



18 December 2024

PS-COR0913

Hon Nicola Willis
Minister of Finance
Parliament Buildings
Wellington

Dear Nicola

I am confirming that initiatives for the Ministry for the Environment have been submitted, covering proposals for both the Climate Change and Environment Portfolios. Vote Environment Ministers have worked together to develop the package of savings and spending initiatives outlined in this letter. The package recognises the need for fiscal discipline, Budget 2025's focus on boosting economic growth, and the importance of delivering on coalition agreements.

Officials have worked to exceed the savings you requested in grants and funds and to identify options to offset a substantial portion of the cost of the resource management implementation 'new spending' bid. This is in addition to the significant funding returned from Vote Environment through the 2023 Mini-Budget and Budget 2024 which will see the Ministry's funded FTE more than halve between 2023/24 and 2026/27 (to 582 positions).

The Ministry has designed its Budget 2025 proposals to ensure the Government's RM reform agenda is achievable and enable wider ambitions for housing and infrastructure development, economic growth and productivity.

You will note the package goes further than requested in identifying just over \$12m of savings each year (annual average) across the Ministry's funds and grants; this is significantly above the combined 'high' asks of \$7.84m across the Environment and Climate portfolios. Consistent with your request to consider consolidation of funds, the process has also highlighted a significant opportunity to improve the overall funds landscape ahead.

Environment Ministers are of the view that there is benefit in simplifying and decluttering the overall funds approach. We seek your support to do further work in the new year to consolidate funding into a strategic environment investment fund, which would provide clearer expectations from the Crown, better value for money and alignment to Government priorities, and greater accountability to the public for outcomes.

With existing short-term funding for some environmental activities coming to an end, this is an opportunity to fund investments at community and catchment-level, including to help implement the government's priorities for environmental management reform. As part of this work we would look to utilise growing headroom in the waste disposal levy to build the broader fund (noting that the levy can only be used for environmental purposes under the

Waste Minimisation Act). In the new year we would like to discuss with you retaining some of the grants and funds savings identified through Budget 25 to establish this fund.

I am submitting the targeted policy savings and grants and funds initiatives for the Environment portfolio as detailed below. It is important to note that some environment grants and funds savings are dependent on waste levy decisions to be made through later stages of the Budget 25 process.

ID 16366	Savings	Targeted Policy Savings	Waste Levy - additional savings options
ID 16367	Savings	Funds and Grants	Environment funds – Savings and Streamlining

The Minister of Climate Change is submitting the grants and funds initiatives outlined below for the Climate Change portfolio as detailed below.

ID 16368	Savings	Funds and Grants	Climate Resilience for Māori – Downscaling of Fund
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The Minister Responsible for Resource Management Act Reform is also submitting the new spending commitment initiative as detailed below.

ID 16365	New Spending	New Spending Commitments	Resource Management Act Reform Phase 3 Implementation
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I have also annexed to this letter the Grants and Funds Summary Template for both the Climate Change and Environment Portfolios.

Yours sincerely



Hon Penny Simmonds
Minister for the Environment