

## Vote Environment 2025/26

- **Left-hand side of the A3** summarises the Ministry for the Environment's appropriations that the Minister for the Environment is responsible for, and significant movements following Budget 25. The Emissions Trading Scheme (ETS) appropriations are not included in this information as they are covered in appropriation information in the Climate Change A3.
- Note that FY24/25 represents forecast numbers, not budget.
- Note that the funding profile for both Departmental and Non-Departmental (Crown) declines over time based on Budget 24 & 25 savings decisions with the expectation of the Ministry reducing in size, and as COVID programmes with time-limited funding end. Conversely, the third-party funded appropriations increase and remain large. These appropriations are funded by the waste disposal levy and the product stewardship tyres scheme (Tyrewise).
- The **first graph** shows the appropriation trend for both Departmental and Non-Departmental appropriations. Overall, the appropriations are \$36.5m higher in 25/26 than the current year, with increases in non-departmental (+\$19.5m) and departmental (+\$17.0m).
- The **second graph** shows the Environment appropriation trend (excluding the Climate Change appropriations) for both Departmental and Non-Departmental appropriations. Overall, the appropriations are \$26.7m higher in 25/26 than the current year.
- The net increase in Environment Departmental appropriations (+\$13.9m) is primarily due to:
  - \$30.9m drop in baseline funding following B24 savings.
  - \$38.9m uplift in B25 for the surge in Resource Management Reform Phase 3 (mixture of new funding and reprioritisation).

- \$6.0m B25 uplift in departmental waste-levy funded administration and waste/HSNO policy.
- The increase in Environment Non-Departmental appropriations (+\$12.8m) is primarily due to:
  - an increase of \$7m in tyre stewardship fee distribution, as the product stewardship scheme only became operational (collecting tyres) from 1 September 2024.
  - an increase of \$36m in waste Disposal Levy Disbursement to Territorial Local Authorities and the Waste Minimisation Fund (WMF), both due to an increase in forecast waste levy revenue collection.
  - a \$43m increase in the Environmental Investment Fund (\$20m for the Contaminated Sites & Vulnerable Landfills Fund (CSVLF), \$10m for Crown site liability reduction, and \$13m revenue buffer).
  - a decrease of \$15m in the Rotorua Te Arawa Lakes Programme as it nears completion.
  - a decrease of \$42m in Freshwater Funds as the Jobs for Nature programme nears completion.
  - a decrease of \$15m for the Reducing Emissions from Waste category (now funded via the WMF).
- The **A3's right-hand-side** provides an overview of initiatives approved in Budget 25.
  - New Resource Management Reform funding.
  - Savings and reprioritisation.
  - An infographic illustrating the 2025/26 waste disposal levy allocations.

## **Waste-related savings**

Waste-related savings to the Crown are achieved through changes to the waste disposal levy.

- 2024 amendments to the Waste Minimisation Act 2008 allow it to fund a broader range of activities across government that reduce environmental harm or increase environmental benefits, including some environmental activities that are currently funded by the Crown.
- B25 caps the Waste Minimisation Fund allocations at \$30m per annum, and the CSVLF at \$20m per annum.
- This change enables \$232.5m in B25 savings to the Crown, through allocating residual levy revenue as an alternative funding source for some of the Ministry for Primary Industries, the Department of Conservation, and the Ministry for the Environment's activities.
- Ministers have also chosen to increase the rate of the waste disposal levy over the next three years. This will increase the cost of waste disposal for households and businesses and is in addition to the planned levy increase for 1 July 2024. The levy increases will create an increased disincentive to waste resources, and generate additional revenue and enable funding to be directed towards waste and wider environmental outcomes.
- The local government proportion of the levy will remain at 50 percent. Local government will continue to fund waste minimisation in line with their waste management and minimisation plans. Consultation has commenced on further potential amendments to the Waste Minimisation Act in relation to the scope of the local government portion.
- Details of the \$232.5m savings elements are:

- \$9.6m swapping out the Ministry for the Environment's Environmental Training Programmes and Promotion of Sustainable Land Management funds into the levy.
- \$14.1m for the Ministry for the Environment's Kaipara Moana Remediation programme (adding an additional year (2028/29) to the levy).
- \$107.1m of the levy will partially fund the Accelerating New Greenhouse Gas Mitigations Programme in Vote Agriculture, Biosecurity, Fisheries and Food Safety from 2025/26 to 2028/29, with no changes to agreed outputs.
- \$75.2m will fully fund the Ngā Whenua Rāhui Fund, Community Conservation Funds and the Landscape Scale Eradication and Research Investment – Zero Invasive Predator initiative in Vote Conservation from 2025/26 to 2028/29, with no changes to agreed outputs.
- \$26.5m of the levy will fully fund the Hill Country Erosion fund in Vote Forestry from 2025/26 to 2028/29, with no changes to agreed outputs.
- In addition, levy allocations allow the following expansions:
  - \$10m to the Environmental Protection Authority to upgrade its outdated ecotoxicological risk assessment models, as recommended in the Agricultural and Horticultural Products Regulatory Review.
  - \$44.6m increase to the Ministry for the Environment's departmental waste and hazardous substances work programme and waste administration.
  - \$40 million for management and remediation of contaminated sites crown liability reduction.
  - \$80m for the Contaminated Sites and Vulnerable Landfills Fund.

## Overview of Waste Disposal Levy allocations for 2025/26

- The infographic (A3 bottom-right), is a visual display of the waste levy allocations for the coming year.
- 50 percent of levy revenue is allocated to local government and 50 percent to central government (CG). The CG portion looks higher next year due to residual levy revenue being allocated out, and the WMF being fully funded by historical accumulated revenue.
- The Environmental Investment Fund (EIF) is now central to the CG allocations. It houses a buffer (under-allocation to manage forecasting risk) and will be the home for any returned underspends. Future waste investment allocations for future budgets will be guided by the EIF's prioritisation framework.
- The Ministry for the Environment also still has the WMF that sits outside of the EIF, as well as the Ministry for the Environment's levy-funded departmental allocations for Waste/HSNO policy and for waste minimisation administration.
- From B25, other agencies now have programmes that are funded by the levy: the Ministry for Primary Industries, the Department of Conservation and the Environmental Protection Authority. Any underspends at the end of these programmes must be returned to the EIF for reallocation. The Ministry for the Environment will regularly monitor the spending for compliance with the scope of the Waste Minimisation Act and for underspends/overspends. Regular reporting is being agreed between the agencies to feed into governance reporting as well as memorandum account financial management.
- Note that the Crown guarantees funding for the cross-portfolio initiatives to be funded by the waste levy over the forecast period, should the

realised revenue, contingency buffer and any unallocated funds within the EIF be insufficient. Beyond the four-year forecast period, standard funding arrangements will remain in place.