finance - Hon Nicola Willis, and the Associate Minister of Finance - Hon David Seymour, met on Monday 18 March 2024 to discuss MBIE Budget 2024 initiatives.

Noted
- b **Note** that the Minister of Finance and Associate Minister of Finance requested further scaled options for the Geohazards bid.

Noted
- c **Note** that new funding of about \$25 million per year would maintain reduced baseline programmes for GeoNet and the National Seismic Hazard Model (NSHM), but would not support all existing services.

Noted
- d **Note** that MBIE provided the advice contained in this briefing to Treasury to support its briefing to the Minister of Finance that formalises decisions from bilateral meetings for Budget 2024.

Noted
- e **Note** that MBIE and Treasury confirmed that MBIE will share the outcomes of the bilateral meeting on Monday 18 March 2024 with relevant MBIE Portfolio Ministers, including the advice MBIE prepared in response to Ministerial queries.

Noted
- f **Note** that the Budget Ministers (Prime Minister, Minister of Finance, and Associate Ministers of Finance) will make the final decisions on the Budget 2024 package to be presented to Cabinet for approval.

Noted



Richard Walley
**Policy Director, Labour Science and
Enterprise, MBIE**

28 / 03 / 2024

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

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Budget Bilateral Meeting 18 March 2024

1. On Monday 18 March 2024, the Minister of Finance and the Associate Minister of Finance held a Budget 2024 bilateral meeting to discuss MBIE's Initial Baseline Exercise and other Budget initiatives.
2. MBIE has worked with Treasury to confirm how the bilateral meeting fits into the Budget 2024 process, including how to record decisions taken by Ministers and how to update MBIE Portfolio Ministers.
3. Treasury will provide a briefing to the Minister of Finance to codify decisions from bilateral meetings for Budget 2024. MBIE has provided the advice in this briefing to Treasury to support this.
4. Budget Ministers (Prime Minister, Minister of Finance, and Associate Ministers of Finance) will make the final decisions on the Budget 2024 package to be presented to Cabinet for approval.
5. This briefing updates you on Ministerial decisions at the bilateral meeting, as well as oversight of advice provided by MBIE to Treasury in response to questions raised by Ministers.

Geohazard Information Services Bid (15782)

6. At the Budget Bilateral meeting, the Minister of Finance and Associate Minister of Finance indicated they support scaling funding for Geohazard Information Services back to previous levels before growth in funding. Ministers required that MBIE provide options for funding of \$25 million and \$12 million a year. (See Annex One for an outline of the options presented in the bid, which started at Confidential advice to Government).
7. The advice on scaling options is based on work with GNS Science, the National Emergency Management Agency, Toka Tū Ake EQC, Land Information New Zealand and MBIE to develop options for the bid and further discussions with Treasury.

Summary advice on further scaling

8. New funding of about \$25 million a year is the minimum needed to maintain reduced baseline Geohazard Information Services – GeoNet and the National Seismic Hazard Model (NSHM). This would bring the funding below FY23/24 levels.
9. New funding of \$12 million a year will require cuts that would significantly compromise GeoNet, including as a geohazard warning system.

10. **Confidential advice to Government**

New funding of \$25 million a year is possible

11. New funding of \$25 million a year would maintain GeoNet's core network and most services, but not all.
12. Some key risks if new funding is limited to \$25 million a year are:

- a. Degradation of GeoNet over time: loss of specialist capability, technology becoming obsolete, risks to data quality, management and accessibility, with reduced information available to manage geohazards risks.
 - b. Changes to the National Geohazard Monitoring Centre: NEMA considers the shift to an automated monitoring centre (from a 24/7 operation) poses unacceptable life safety risk, due to impacts on tsunami and volcano warning systems.
 - c. LINZ has noted that degradation of the GeoNet platform will have negative impacts for critical geolocation data.
 - d. The NSHM programme would be scaled back and would not deliver routine updates for the building and insurance sectors without “top-up” funding.
13. If this level of funding is provided, then agencies would work with GNS to agree priorities for GeoNet, and the trade-offs required across different services and priorities.

Table 1: \$25 million funding profile

(\$ 000s)	2024/25	2025/26	2026/27	2027/28 & outyears	Total over 4 years
GeoNet	21,200	22,100	22,000		Confidential advice to Government
NSHM	3,600	3,730	3,860		
TOTAL	24,800	25,830	25,860		

Reduced funding of \$12 million a year has significant risks

14. Downsizing geohazards information systems will significantly reduce the evidence available to help New Zealand manage geohazards risks and respond to earthquake, volcano, tsunami and landslide events. The effectiveness of GeoNet as a geohazard warning system will be significantly compromised.
15. There will also be negative impacts for geolocation data systems. The Crown may face costs to decommission current infrastructure, as well as future costs to rebuild platforms and capability, especially after a significant event.
16. The reductions to GeoNet will impact public users of the GeoNet website and app. It will also impact investor confidence (and reinsurance markets) as New Zealand is known to have high natural hazard risks and investors want to see clear information and mitigations in place.

Treasury position on the Geohazard Information Services funding

17. The Treasury is considering MBIE’s advice on the different scaling option for GeoNet and the NSHM, and will be advising Budget Ministers on the option it considers to be best in due course.

Next steps

18. MBIE will continue to update you on Budget 2024 processes as required.

Annexes

Annex One: Options presented in the Budget Bid

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Confidential advice to Government

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