



**Te Kāwanatanga o Aotearoa**  
New Zealand Government

**To:** Bevan Lye, Treasury  
Ken Tsang, Treasury

**From:** Eva Hendriks, Principal Economist, Ministry for the Environment

**Date:** 30 January 2025

## **MfE's economic growth package**

The Government is seeking ways to accelerate growth and productivity to bring New Zealand's labour productivity levels more in line with our OECD peers, increase innovation and lower our relative dependency on immigration and growth of the labour force.

The environmental and climate systems form an essential part of achieving that, not only by supplying primary resources, but even more so by ensuring that the economic growth we achieve is resilient to external changes (e.g. climate change and geo-political pressures), helps diversify NZ's economy, leverages data and evidence, and is enduring long-term.

MfE has been increasing its focus on competitive market settings and addressing market failure in regulatory and institutional design to enable more competitive and better environmental outcomes. Examples include the emissions trading system, the waste system, the resource management (RM) reform and the potential development of a biodiversity credit market. This is also reflected in our RISs and CBAs; where we are focusing on opportunities to address market failures, competitive market solutions and the value contribution of initiatives to resilient and enduring economic growth alongside achieving environmental outcomes.

Consistency and standardisation across regional and national boundaries, and the appropriate use of national environmental standards and national policy statements, as proposed through the RM Reform and the mobilising private finance strategy, provides greater transparency and certainty for investors. This includes the alignment of our environmental system's settings with our trading partners.

At the direction of our four ministers, and based on international examples, we are in the process of exploring how we can improve environmental data and associated AI technology to help investors and decision-makers take faster, more confident decisions around land use and development, linked to the RM Reform programme and the Climate Adaptation Framework. Better information supports investor confidence by lowering the risks of investing in development, businesses, and infrastructure. International examples indicate that this can unlock economic growth, lift productivity, and encourage innovation.

There are expectations in financial and export markets for sustainability and durability in the face of climate change and other environmental impacts. MfE are supporting the development of credible taxonomies for the labelling of the sustainability of economic activity in New Zealand to lower the barriers to international markets for our exporting industries.

Sustainable Financial Disclosures and the development of credible certification and taxonomies for sustainable and "green" activities (in line with our international peers) supports the credibility



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and transparency of our industries and reduces information asymmetry between potential investors and New Zealand industries. Examples of MfE's work on this include the RM reform workstreams, the adaptation framework and the Mobilising Private Finance Strategy.

In response to Treasury's request, we have compiled the below table of initiatives underway at MfE which are expected to contribute to NZ's economic productivity and growth and do not rely on additional spending in the near term. We have grouped these initiatives in the portfolios of the following ministers:

- Minister Responsible for RMA Reform
- Minister of Climate Change<sup>1</sup>
- Minister for the Environment and
- Associate Minister for the Environment.

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## MfE – Non-spending growth initiatives

MfE – non-spending growth initiatives			
Initiative Name	Brief description	How the initiative will support growth and productivity	Timeline and next steps
<b>New initiatives</b>			
Exclusive Economic Zone-related advice	Contributing to cross-agency workstream on Carbon Capture and Storage	Promoting innovation and technological solutions to carbon regulation. This would enable productivity-enhancing infrastructure to capture carbon, increasing our capital productivity (by reducing pressure on carbon emission prices), increasing the competitiveness of NZ export products, strengthening connections through closer alignment of our production processes with international carbon goals, and increasing attractiveness for foreign investment.	
Biodiversity Credits Market	Creating positive economic incentives for private investment in biodiversity improvements	Improving regulatory settings by creating a competitive market for improving biodiversity outcomes, increasing incentives for private investment.	Longer-term. Currently designing the framework and implementation is still to be scoped.
Waste system settings	Advice on tranche three plastic products, improve the efficacy of the recycling system (and improve the quality and value) of recycled materials	Better regulatory settings, improved resource recovery and efficiency of resource use, increasing factor productivity and innovation.	Next Intergovernmental Negotiation Committee for the Global Plastics Treaty to occur later in 2025  Further advice to Cabinet on proposed options for taking forward tranche 3 in 2025.



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Initiative Name	Brief description	How the initiative will support growth and productivity	Timeline and next steps
	Participating in Global plastics treaty negotiations, seeking international consistency. Advice on construction waste Organic & landfill gas capture Green farm product stewardship (proposed regulations for agricultural chemicals and farm plastics.	And further alignment with international peers, strengthening international connections	Construction waste: advice to Minister by end of Q4 (June) 2025 Stakeholder engagement on organic and landfill gas capture Q3 2025 Green farm product stewardship: Cabinet paper for consultation on proposed regulations in Feb/March 2025. Economic effects should be seen after legislative changes take effect.
9(2)(f)(iv)			
9(2)(f)(iv)			



**MfE – non-spending growth initiatives**

Initiative Name	Brief description	How the initiative will support growth and productivity	Timeline and next steps
	<ul style="list-style-type: none"> <li>9(2)(f)(iv) [redacted]</li> </ul>	[redacted]	[redacted]
<p>Improving environmental data, efficiency, and technology</p> <p>Note: the architecture of the future data and digital systems is subject to due analysis and may or may not necessarily mirror the integrated data infrastructure approach.</p>	<p>Investigating how to increase the efficiency, effectiveness, and productivity of the RM system through better data and technology, drawing on international examples.</p> <p>Similar concept and intent as the Integrated Data Infrastructure and Longitudinal Business Database.</p>	<p>Better data and technology will help decision-makers and investors to make faster, more confident decisions and support more innovative, local solutions.</p> <p>For example, e-planning, AI and automated consenting can speed up processes, increase capacity, reduce costs, and help regulators monitor the system, track performance and targets (i.e., for housing) and address issues more quickly.</p>	<p>Will align with RM Reform Phase 3 and Adaptation Framework timelines, with impact on economic growth to occur during implementation post 2026.</p>
<p><b>Key growth initiatives with upcoming decisions/impacts</b></p>			
<p>RM reform Phase 2 –</p> <p>-Introduction of one-stop shop and permitting regime (FTA),</p> <p>-Improve the efficiency and performance of the RMA whilst maintaining environmental protections (RMA Bill 2)</p>	<p>Targeted changes to the RMA that have immediate impact in the system, to provide increased certainty to renewable energy and infrastructure developers, more flexibility for housing growth, and regulatory improvements for councils and developers.</p>	<p>RM phase 2 reform is aimed to improve the regulatory settings in the resource management system. Decreasing inefficiencies and administrative burden for participants will increase factor productivity. These will also decrease uncertainty for new initiatives and makes NZ resources a more cost-effective and competitive</p>	<p>RMA Bill 2 is currently before select committee, and expected to pass in to law in mid –2025.</p> <p>Cabinet has agreed to deliver national direction by June 2025 (ECO-24-MIN-0112, Recommendation 10.5). The timeframe is currently in consideration to align with the RM Phase 2 and Phase 3 reforms.</p>



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<p>-Deliver National Direction and legislation packages across Infrastructure and Energy, Housing, Farming and Primary Sector, Emergency and Natural Hazards, and Freshwater</p>	<p>A programme of RMA national direction to deliver new and changes to existing national direction instruments to streamline planning processes and enable growth activities.</p>	<p>investment opportunity for private investment.</p> <p>The national direction work programme will contribute to an efficient and more cost-effective resource management system unlocking development and enabling economies of scale in infrastructure, housing and primary industries, while also better environmental values.</p>	<p>Economic impacts are expected to be seen as soon as the legislative instruments have been taken effect and are implemented, and as the first projects go through the fast-track process.</p>
<p>RM reform Phase 3 – Replace the RMA</p>	<p>A programme of legislation to replace the RMA</p>	<p>RM phase 3 reform is aimed to improve the regulatory settings in the resource management system. With a focus on internalising externalities and clearly defined property rights, this will address challenges of market failure that are inherent to resource management, increasing competitive use of resources and decreasing system inefficiencies and administrative burden for participants will increase factor productivity. These will also decrease uncertainty for new initiatives and makes NZ resources a more cost-effective and competitive investment opportunity for private investment.</p>	<p>9(2)(f)(iv)</p>



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		The proposed reform will also lower barriers for innovation and using new technology, leading to increased productivity, and promoting the use of Science and R&D.	
Amending the Environmental Reporting Act 2015	We are making amendments to the Environmental Reporting Act 2015 to extend the time between reports, make reports more relevant to environmental issues, and better support the improvement of data collection over time.	Providing information and insights on NZ's environmental and hazard data will better highlight the potential for new growth and decrease uncertainty for investments in infrastructure and real tangible assets in NZ. Including the possibility to show where regulatory settings could improve productivity, enable more efficient and cost-effective adaptation and risk management, lifting the international investment profile of New Zealand.	Draft amendment Bill to the house in 2025. Take-effect date and start of a new reporting cycle dependant on the legislative schedule.  The next reports under the current Act (Our Environment Aotearoa 2025) to be delivered April 2025. And Our Marine 2025  Uplift in investment is likely to happen on a gradual timeframe, with greater certainty for investors as clarity on risks and risk adaptation becomes available.
Fresh Water Farm Plan implementation	Regulatory initiative to improve quality of freshwater while easing on-farm compliance requirements and reducing compliance costs	Reduce compliance burden and costs, improving cost-effectiveness and competitiveness of the primary export sector and increasing capital and labour productivity.	Mid-term implementation. Economic impact will likely increase over time but will not be immediate.
Waste investments  Strategic framework for waste levy investment and operationalisation of investment priorities	Investment priorities include resource recovery infrastructure, contaminated sites remediation, innovation, community solutions and education and system design.	Improving regulatory settings to internalise costs of waste processing with those that create it: internalising the externality of waste production, incentivising innovation in waste management, leading to more competitive and cost-effective	The investment of waste disposal levy is ongoing, with strategic direction for the most productive investment strategy of the revenue currently being developed.



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<p>Waste levy increase (implementation Q3 + Q4)</p> <p>Contaminated sites and vulnerable landfill fund opens (Q3)</p>	<p>These support markets to find value in products or materials that would otherwise reach end-of-life, and support new NZ innovations and products.</p>	<p>decision making and investment in waste mitigation.</p> <p>Waste levy revenue frees up funding for further savings to the Crown, or support new environmental investment, for instance through private-public partnerships.</p>	<p>Increases in waste levy scheduled for 1 July each year with the last increase scheduled for 1 July 2027.</p> <p>The contaminated sites and vulnerable landfill fund is currently open and accepting applications.</p>
<p>Waste Minimisation Act amendments (enabling provisions)</p>	<p>Adjustments to how levy funds are allocated amongst councils in recognition of the fixed costs and scale challenges faced by smaller councils</p> <p>Replacing provisions for product stewardship with an improved regulatory framework. Inclusion of this regulatory framework will also provide an enabling framework for any future stewardship schemes and any future container return scheme.</p> <p>Improved litter/dumping provisions to reduce dumping related costs for councils</p> <p>Improved compliance, monitoring and enforcement regulatory provisions</p>	<p>Improving regulatory settings to increase efficiency of resource use and factor productivity</p> <p>Supports better regulatory settings and a shift to a more resource efficient economy</p>	<p>Aiming to enact the amended legislation this term of government; economic impacts are expected to be immediate after implementation.</p>
<p>Hazardous substances and new organisms (HSNO) Act amendments</p>	<p>Streamline chemical approvals to improve productivity or value of exports. This includes supporting</p>	<p>Better regulatory settings, promoting science, innovation and technology, enhancing competition and lowering</p>	<p>9(2)(f)(iv)</p>



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	MfR review of agriculture and horticulture approvals under ACVM and HSNO.  Support MBIE-led Gene Technology Bill	barriers to investment. improving factor productivity, and the value of export products in agriculture and horticulture	9(2)(f)(iv)
9(2)(f)(iv)			
Adaptation Framework	Numerous activities under the framework, including investment and cost sharing, risk information. Regulatory settings to promote infrastructure investment.	Improve regulatory settings to clarify roles, responsibilities and align incentives with a cost-effective adaptation approach.  This will stimulate science and information sharing, promote cost-effective innovation and (private) investment in technology and infrastructure to improve risk management, lowering uncertainty on risks and increasing competitiveness by improving the international	9(2)(f)(iv)



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<b>MfE – non-spending growth initiatives</b>			
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		competitiveness of investment in NZ, particularly for investment in tangible buildings and infrastructure.	
<b>Ongoing work with economic growth impact</b>			
International engagement	Because climate and environmental issues have transnational impacts there is growing international action going on around these. NZ plays an active role in participating in a number of international forums.	Strengthening our international credibility and relationships	This is an ongoing process, but likely to increase as the impacts of climate change and geo-political pressures increase.
IMS system leaders	The Investment Management System (IMS) sets out the policies, processes and requirements to support agencies to plan and deliver investments and fully realise the resulting benefits. MfE supports TSY as the environmental system leader.	Improving cost-effectiveness of government investment by supporting Treasury, as the environmental system leader, together with other system leaders, to consider the bigger picture of overall economic growth.	Ongoing improvement
CBAs focus on economic growth contribution		We are uplifting our internal CBA capabilities to better assess the value contribution policy options and initiatives to resilient and enduring economic growth.	ongoing
Long-term Insights Briefing (LTIB)	The National Hazards Board, the Department of the Prime Minister and Cabinet (DPMC), and the Ministry for the Environment are	Providing information and identifying a pathway for how New Zealand can become more resilient, and reduce uncertainty and the economic and	Final briefing published November 25, then to Select Committee hearing.



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	developing a Long-term Insights Briefing that explores how New Zealand can strengthen its resilience to future disasters and crises caused by major hazard risks	social costs associated with disasters and crises caused by major hazard risks.	The economic impact of better information will be ongoing.