

# MfE Budget 2024 Communications Plan

## *Including overview of approach and key messages*

### Overview of communications approach to Budget 2024

We propose a three-fold communications approach that represents the three groups our communications must consider: Government Ministers; MfE kaimahi; MfE impacted stakeholders.

Our approach is to:

- Support Budget 2024 announcements to be led from the Beehive, providing Ministers' Offices with clear and impartial information provided by the Ministry for the Environment on request.
- Follow up post-Budget 2024 with proactive internal communications to ensure our kaimahi understand the connection of Budget announcements to the upcoming change process.
- Co-ordinate and sequence relationship-led stakeholder communications to key impacted partners and stakeholders, using clear and consistent messaging, with clarity on next steps.

#### 1. Government Ministers

To support Ministers through the process, we will:

- Provide Ministers' Offices with clear and impartial information on request.
- Provide Ministers' Offices with talking points and back-pocket Q&As as needed.
- Support Beehive-led Budget 2024 announcements with subsequent messaging to kaimahi and stakeholders.

#### 2. MfE kaimahi (internal)

To ensure our kaimahi are aware the impact of Budget 24 on the Ministry work programmes and funding, we will:

- Let kaimahi know at a high level about budget announcements that affect them as soon as practicable after the announcements are made, via an email or live Teams presentation from James.
- For work programmes specifically mentioned during Budget announcements, provide high-level information via an email or verbal communication (Teams hui) from the responsible Deputy Secretaries/General Managers as appropriate.
- Provide staff with an email address to direct queries that they may be fielding from external stakeholders: [budget.info@mfe.govt.nz](mailto:budget.info@mfe.govt.nz).
- Provide all consultation information, including the proposal and business group impacts, and Q and As, on Te Taiao.

#### 3. Impacted stakeholders and partners (external)

To ensure our key stakeholders hear from us as soon as possible following Budget announcements, we will:

- provide GMs/relationship holders with a communications pack to support their individual communications, and ensure it is consistent including: timeline and steps required; template email; template talking points for phone call; key messages for specific impacted stakeholders; and step-by-step instructions for contacting stakeholders and responding to queries.
- contact key stakeholders (via relationship holders) by Friday 31 May, post budget announcement (relationship management 1.1) via email or phone call as appropriate.
- publish a high-level Budget news story on our website, using messaging that echoes James' email to staff – but adapted for an external audience.
- provide holding lines on media queries until we have communicated with staff and stakeholders.

**Stakeholder groups, relationship managers and communications approach**

All relationship managers will be contacted with overarching messaging and directed to an email address to direct questions to, [budget.info@mfe.govt.nz](mailto:budget.info@mfe.govt.nz), accessed by Clodagh, Rachel and Brad.

**Stakeholders to inform via. web news story (low – moderate risk)**

Stakeholder group	Stakeholders	Relationship manager	Communications approach
Indigenous Biodiversity	Local government	Sara Clarke  Savings – returned from budget, as we are stopping rolling out the current regime	Limited, as no identified recipients outlined and no legitimate expectations set on new fund. This funding was originally intended for councils and communities to implement the NPS-IB. The implementation programme had not yet started.  This will be included in the general news item on the website. No individual stakeholder email needed.
Regional Planning (ENGOS)	Forest & Bird, Environmental Defence Society	Sara Clarke/Wes Patrick	ENGOS know about the funding ending. There was a meeting with them Wednesday 22 May. The Regional Planning Fund no longer aligns with Government priorities.  This will be included in the general news item on the website.
Climate Change Development Fund	MFAT	Mark Vink	Officials have contacted MFAT and shared the news.  This will be included in the general news item on the website. No individual stakeholder email needed.
Climate Change Commission	CCC / EPA	Martin Workman Funding intended for the Climate Change	Team have had multiple conversations with EPA and CCC, from their perspective.

		Commission to establish an agricultural emissions pricing function. This no longer aligns with Government priorities	This will be included in the general news item on the website. No individual stakeholder email needed.
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**Stakeholders to inform via direct communications (moderate to high risk)**

Stakeholder group	Stakeholders	Relationship manager	Communications approach
<p>Essential Freshwater Fund – this covers three initiatives, each with different stakeholders:</p> <ul style="list-style-type: none"> <li>• Freshwater Farm Plans (FWFPs)</li> <li>• Te Tuatara o Pukekohe – Integrated Catchment Management Plan</li> <li>• Tangata Whenua – capability building to strengthen participation in freshwater management</li> </ul>	<p>Growers, councils and mana whenua</p>	<p>Lorena Stephen/Sara Clarke</p> <p>In all EFF – some funding is returned from budget, but there remains funding available.</p>	<p><b>FWFPs:</b> Sara Clarke No identified recipients so no legitimate expectations. This will be included in the general news item on the website. No individual stakeholder email needed.</p> <p><b>Pukekohe:</b> Lorena Stephen Phone calls followed by emails with more detail. Included in general news item.</p> <p>Group incorporates relevant Iwi, Auckland Council, and Governance Group. There was an MOU signed re transparency – some risk as one group has written to Minister Hoggard re ongoing funding concerns.</p> <p><b>Tangata Whenua:</b> Lorena Stephen Phone calls followed by emails with more detail. Included in general news item.</p> <p>Project still allocated funding in next two years. Could have criticism from capability building from regional councils.</p>
<p>Community Environment Fund</p>	<p>Para Kore / Environment Hubs Aotearoa.</p> <p>There is an engagement plan with Lorena and Anne for signout, modelled on</p>	<p>Lorena Stephen/Wes Patrick</p>	<p>Phone calls followed by email with more detail.</p> <p>Contact on the day, verbal heads up on the budget – four-week feedback process, then go through official termination in July, five months to wind-down.</p>

	EDS engagement.		
Environmental Legal Assistance Fund	ELA panel members, applicants, Iwi organisations	Phirak Appleton	Thursday post budget: ELA panel members called by GM. Friday / Tuesday – two rounds of emails to: 1. Applicants (currently in deed) emailed outlining approach (fund to still support active deeds), and 2. those that have applied (outlining no impact to final round of funding). Web pages updated after emails.
Climate Resilience for Māori and Māori Climate Action initiatives	Oho Mauri Charitable Trust	Clare Maihi	There has been a verbal update to trust stakeholders about the removal of out-year funding.  This will be formalised through phone calls followed by emails / letters with more detail. Included in general news item.

## Vote Environment Savings Budget 2024 summary

### Budget 24 Breakdown for Vote (as per Treasury documentation):

	Budget 2024 Operating Average (\$m)	Operating Total (\$m)	Capital Total (\$m)
<b>Budget Breakdown for Vote</b>			
Cost Pressures and Cost Escalations			
Government Commitments	23.059	92.235	-
Savings and Revenue	(102.116)	(408.465)	-
<b>Total</b>	<b>(79.058)</b>	<b>(316.230)</b>	<b>-</b>

Budget 24 total net savings for the Crown from Vote Environment is \$316.2m over four years or 12 percent of our eligible baseline. This includes:

- *7.5 percent savings* from our eligible baseline (\$196.4m)
- *Additional targeted savings* from expanding the scope of the waste levy (\$177.8m)
- *Additional savings* from the return of the tagged contingency for ETS Market Governance work (\$34.3 million)
- *Offset* by an additional \$92.2 million to fund work on RM replacement.

### Combined Budget 2024 and 2023 Mini-Budget MfE impact summary:

When the Mini-Budget is included, total net savings for the Crown from Vote Environment (since December 2023) is \$617.8m over four years or 21 percent of our eligible baseline. This comprises:

- *2023 Mini-Budget savings*: \$301.6 million was returned for the implementation of the previous government's resource management reforms which are no longer going ahead
- *7.5 percent savings* from our eligible baseline (\$196.4m)
- *Additional targeted savings* from expanding the scope of the waste levy (\$177.8m)
- *Additional savings* from the return of the tagged contingency for ETS Market Governance work (\$34.3 million)
- *Offset* by an additional \$92.2 million to fund work on RM replacement.

*FTE impacts of Budget 2024 first year only*: Combined impact of Mini Budget (-224), baseline savings (-71), and new RM funding (+85) is an estimated net reduction of 210 FTE

## Key messages

These key messages will be used to inform:

- James' Teams call with kaimahi
- External website messages
- Email templates and talking points for GMs to lead communications to key impacted partners and stakeholders

These messages will be provided to Ministers Offices on the basis of 'no surprises', along with an overview of the stakeholder comms plan for Budget Day.

## Budget and savings impacts – key messages

### Budget priorities messages

Budget 2024 outlines a number of areas where savings will be achieved in Vote Environment while progress is made on the government's key environmental objectives:

- Funding continues to be available so the Ministry can provide policy advice and implementation on fresh water, waste, and other key areas; provide evidence, data reporting on the state of the environment; and meet Crown commitments under the Treaty of Waitangi.
- About \$92m in new funding is invested in Resource Management Reform replacement, following the repeal of the Natural and Built Environment and Spatial Planning Acts. This enables the Ministry to retain key capabilities for delivering replacement reforms of the RMA, amending national direction, ceasing implementation of Significant Natural Areas, and reviewing the National Policy Statement for Indigenous biodiversity.
- Climate Change remains a focus, with efficiencies achieved across the board in line with savings targets, while a large amount of funding is retained for key adaptation and mitigation activities including resourcing the Climate Change Commission.

### Budget savings overview

- Government is looking to find \$1.5 billion per annum in savings to deliver on policy commitments and address critical cost pressures. The Ministry is committed to supporting the Government's priorities and the savings exercise.
- Due to the size of our growth since 2017, the Ministry was issued a 7.5 percent baseline savings target, as opposed to a 6.5 percent target issued to most other agencies.
- The Ministry employed 360 FTE in 2017/18 compared with 1060 in December 2023. Following Budget 2024, these levels are projected to decline to 690 by 2025/26

Over that same 2017 - 2023 period our departmental baseline grew from \$68.1m in 2017/18 to \$244.2m in 2023/24.

- The Ministry has provided cost-saving proposals that Ministers considered as part of the Budget 24 process.
- Budget 24 total net savings for the Crown from Vote Environment is \$316.2m over four years or 12 percent of our eligible baseline. This is the figure referenced in Treasury documentation and does not include the 2023 Mini Budget.
- When the 2023 Mini-Budget is included, total net savings for the Crown from Vote Environment is \$617.8m over four years or 21 percent of our eligible baseline. This includes additional new funding provided for the Government's resource management reforms.
- The savings over 4 years include the 7.5 percent baseline reduction (\$196.4m), the return of the tagged contingency for ETS Market Governance work (\$34.3 million), plus the return of \$301.6m Resource Management implementation funding through the Mini-Budget in December 2023, along with significant additional targeted waste-levy related savings.
- Proposed changes to the waste levy, through amendments to the Waste Minimisation Act (2008) will result in about \$220m in savings to the Crown (within the \$316.2m saving above) but will not cause a related reduction in funding for the Ministry.
- This is achieved by changing the Act so the levy can fund a broader range of environmental activities. Importantly, for the Ministry, this means some activities that are currently funded by the Crown will now be funded by the waste levy, enabling those activities to continue.
- It is important to view Budget 2024 savings in the context our previously forecast decline in the Ministry's baseline of 26 percent over the next four years from its peak in 2023/24, due to the end of time-limited funding.
- These decisions will have significant impacts on our work programme and staffing levels, and will see some funding for community, freshwater, and environment groups end.

## Context key messages – savings across MfE

- Over the past six years the Ministry has grown considerably as we delivered a major programme of reforms across the environmental system, and picked up a range of new functions.
- Before the 2023 election, this growth was set to peak this year (2023/24) and our baseline would steadily decline over the next few years, as funding for reforms in waste, fresh water and resource management came to an end.
- To get ahead of this, we initiated strict recruitment controls over the last year. This included employing most new staff on fixed-term contracts, and ensuring our workforce was contained to a level about 200 FTE lower than what had been funded for in 2023/24.
- We also reviewed our operating model in late 2023, and in December we refreshed our structure to better reflect our priorities and how we need to work. This reduced the number of leadership roles by more than 20 percent.

- The new operating model was designed to be scalable and durable when funding changed. This next phase of the operating model will result in more changes in our work force and work programme as we respond to the Government's priorities and our fiscal situation.
- In December 2023, due to the extent of our growth since 2017, ministers issued MfE with a 7.5 percent baseline savings target, along with a request for additional targeted savings in the waste disposal levy.
- This followed the return of \$301.6m in Resource Management Implementation Funding in the 2023 Mini Budget.
- A proposal to restructure our workforce to align with our new budget and priorities is due to go out to staff for consultation on 5 June 2024. Ministers were provided a draft of this document on Tuesday May 28 and will be provided an updated draft closer to the day.
- **NOT FOR PUBLIC RELEASE BEFORE THE AFTERNOON OF JUNE 5:**
  - *The consultation document will propose a reduction of about 527 FTE by 2025/26, from the 1230 FTE forecast for 2023/24 (our peak).*
  - *However, the actual impact on current staffing levels will be significantly reduced due to strict requirement controls in place over the past year as we managed down our costs. This has left about 200 funded roles unfilled.*
- In April this year, we invited our people to consider voluntary redundancy. This was an important step in providing certainty for some of our people as we head into a formal change process and led to 45 people accepting offers of voluntary redundancy.
- Further decisions about staffing won't be confirmed until after we've consulted with our people in June. We expect to reduce our FTEs through a combination of ending fixed-term contracts, along with further voluntary and proposed redundancies, phased over the next two years.

## Savings by Portfolio over four years

**Total savings from Budget 2024 and Mini-Budget (-\$617.8m over four years) is broken down by Portfolios below:**

- **Environment: - \$323.1m**
- **Resource Management: -\$209.4m.**
- **Climate Change: -\$85.4m**

### Savings in the Environment portfolio over four years:

**Portfolio Budget 24 savings (no Mini-Budget implications) - \$323.1m over four years**

FTE impacts will depend on staff consultation

*See also the Key Messages section below*

The savings package includes reductions in funding for the Ministry's work programmes (funded by departmental appropriations in Vote Environment) and third-party funding. These include:



- **Back-office functions and services (-\$22.3m)** – including reduced spending on contractors / consultants, and services relating to ICT, accommodation, business and administrative support, programme and project management, legal, risk and assurance, finance, people and capability, executive support, and procurement. This also includes reduced funding for staff travel, learning and development. These savings span both the climate and environment appropriations.
- **Waste minimisation savings (-\$9.7m)**. This includes a reduction in non-levy funding for waste minimisation activities.
- **Waste levy-related savings (-\$220m)**. This enables savings to the Crown by reallocating waste disposal levy revenue so it can be used for a wider range of waste and environmental activities - including work of the Ministry. This provides an alternative source of funding for the Ministry’s waste and hazardous substances work, enabling it to continue.
- **Evidence and Data (-\$9.7m)**. Savings achieved by reducing spending on consultants, external agencies, and external and internal specialists that supply a range of evidence and data services, including updates to environmental standards, monitoring, reporting, policy work, and science assurance. These savings span both the climate and environment appropriations.
- **Freshwater (-\$23.6m)**. This sees funding reduced for freshwater work programmes including for the Jobs for Nature Secretariat and freshwater investment and funding for third parties.
- **Partnerships and Engagement (-\$37.8m)**. Funding and capacity reduced for communication, engagement and partnership activities and funding for third parties. These savings span both the climate and environment appropriations.
- **Environmental Protection Authority (no savings)**. No specific savings are sought from the EPA to contribute to the overall fiscal savings target, as the agency has been operating a deficit since 2017/18 which is no longer sustainable. A “break even” budget is its contribution to the savings exercise this year.

## Savings in the Resource Management Portfolio over four years

**Net portfolio savings including new Budget 24 funding offset by the Mini-Budget savings, are - \$209.4m over four years.** FTE impacts will depend on staff consultation.

### **New funding for RM reform replacement:**

- The Budget provides \$92.2m of new funding for resource management reform replacement.
- This new operating funding enables the ministry to retain key specialist knowledge and capability among our staff needed to deliver the reforms.
- It will be used to deliver the Government’s resource management reforms, including fast track consenting legislation, RMA amendments, updates to national direction and RMA replacement legislation.
- It also provides funding in out years for the ongoing operation of the RM system to support system change.

- This funding includes \$2.0 million over four years for the EPA to support its functions in relation to fast-track consenting.

### Return of RM implementation funding in December 2023 Mini Budget

- In the December 2023 Mini Budget, \$301.6m in funding was returned for the implementation of the previous Government's RM reforms. This followed the repeal of the Natural and Built Environment Act and the Spatial Planning Act (2023).

## Savings in the Climate Change Portfolio over four years

**Portfolio savings from Budget 2024 (no Mini-Budget impact) – including Climate Change Commission – \$85.4m\* over four years.** FTE impacts will be confirmed following consultation with staff.

*See also the Key Messages section below*

- **Climate Change Commission:** Savings result from returning funding previously provided to establish an agricultural emissions pricing function, along with a 7.5 percent reduction in baseline from 25/26 (-\$15.6m)
- **Climate Change Programmes (-\$35.5m) made up of:**
  - **Departmental Climate Change savings:** Includes staff and non-staff related reductions in the Ministry's climate work programme, along with reduced funding for the Climate Change Chief Executives Board, to help achieve the overall 7.5 percent savings target. (-\$14.3m)
  - **Non-departmental funding for Climate Change initiatives:** Including reduced funding for Māori Climate Resilience initiatives and the Climate Change Development Fund. (-\$21.2m)
- **NZETS Market Governance Tagged Contingency:** returned funding previously held in tagged contingency. (-\$34.3m)

\*Doesn't include climate savings captured in the Environment portfolio above

## Key messages – specific areas

### Waste-related savings.

#### Summary key messages

- Waste-related savings to the Crown are achieved in two main ways. First, by returning funding for specific waste minimisation activities, and second, through changes to the waste disposal levy.
- By amending the Waste Minimisation Act (2008) the levy can be changed to allow it to fund a broader range of initiatives, including some of the Ministry's programmes and environmental activities that are currently funded by the Crown.

- This change enables \$220m in savings to the Crown, while providing an alternative funding source for some of the Ministry's waste and hazardous substance work.
- In addition, Ministers have 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 comes on top of the planned levy increase for 1 July 2024 (this will not be included in Budget 2024 detail and is due to be announced by MoF. Further details below).

Details of the two waste savings elements are:

**1. Waste-minimisation savings.** This includes a \$9.7m reduction in funding for waste minimisation activities.

**2. Waste levy-related savings (\$220m).** This enables savings to the Crown by reallocating waste disposal levy revenue so it can be used for a wider range of waste and environmental activities including work of the Ministry. These activities include:

- Initiatives that reduce emissions from waste (previously funded from CERF)
- The Contaminated Sites and Vulnerable Landfills Fund (previously the Contaminated Sites Remediation Fund)
- The Freshwater Improvement Fund
- The Kaipara Moana Remediation programme
- The Ministry's waste and hazardous substances work programme

*For clarity: In the Budget "summary of initiatives" section, the \$220m for total waste levy-related savings is encompassed by both "waste minimisation – return of funding" (\$42.3m of the \$52.0m), and "Waste Disposal Levy – Reallocation of Funding" lines (\$177.7m).*

### Broadening the scope of the levy

- The Government is changing the Waste Minimisation Act to allow funding from the waste disposal levy to be spent on a wider range of environmental activities – including some of the Ministry's waste and hazardous substance work programme.
- Broadening the scope of the waste levy will help fund a more comprehensive set of Government waste and environment priorities.
- This means the levy can also support projects to improve freshwater quality, remediate contaminated sites, and restore the health of important New Zealand ecosystems.
- This adjustment will achieve cost savings for the Crown, while protecting and helping improve the environment.
- These changes will also give councils timely access to funding to deal with waste caused by emergency events such as flooding, when they and their communities most need it.
- For the first time, councils will be able to access waste levy funding to deal with the legacy of contaminated sites and historic landfills vulnerable to severe weather, reducing environmental harm and the financial burden on local communities.

### Increasing the levy

(see also backpocket messages below)

- The Government is also increasing the waste disposal levy over the next three years. This is in addition to the planned levy increase on 1 July 2024. (This decision is not reflected in Budget 2024 documents but will be announced by MoF.)
- 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.
- The changes will increase the amount of levy that local government receives, so they can continue to invest in local solutions to reduce waste, like education, kerbside collections, food waste redistribution schemes, and supporting local business to reduce their waste.
- The levy increases will help disincentivise people from creating unnecessary waste, supporting better use of our resources.
- It will also generate additional revenue and enable the fund to be invested in waste and other ways to protect the environment.
- These changes will enable levy revenue to be spent in ways that better align with Government priorities for waste and the environment, within the context of an overall need for fiscal restraint.

### Climate change - general messaging

The Government is committed to taking action on climate change and has made reducing net greenhouse gas emissions one of nine Government priority targets for the term.

Key priorities include:

- Strengthening New Zealand's ability to adapt to the effects of climate change
- Unlocking private investment and partnerships in New Zealand's climate response
- Taking action to put and keep New Zealand on a path to meeting its climate targets
- Strengthening international climate change engagement and cooperation
- Driving a whole-of-government approach to New Zealand's climate response, including delivering the actions required to put New Zealand on a 'pathway to net zero'.

### Climate change-related savings.

- Budget 2024 decisions will end funding for some climate-related groups and generate other savings that align with Government priorities and reflect its commitment to prudent financial management.
- Most of the third-party funding was to support programmes and initiatives that were yet to start, or that no longer meet the Government's priorities. This includes returning uncontracted funding for the Climate Resilience for Māori initiative from 2026/27; and returning previously allocated

funding to the Climate Change Commission for a function advising on agricultural emissions pricing.

- The Ministry will also return funding held in a tagged contingency for New Zealand Emissions Trading Scheme market governance work. The contingency was intended to fund Market Governance for the NZ ETS work. Work will be funded from within baselines instead.
- The Government will outline its plan to achieve New Zealand's climate change targets in the second emissions reduction plan, scheduled to be published in late 2024.
- The Ministry will work with these groups to support them through the transition period.

### **Third-party funding:**

#### **Climate Resilience for Māori initiative**

- The Ministry will return funding for the Climate Resilience for Māori initiative from 2026/27, saving \$20m over two years.
- This funding was intended to enable solutions designed by Māori for Māori to support communities vulnerable to climate change.
- Funding for the initiative will continue for the next two years to enable its short-term priority of setting detailed workplans for the community actions and solutions.
- This could include piloting of activities to better understand what types of initiatives might be effective in supporting the communities most vulnerable to the effects of climate change, particularly those living in coastal, rural and remote areas.
- Returning this uncommitted funding will help achieve the Government's objectives for financial sustainability across the public sector.

#### **Returning funding for the Climate Change Commission**

- The Ministry will return a total of \$15.624m over 4 years allocated to the Climate Change Commission.
- This includes \$3m per annum that had been previously allocated to the Commission for a possible function advising on agricultural emissions pricing.
- This funding was not fully committed as Cabinet decisions on an agricultural pricing system are still pending.
- A further \$1.21 million per annum from 2025/26 will be returned as part of a 7.5 percent saving from the Commission's overall baseline funding.
- Returning this funding will help progress the Government's objectives for financial sustainability across the public sector.

## ETS market governance

- The Government will return \$34.3m of funding that had been held in a tagged contingency for New Zealand Emissions Trading Scheme market governance work.
- This tagged contingency was intended to fund work to strengthen Market Governance for the NZ ETS.
- The work was intended to deliver enhanced collection and publication of market transaction data, build monitoring of the NZU market, enable the Financial Markets Authority to follow up on suspicious trading, establish standards and potentially regulation for market participants, and provide education for those who trade NZ units.

## The Climate Change Development Fund

- Budget 2024 sees the end of the Ministry's \$300k per annum contribution to the Climate Change Development Fund (CCDF) from 2024/25.
- The CCDF was established in 2001 to assist developing countries to better address the challenges of climate change. It focuses on the Pacific region and Indigenous representation.
- The Ministry contributes \$300k of New Zealand's \$5m per annum commitment to the CCDF.
- In May 2024, officials informed MFAT that the annual contribution from the Ministry to the Climate Change Development Fund will stop.
- Stopping the Ministry's contribution will help achieve the Government's objectives for financial sustainability across the public sector.

## Other changes to third party funding

### Regional Planning NGO funding

- As a result of Budget decisions, the Ministry will stop \$800k of funding previously allocated through the Regional Planning Fund to the Environmental Defence Society (EDS) and Forest & Bird for a pilot programme to support their engagement with regional councils on the development of new regional plans.
- The EDS and Forest & Bird were originally contracted for three years (\$600k each / \$200k each per annum from 2023/24 to 2025/26) for this programme.
- Due to the repeal of the Natural and Built Environment Act (2023) and Spatial Planning Act (2023) and extension of Fresh Water Plans deadlines to 2027 (under the Resource Management Act 1991), the programme no longer meets its original intent of supporting the implementation of the new Resource Management system.
- In February 2024, Ministry officials notified Forest & Bird and EDS of its intent to cease funding these pilot projects from July 2024.
- A formal notification of project closure is expected to be sent to Forest & Bird and EDS in May, with an effective end date in early June 2024.

## Other groups and funds

- Budget 2024 decisions will see the Ministry end funding for some other groups, to reflect the Government's priorities and commitment to prudent financial management.
- Much of this funding was to support programmes and initiatives that were yet to start, including funding allocated to Indigenous Biodiversity; uncontracted funding for initiatives funded by the Essential Freshwater Fund, including some funding for freshwater farm plan system implementation; and a capability programme to strengthen Māori participation in freshwater management.
- Some funding was to support the Community Environment Fund and the Environmental Legal Assistance Fund (discussed further below).
- Funding will end for some projects where the activity no longer meets its original intent, because of the change in Government priorities.
- The Ministry is committed to working with agencies to manage the impact of these funding decisions.

## Community Environment Fund

- The Ministry will return \$7.944m over four years currently allocated to the Community Environment Fund (CEF).
- The CEF is a multi-year funding stream administered by the Ministry to strengthen partnerships and encourage participation in environmental initiatives in the community.
- The return of this funding will impact two programmes underway:
  - Established in 2010, Para Kore Marae Incorporated is a Māori not-for-profit organisation working towards zero waste.
  - Environment Hubs Aotearoa is a network of 22 hubs across the motu, designed to bring communities together to lead community and environmental resilience.
- The Ministry will work with both groups to manage the impact of this funding ending and support with this transition.
- Stopping this funding will help achieve the Government's objectives for financial sustainability across the public sector.

## Environmental Legal Assistance Fund

- As a result of Budget decisions, the Ministry will return \$2.4 million over 4 years currently allocated to the Environmental Legal Assistance Fund.
- The Fund supports not-for-profit groups that wish to advocate for environmental issues in resource management cases in the courts, and appearances at Boards of Inquiry for proposals of national significance.

- This fund will stop taking applications from July 2024.
- The Fund's Independent Advisory Panel assesses and makes recommendations for each application based on the Fund's assessment criteria. Panel members are appointed by the Minister for the Environment for three-year terms. All current Panel member terms expire on 30 June 2024.
- The fund has an appropriation of \$600k per annum. Each applicant can be awarded up to \$50k per case.
- Stopping this funding will help achieve the Government's objectives for financial sustainability across the public sector.

## Other initiatives

### Essential Freshwater Fund

- The Ministry will return \$13m in uncontracted funding in 2024/25 for three initiatives funded by the Essential Freshwater Fund:
  - The freshwater farm plan system implementation – funding will be scaled back for the freshwater farm plan system implementation by \$4.9m in 2024/25. This leaves \$17.6m funding remaining to support the establishment of the Freshwater Farm Plan System.
  - The Pukekohe integrated catchment management plan – investment in the Pukekohe integrated catchment management plan reduced by \$3.6m in 2024/25. \$5.6m remains to fund this initiative.
  - Uncommitted funding for a Tangata Whenua capability building programme. Returning \$4.5m of funding earmarked to support mana whenua participation in a resource management training programme, to strengthen Māori participation in freshwater management. This removes all funding that had been earmarked to support that resource management training programme.

### Indigenous Biodiversity

- As part of Budget 2024, the Ministry will return funding that had been allocated for Indigenous Biodiversity (\$20.550m over 4 years to reflect coalition agreements to begin work to cease the implementation of new Significant Natural Areas and review the operation of existing SNAs.
- This work will be carried out as part of the Government's RMA. Other commitments included investigating the role that biodiversity credits could play as tool to incentivize and support biodiversity protection and enhancement.
- Funding returned was intended to support councils and communities implementing the National Policy Statement on Indigenous Biodiversity.
- The implementation programme had not yet started.
- Stopping this funding will help achieve the Government's objectives for financial sustainability across the public sector.



## Further backpocket details:

### Why our savings are so much more than 7.5 percent?

The Ministry grew significantly between 2017 and 2023 as it delivered a wide programme of reforms in water, waste and resource management, and picked up a range of new functions.

Because of the extent of its growth the ministry was given a 7.5 percent baseline savings target. In addition to this, in December's mini budget the ministry was required to return \$301.6 million in funding to implement the previous government's resource management reforms.

When other savings in waste, the Mini Budget, and new funding for Resource Management reforms are included, the overall savings achieved amount to 21 percent of its eligible baseline over the next four years.

This Government is prioritising front-line services, and wants to see a stronger emphasis on prudent, spending across the public sector.

## More information on the WMA amendment

### Levy rate increase

- Non-budget-related changes include increasing the waste disposal levy over the next three years. This is in addition to the planned levy increase on 1 July 2024:
  - For municipal landfills (class 1) - rising in \$5 increments from \$60 per tonne at 1 July 2024 to reach \$75 per tonne on 1 July 2027
  - For construction and demolition landfills (class 2) - rising in \$5 increments from \$30 per tonne at 1 July 2024 to \$45 per tonne on 1 July 2027
  - For managed or controlled landfills (classes 3 and 4) – rising from \$10 per ton on 1 July 2024 to \$15 per tonne from 1 July 2025 then a further increase to \$20 per tonne on 1 July 2027.
- 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.
- These changes will enable levy revenue to be spent in ways that better align with Government priorities for waste and the environment, within the context of an overall need for fiscal restraint.
- 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.
- The changes will increase the amount of levy that local government receives, so they can continue to invest in local solutions to reduce waste, like education, kerbside collections, food waste redistribution schemes, and supporting local business to reduce their waste.

### Cost-of-living impacts

How the \$5 annual increases in levy rates (from 2025 to 2027) will affect industry/households:

- Waste disposal facility operators (i.e. levied landfills) are expected to pass increased levy costs through to those creating and disposing of waste.
- Overall, the cost-of-living impact on households is expected to be minimal. The Ministry for the Environment (MfE) estimates that a change from \$60 per tonne (the levy rate in effect from 1 July 2024) up to \$75 per tonne (from 1 July 2027) would equate to an increase in levy costs of around \$5.07 per annum per household (plus GST).
- Note: this is based on a household that puts out one average sized bag of waste per week (around 6.5 kg), equivalent to around 338kg per year.
- MfE notes the net impact of levy increases on the construction and demolition industry is difficult to measure given the small proportion of landfill sites disposing of construction and demolition waste (currently 13 nationwide).
- Based on estimates of how much waste is produced during construction of a new-build house, levy costs for waste disposal could increase by around \$46 per house, while levy costs for disposal of materials from a typical house demolition could increase by around \$206.

#### **Avoiding unintended consequences like “fly tipping”.**

- If necessary, there may be an opportunity to update the legislation in the future, to modernize compliance monitoring and the enforcement tools available to deter and manage behaviour such as “fly tipping”.
- This is where people dump rubbish illegally – often to avoid paying.