

Budget 2025 Savings Template

Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Environment funds – Savings and Streamlining									
Lead Minister	Minister Simmonds	Agency	Ministry for the Environment							
Initiative description (max 800 characters)	This initiative identifies savings across environment funds, including proposed broader use of the Waste Disposal Levy and simplification of the fund landscape with a view to adopting a broader investment fund in the future.									
Priority Area (PA) Objective	<input type="checkbox"/>	Targeted policy savings	<input type="checkbox"/>	Reprioritisation						
	<input checked="" type="checkbox"/>	Grants and funds	<input type="checkbox"/>	Performance Plan Scrutiny						
	<input type="checkbox"/>	Tagged Contingency								
Is this a cross-Vote initiative?	No	If yes, indicate which other Votes are affected.								
Is this a revenue initiative?	No	Does this require legislative change?	No							
Agency contact	Name: Peter Alsop Phone: 9(2)(a) Email: peter.alsop@mfe.govt.nz		Treasury contact (Vote Analyst)	Caleb.Hewson@treasury.co.nz Evie.lindsay@treasury.co.nz						
Section 1B: Summary of savings/reprioritisation profile										
Operating funding available for return (\$m)										
2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total					
(14.934)	(2.271)	(2.271)	(7.466)	(16.331)	(43.273)					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See Budget 2025: Uploading Initiatives to CFISnet for more information on entering outyears into CFISnet. *expenditure is shown as positives and savings are shown as negatives. Revenue increases are shown as negatives and revenue decreases are shown as positives.										
Capital funding available for return (\$m)										
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
0	0	0	0	0	0	0	0	0	0	0
*Extend the profile above if funding is needed beyond 2033/34.										

Section 2: Alignment and options analysis

Section 2A: Alignment			
The answer to each question must not exceed 1-2 paragraphs			
Does this savings/reprioritisation	<input type="checkbox"/>	Addressing the rising cost of living	<input checked="" type="checkbox"/> Delivering effective and fiscally sustainable public services

<p>initiative have implications for the delivery of Government priorities? (if there are implications for multiple Priorities, select the most relevant)</p>	<input type="checkbox"/> Building for growth and enabling private enterprise	<input type="checkbox"/> No consequences
<p>This initiative supports delivering effective and fiscally sustainable public services by removing funding from small and tightly defined funds that are either not needed or not considered strong value-for-money. The direction of moving to a broader fund, which would strengthen investment prioritisation and improve investment flexibility, also has potential to further improve value-for-money over time.</p>		
<p>What is the proposed use for reprioritisation? (for reprioritisation initiatives only)</p>	<input checked="" type="checkbox"/> Cost Pressures / New Spending	<input type="checkbox"/> Economic Growth (invitation only)
<p>Which initiative(s) is this intended to be reprioritised for?</p>	<p>There is one specific proposal for reprioritisation at this time. This is a relatively small uplift to appropriations related to international subscriptions to address changes in New Zealand's contributions driven by foreign exchange rate fluctuations. This is further explained below. Environment Ministers are also interested in repurposing some savings towards a broad environment investment fund, for further consideration in early 2025. Funding may be available for this fund from the Waste Disposal Levy (decisions to be taken early 2025), and there may also be a case for repurposing some savings from Crown funding to support the fund's establishment. A broad fund would be consistent with the Minister of Finance's request to consider consolidation of funds. It would have potential to secure greater value for money in future, particularly through openness to what investments may be most valuable (some current funds restrict access, constraining prioritisation); improved investment flexibility, including for alignment with Government priorities; and better recognising the interdependencies of environmental effects and their management.</p>	

Section 2B: Options analysis

The answer to each question must not exceed 1-2 paragraphs

<p>What were the range of options considered?</p>	<p>In response to the Minister of Finance's request to review funds and grants, the Ministry assessed the scope for savings across all environment funds, thereby generating several savings options. Options were generated in three categories:</p> <ul style="list-style-type: none"> (i) Funding not required for allocated purposes (ii) Proposed use of the Waste Disposal Levy (iii) Stopping or downscaling funds. <p>In the case of (ii), if agreed these options would replace use of Crown funding and constitute a saving for the Crown.</p> <p>It is also noted that a separate initiative (<i>Initiative ID 16367</i>) has been submitted for savings from the Climate Resilience for Māori fund within the Climate portfolio.</p> <p>Alongside the savings, one proposal is made for reprioritisation of funding to adjust the level of New Zealand's contributions to international agreements; this is to account for foreign exchange changes. A summary of the identified savings options is as follows (detail is provided further below):</p>
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Environment portfolio – Savings options			
Category	Funds	Annual average savings (25/26-28/29)	Total savings (25/26-28/29)
Funding not required for allocated purposes	Climate Emergency Response Funding	\$3.734m	\$14.934m (All in 25/26)
	Regional planning implementation	\$0.571m	\$2.285m (All in 27/28)
	Indigenous biodiversity fund	\$0.738m	\$2.95m (All in 27/28)
Sub-total – No impact on work programme		\$5.043m	\$20.169m
Use of the Waste Disposal Levy instead of Crown expenditure	Kaipara Moana Remediation Fund	\$3.525m	\$14.1m (All in 28/29)
	Promotion of Sustainable Land Management	\$0.8m	\$3.2m
Sub-total – Change in funding source only		\$4.325m	\$17.3m
Stopping or downscaling funds to make savings	Water science and economics	\$1.5m	\$6.0m
	Environmental Training Programmes (Toimata)	\$0.3m	\$1.2m
Sub-total – Notable impact to work programme		\$1.8m	\$7.2m
Total savings		\$11.168m	\$44.669m
Reprioritisation to other funds	International subscriptions (management of forex changes)	\$0.349m	\$1.396m
Total net savings		\$10.819m	\$43.273m

A further fund-related savings option is set out in a separate Budget 25 initiative: *Climate Resilience for Māori – Downscaling of Funding (Initiative ID 16367)*. While that initiative relates to a different Ministerial portfolio, it has relevance to decisions about any repurposing of environment-related savings given the interdependent nature of environmental effects and investments to address them.

What was the process used to select the preferred option?

The context of each fund, including potential implications for outcomes, was considered in assessing which category applied to which funds. This included discussion and debate across relevant senior roles, including the Ministry’s executive leadership team, and testing of initial advice with Ministers.

As requested by the Minister of Finance, the Ministry had particular regard to improving value for money, including through potential consolidation and simplification of arrangements, as well avoiding or reducing the costs of administering and managing funds. The Ministry has viewed this work as an important step towards a broader investment fund which Environment Ministers are interested in further exploring in early 2025 (moving from several small and tightly specified funds to a broader and larger single fund with greater investment flexibility).

There was no external engagement as part of these deliberations given Budget sensitivity. Depending on decisions, specific engagement will be required with stakeholders directly affected by either the stopping or downscaling of funds. There are no significant wider impacts, noting that a change in funding source for some funds (from Crown funding to use of the Waste Disposal Levy) will not change how those funds operate or what they are intended to achieve.

Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings/reprioritisation initiative.

<p>Where do the savings or revenue or reprioritisation arise from?</p>	<p>Savings arise from three categories of proposed change: (i) funding not required for allocated purposes; (ii) replacing the need for Crown funding through use of funds from the Waste Disposal Levy; or (iii) stopping or downscaling activity.</p> <p><u>Funding not required for allocated purposes</u></p> <p>There are three areas of legacy funding that are not needed or sufficiently relevant to current priorities and work programmes.</p> <p><i>Climate Emergency Response Funding (CERF)</i> – This was introduced in 2022 to help improve New Zealand’s ability to reduce emissions from waste. \$14.934m is appropriated for 2024/25, which is not needed given Waste Disposal Levy funding supports projects already underway.</p> <p><i>Regional planning implementation</i> – Across three funds (delivery partners (First Tranche Regions), NGOs and regional readiness) Budget 24 removed most funding, while leaving \$2.285m in 2027/28. This is legacy funding introduced by the previous government, now overtaken by resource management reform.</p> <p><i>Indigenous biodiversity fund</i> – Budget 24 removed most funding, while leaving \$2.95m in 2027/28. This is also legacy funding.</p> <p>Across the options above \$20.169m in total (\$5.043m average expenditure per year) could be saved.</p> <p><u>Use of Waste Disposal Levy</u></p> <p>Scope to use the levy was recently broadened through introduction in the Waste Minimisation Act of an additional use for funds: “activities that reduce environmental harm or increase environmental benefits”.</p> <p>Two options are proposed for new use of levy funds:</p> <p><i>Kaipara Moana remediation</i> – Use of the levy for this purpose was substantively addressed through Budget 24; the Budget 25 proposal is to apply the same principle to funding for 2028/29 (\$14.1m).</p> <p><i>Promotion of Sustainable Land Management</i> – This funding supports the New Zealand Landcare Trust (\$0.8m each year, \$3.2m in total) to promote sustainable land management, thereby directly supporting increasing environmental benefits/ reducing environmental harms.</p> <p>Across the options above \$17.3m in total (\$4.325m average expenditure per year) could be saved.</p> <p>There may also be scope to shift funding of Environmental Training Programmes into the levy, creating an additional saving in Crown expenditure. The Ministry will further consider this in early 2025. As outlined below, there is a proposed reduction in Crown funding from \$1.9m to \$1.6m (a saving of \$0.3m) each year. If the funding source were to be changed to the levy, there would be an additional \$1.6m saving in Crown funding each year. For the levy to be used, there needs to be a clear link between activities and environmental outcomes; this is something that needs further assessment.</p> <p><u>Stopping or downscaling activity</u></p> <p><i>Water science and economics</i> – This fund (\$1.5m each year, \$6.0m in total) is proposed to be stopped. The fund was introduced in 2014 and has played a role since in supporting the development and implementation of the National Policy Statement for</p>
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	<p>Freshwater Management. It overlaps with the departmental funding allocated to research; it advantages water science research over other research areas (a fairness consideration); and there is lack of clarity of the fund relative to the roles and research agendas of other organisations, particularly ESR and NIWA.</p> <p><i>Environmental Training Programmes</i> – This fund is proposed to be reduced by \$0.3m each year to focus only on supporting the Enviroschools programme, and stopping support for a separate programme called Te Aho Tū Roa. The intent of Crown funding is to support and focus on environmental outcomes. Te Aho Tū Roa has broader aims which are not appropriate to continue funding through the Vote. As noted above, there may also be potential for this appropriation to be funded by the Waste Disposal Levy; this will be further considered in early 2025. If a change in funding source is made, this would generate an additional \$1.6m of savings in Crown expenditure each year.</p> <p><u>Reprioritisation to international subscriptions</u></p> <p>It is proposed to use a small portion of savings (\$0.349m each year) to offset exchange rate exposure for New Zealand’s international subscriptions, managed by the Ministry, across both Environment and Climate portfolios. This is relatively small in financial terms, while important for the integrity of expenditure management within appropriations.</p> <p>This will help to avoid a breach of appropriations due to exchange rate and subscription increases. Any surplus not used each year (eg if exchange rates turned favourable) would be returned to the Crown as underspends, as the funds could not be used for other purposes. A periodic review of funding levels can also occur in future Budget processes.</p>
<p>Risks and impacts</p>	<p><u>Funding not required for allocated purposes</u></p> <p>There are no specific risks or impacts that the Ministry considers need to be considered, given funding in this category of savings options is no longer required for allocated purposes.</p> <p><u>Use of Waste Disposal Levy</u></p> <p>The two proposals for additional use of the levy would, if agreed, prevent those levy funds being used for other purposes. The Ministry considers the proposed uses to be good value for money, and a relatively small proportion of the headroom within the levy for wider environmental (non-waste) uses.</p> <p>Over time, there is a risk that payers of the levy (waste operators) object to investments that are not directly related to waste management. This risk is currently considered small given (i) the additional uses are permitted by the Act (as also evidence from earlier Budget 24 decisions to bring activity within the levy); and (ii) the majority of levy funding would continue to be invested in waste-related purposes. There are also strong interdependencies between both environmental effects (such as waste impacting water quality if not well managed) and how they are managed.</p> <p>There are no impacts or risks to the specific investments/programmes themselves; their operations and focus is envisaged to stay the same, it is just the funding source that is proposed to change.</p> <p><u>Stopping or downscaling activity</u></p> <p><i>Water science and economics</i> – At the relatively small scale of this fund (\$1.5m each year), stopping it is unlikely to generate significant risks or impacts. The Ministry would, at an appropriate time, engage directly with key stakeholders to explain the rationale. The Ministry considers the reasons for stopping the fund to be clear and strong, and therefore likely to be understood by stakeholders.</p> <p><i>Environmental Training Programmes</i> – The Ministry has a strong working relationship with Toimata and is confident of effective management of the change with them directly. More generally, stopping support for Te Aho Tū Roa (a reduction in overall funding of \$0.3m each year) may be perceived as limiting access or compromising</p>

	<p>outcomes for Māori, whereas the intent is to firmly focus funding on environmental outcomes through effective delivery of Enviroschools across all groups of eligible young people. Overall, reducing and better focusing funding is the objective; this also sits in the context of the broader savings imperative and continued improvement in the value of activities focused on environmental outcomes.</p>
	<p>As the proposed changes are relatively small in fiscal terms, the Ministry has undertaken qualitative assessment only (without formal cost-benefit analysis).</p>
Impact on frontline services	<p><input type="checkbox"/> High <input type="checkbox"/> Medium <input checked="" type="checkbox"/> Low</p> <p>No significant impacts on frontline services are envisaged.</p>
Climate impact	<p><input type="checkbox"/> Yes – emissions impacts (positive or negative) <input type="checkbox"/> Yes – climate adaptation or resilience impacts (positive or negative) <input checked="" type="checkbox"/> No impact</p> <p>Overall, the savings proposals, if agreed, are not sufficiently related to emissions or work focused on adaptation or resilience to have any significant climate impact.</p> <p>The Climate Emergency Response Funding (CERF), which now only has a Crown allocation of funding in 2025/26) is proposed for saving on the grounds it is not required for the allocated purpose. On the surface this may suggest a potential climate impact, however the fund relates to specific projects that are already in train and able to be funded already using the Waste Disposal Levy. As such, the intended benefits of funded activity are still expected to be generated even if the remaining portion of CERF is saved.</p>

Section 3B: Status quo

The answer to each question must not exceed 1-2 paragraphs.

Status quo	<p>The savings options across environment funds have different time periods (one off and multi-year) and funding trajectories, reflecting different contexts and decisions across different budget processes.</p> <p>Each saving option has been considered in terms of annual average savings over the four-year period; this also enables the savings options to be aggregated as set out in the figures below.</p>
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Existing operating funding for programme/service (\$m)

2024/25	2025/26	2026/27	2026/28	2028/29 & outyears*	Total
n/a	n/a	n/a	n/a	n/a	n/a

*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

Existing capital funding for programme/service (\$m)

24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
0	0	0	0	0	0	0	0	0	0	0

*Extend the profile above if funding is needed beyond 2033/34.

Section 3C: Savings / Revenue / Reprioritisation profile and cost breakdown

The answer to each question must not exceed 1-2 paragraphs.

Formula and assumptions underlying costings

The letter from the Minister of Finance requested low and high saving scenarios of \$2.67m and \$5.3m p.a. across all environment funds (annual average savings).

The Ministry's work has identified savings beyond the high scenario and, consistent with a focus on value for money and the public service savings imperative, the available savings options have been proposed.

In the costings below, no reduction in FTE has been included. This reflects the ongoing importance of investment management work and continuing to improve its effectiveness with existing FTE. Funds shifted into the levy would continue to require active management, and funds no longer needed for the purposes appropriated are not presently absorbing any FTE capacity. The Ministry has also recently been through a change process to significantly lower FTE and improve alignment to priorities.

No specific formula was used for the calculation of costings.

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in *Section 1B: Summary of funding profile*. Insert additional rows as appropriate for additional expense categories.

Recommended operating savings / reprioritisation (\$m)

Operating expense category	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total
Non-Departmental Output Expense: Climate Emergency Response Fund – Waste Initiatives (MYA)	(14.934)					(14.934)
Non-Departmental Output Expense: Regional Planning Implementation – Regional Readiness (MYA)				(1.585)		(1.585)
Non-Departmental Output Expense: Regional Planning Implementation – Delivery Partners in First Tranche Regions (MYA)				(0.300)		(0.300)
Non-Departmental Output Expense: Regional Planning Implementation – Non-Government Organisations (MYA)				(0.400)		(0.400)
Non-Departmental Output Expense: Indigenous Biodiversity (MYA)				(2.950)		(2.950)
Non-Departmental Output Expense: Kaipara Moana Remediation *					(14.100)	(14.100)*

Non-Departmental Output Expense: Promotion of Sustainable Land Management *		(0.800)	(0.800)	(0.800)	(0.800)	(3.200)*
Non-Departmental Output Expense: Water Science and Economics		(1.500)	(1.500)	(1.500)	(1.500)	(6.000)
Non-Departmental Output Expense: Environmental Training Programmes		(0.300)	(0.300)	(0.300)	(0.300)	(1.200)
Non-Departmental Other Expense: United Nations Environment Programme		0.171	0.171	0.211	0.211	0.764
Non-Departmental Other Expense: International Subscriptions		0.078	0.078	0.078	0.078	0.312
Non-Departmental Other Expense: Framework Convention on Climate Change		0.080	0.080	0.080	0.080	0.320
<i>* change of funding source, will instead be moved into the Waste Minimisation MCA</i>						
Net FTE funding	-	-	-	-	-	-
Net contractor/consultant funding	-	-	-	-	-	-
Net FTE and contractor/consultant overhead funding	-	-	-	-	-	-
[Name/type of contingency] – [Agency / Crown Entity etc.]						
Total (\$m)	(14.934)	(2.271)	(2.271)	(7.466)	(16.331)	(43.273)

*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

Headcount Change	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*
Total # of net FTEs at [Agency / Crown Entity / etc.] (employees)	-	-	-	-	-
Total # of net FTEs at [Agency / Crown Entity / etc.] (contractors/consultants)	-	-	-	-	-
Total # of net FTEs (employees and contractors/consultants)	-	-	-	-	-

*Extend the profile above to a “steady state” if headcount change into outyears is irregular. Delete “& outyears” for time-limited funding.

Additional breakdown of FTE changes over the forecast period	No FTE impacts.										
Workforce Management	No FTE impacts.										
Recommended capital savings (\$m)											
Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
Total (\$m)	-	-	-	-	-	-	-	-	-	-	-
*Extend the profile above if funding is needed beyond 2033/34.											

Section 4: Delivery

Implementation of savings / reprioritisation					
The answer to each question must not exceed 1-2 paragraphs					
Implementation of savings from / reprioritisation of this programme, activity or investment	Implementation of the saving options is considered straight forward, without need for further policy decisions or any regulatory or legislative changes. A change in contractual arrangements with the provider of Environmental Training Programmes will be required, which is manageable in the context of the relationship and ongoing contract management activity. In the context of Water Science Research, allocation of funding during 2024/25 has had regard to potential future change for the fund, such that all existing commitments come to an end at 30 June 2025.				
	The stopping and scaling of the options just noted will have no material adverse impact on overall service delivery. Refer earlier comments for each option related to impacts.				
Transition costs associated with the savings initiative (\$m)					
2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total
-	-	-	-	-	-

Section 5: Equity

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	Cost savings would occur over different time periods (based on the context of individual funds), though all within the next 5 years.			
Treaty of (Te Tiriti o Waitangi) Waitangi implications	N	No implications are foreseen.		
Human rights implications	N	No implications are foreseen.		
Does the initiative have a larger impact on any of the following groups of New Zealanders than on the population as a whole	<i>Māori</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input checked="" type="checkbox"/>	No impact <input type="checkbox"/>
	<i>Pasifika</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Other minority ethnic groups</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Rural Populations</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Seniors</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Disabled Peoples</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Women and girls</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Low-income individuals / families</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>
	<i>Children and Young People</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input checked="" type="checkbox"/>	No impact <input type="checkbox"/>
<i>Other groups (please specify)</i>	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input checked="" type="checkbox"/>	
Distributional Impacts	<p>The proposal to downscale funding for Environmental Training Programmes is based on stopping Crown funding support for a programme called Te Aho Tū Roa; this programme is focused on Māori rangitahi. The programme has broader aims than environmental outcomes, such that supporting the programme from Vote Environment is no longer considered appropriate. The same provider, Toimata, runs a programme called Enviroschools, focused on environmental outcomes, which is expected to be available to, and effective for, all eligible population groups including Māori. It is also possible that Te Aho Tū Roa continues (without Crown funding); this is a choice for the provider, recognising that they receive revenue from other parties besides the Crown.</p> <p>More broadly in terms of the saving options, no significant distributional impacts are foreseen.</p>			