

MfE high level talking points – RM budget bid discussion, March 12.

- We are concerned Treasury's recommendation not to fund the RM Budget bid in 2025 would undermine the quality and speed of RMA replacement, and delay local government implementation of the new system by at least a year – in 2028.
- Resource management reform and implementation are a key Government priority, forming part of the Government's Economic Growth agenda
- We met with the Treasury earlier this afternoon to understand why they recommended this approach to the MoF which we think may be based on a misunderstanding of the phasing of work needed to meet government deadlines.
- Treasury's advice to the MoF was to spread the cost of RMA replacement evenly across four years, for the Ministry to fund the first two years within our existing baseline, and address out years funding in future bids.
- Our bid front-loaded the funding sought in year 1 to reflect peak activities needed to meet your goal of getting the RMA replacement legislation passed, and ready to be implemented by local government in 2027.
- Under Treasury's approach, we would need to sequence work over a longer period to deliver:
 - 2025/26: Phase 2 national direction and Phase 3 primary legislation only
 - 2026/27: national direction, standardised zones and other secondary legislation and implementation support required by local government to begin planning.
- This would make it impossible to meet your goal of having a new RMA system implemented by local government in 2027.
- As you know, a large portion of Phase 2 and 3 is currently unfunded. Our bid assumed the Ministry would absorb ^{9(2)(f)(iv)} of these costs.
- Requiring all these costs to be fully absorbed by the Ministry in the next two years would undercut other work programmes, and severely impact our ability to deliver priorities in other ministerial portfolios and some of our statutory obligations –resulting in under investment in some areas, and extra costs later.
- Today we met with Treasury and discussed the option of \$24m of new funding in the first two years (\$17m in 25/26 and \$7m in 26/27), with a business case for the outyears. This needs to be a conversation had between you and the MoF.

Next steps:

We are preparing detailed advice to inform a discussion between you and the Minister for Finance. This will show what we can deliver based on two scenarios: 1. Full funding in line with B25 bid 2. No additional funding.

Two other options could be explored from there:

1. Rescoping the timeframe, including delayed implementation,
2. Discussions among your colleagues to reprioritise funding from elsewhere to support RMA replacement.

Key risks in Treasury scenario:

High probability of delay to RMA replacement implementation.

Flow on impacts on work programme including other ministerial priorities agreed in the performance plan.