



BRF-4083: Budget 2024 Initiative: Resource management reforms - replacement

Date submitted: 29 January 2024

Tracking number: BRF- 4083

Security level: In-Confidence

MfE priority: Urgent

Actions sought from Ministers		
<i>Name and position</i>	<i>Action sought</i>	<i>Response by</i>
To Hon Chris BISHOP Minister Responsible for RMA Reform	Provide feedback on draft budget initiative and report to Treasury	2 February 2023
To Hon Penny Simmonds Minister for the Environment	Provide feedback on draft budget initiative and report to Treasury	2 February 2023

Actions for Minister's office staff
Return the signed briefing to the Ministry for the Environment (rm.reform@mfe.govt.nz and ministerials@mfe.govt.nz).

Appendices and attachments
I. Appendix 1: funding breakdown –package options, B22 comparison and component breakdown
II. Appendix 2: draft budget initiative <i>Resource Management Reforms - replacement</i>
III. Appendix 3: draft report back to Treasury from the Ministry for the Environment
IV. Appendix 4: pre Mini Budget advice on RMA reform
V. Appendix 5: list of national direction commitments in coalition agreements



Minister's comments

BRF-4083: Budget 2024 Initiative: Resource management reforms - replacement

Key messages

1. Minister Simmonds has been invited by the Minister of Finance to submit a budget initiative by 16 February 2024 for funding in Budget 2024 for activity after 1 July 2024, specifically *Resource Management Reforms - replacement*. An initiative can be refined once lodged, but if not lodged, then no funding can be sought.
2. The catalyst for the initiative is that the mini budget 2023 process withdrew all funding for implementation of the previous government's legislation, covering:
 - a) the operation and maintenance of any resource management (RM) system including the ability to regularly update legislation and national direction, and
 - b) delivery in regions of the Natural and Built Environment Act 2023 (NBA) and the Spatial Planning Act 2023 (SPA) specifically.
3. The proposed initiative only seeks funding in relation to (a) above. This funding is crucial to delivery of your RM reform work programme. RM departmental funding for 2024/25 specifically has reduced from \$51m to \$15m which would not allow delivery of a programme as discussed with Minister Bishop on 24 January.
4. The RMA is one of NZ's largest and most complex regulatory systems that pervades all built and natural environments, and underpins the economy and the infrastructure of civil society. It has been well documented that MfE and local government were not adequately resourced to implement the legislation through most of its life which has likely contributed to unsatisfactory results. The Ministry's capability has historically been limited to developing legislative amendments and a small amount of national direction.
5. In recent years it has been increasingly understood that for the system to run effectively it requires a large amount of national direction and guidance, informed by strong science and economic data, consistent performance monitoring, deep engagement and capability building, as well as support for a significant volume of Treaty Settlements.
6. We understand that your intended RMA work programme involves delivery this term of coalition commitments as a first priority and National manifesto commitments as a second priority. To illustrate the scope of work Appendix 5 is a list of national direction commitments. As requested, you will receive comprehensive work programme advice on 15 February.

7. Officials have prepared a draft initiative framed around three core components:
 - system maintainance (including legislative and national direction) and operation
 - time limited funding for fuller delivery of all your priorities, noting that this will be a temporary need without ongoing baseline requirements
 - development and coordination of spatial planning.
8. The initiative comes at two levels:
 - preferred \$120m over four years with annual funding declining to \$26m by 2027/28 – we expect that this level of funding would allow substantive delivery of your intended work programme this term, both first and second priorities
 - scaled - \$92m over four years with annual funding declining to \$21m by 2027/28 – this level of funding would likely require more choices around your priorities.
9. The comparable impact of mini Budget and savings is \$477:
 - Mini Budget \$301m over 4 years with annual funding rising to \$82m in 2027/28
 - savings sought are \$176.4 million with annual savings of \$49.1m.
10. The initiative excludes:
 - capital investment in developing a digital RM system including online planning and consenting and improving how data is collected and made accessible –
 - funding for building system capability in regions – this can be worked up if required for a future Budget depending on how the new RM system develops.
11. Given the broader fiscal context, the initiative is conservative, with all options well below the funding withdrawn. For each component we have developed a preferred funding level to fully deliver your programme as discussed on 24 January and a scaled level that would require much more prioritisation within the RMA work programme and across MfE's wider work, noting the impact of savings.
12. It is also possible to fund different components at different levels. For example:
 - providing both baseline and time limited funding at preferred level would support maximum speed delivery of maximum scope of change
 - if baseline funding was scaled, then time limited funding would need to be at the preferred level to delivery of most of the work programme this term
 - at either level of preferred funding, adding the time limited funding would enable closer to full delivery this term, without locking in baseline.

System operation and maintenance (incl. amending legislation and national direction)

13. This involves work to deliver changes to the design and delivery of the RM funding and to operate the existing and future RM systems: policy and oversight of system performance, national direction, statutory functions and implementation, science, design work on digitisation, treaty settlements, natural hazards and risk identification and fast track consenting (Environmental Protection Authority (EPA)).
14. The funding options here, at a reduced funding level from Budget 22, are:

\$m	2024/25	2025/26	2026/27	2027/28	Four years
scaled	15.028	15.028	15.028	15.028	60.112
preferred	19.337	19.337	19.337	19.337	77.348
Budget 22	36.202	34.086	31.715	31.715	133.718

15. Detailed breakdowns across the areas of work are provided in Appendix One. These options assume an alternative approach to consultation on national direction is used, rather than a full Board of Inquiry, and that consultation is coordinated rather than multiple separate processes. If this is not the case, the time-limited funding below would need to be higher and/or focused on this work.

Faster delivery – time limited funding

16. Given that the pressure of work will ease after 2026, we have separated off some of the funding as time limited for three years. This would allow for faster delivery of a wider scope of RM reform work (eg, more of your priorities) on top of the resourcing above, but without ongoing baseline funding and no permanent staff.

	2024/25	2025/26	2026/27	2027/28	Four years
scaled	3.023	3.023	3.023	0.000	9.069
preferred	4.953	4.953	4.953	0.000	14.859

Spatial planning

17. This component would preserve core capability to develop and coordinate spatial planning, including building on existing work to support near-term Government objectives and developing new legislative provisions. Minister Bishop has requested further advice on spatial planning. Lodging this component of the initiative preserves options in the meantime.

	2024/25	2025/26	2026/27	2027/28 and outyears	Four years
scaled	5.474	5.860	5.860	5.860	23.054
preferred	5.860	7.597	7.597	7.597	28.651
Budget 22	12.650	18.380	18.380	18.380	67.790

Total Initiative vs Budget 2022

18. The table below compares the total initiative at each funding level with the mini Budget funding withdrawal, before accounting for savings.

	2024/25	2025/26	2026/27	2027/28 and outyears	Four years
scaled	23.525	23.911	23.911	20.888	92.235
preferred	30.150	31.887	31.887	26.934	120.858
Budget 22	61.107	78.027	80.156	82.306	301.596

19. Both options are reduced compared to the preliminary advice we provided your office on 7 December 2023 before the mini Budget. That advice suggested retaining \$29m a year pending decisions on the RMA work programme and Budget 2024. Through our additional scoping work and discussions on the future work programme as well as the use of time limited funding, the 2027/28 and outyears figure for the scaled option has reduced to just under \$21m and the preferred option to just under \$27m.

Resulting RMA funding including baseline

20. The table below illustrates the resources MfE would have for RMA work under each scenario compared with Budget 2022, again before savings.

RMA funding \$M excl. spatial planning	2024/25	2025/26	2026/27	2027/28 and outyears
Post mini Budget	15.000	15.000	15.000	15.000
if scaled funding is agreed	32.076	32.076	32.076	29.053
If preferred funding is agreed	38.315	38.315	38.315	33.362
Budget 22	51.802	49.086	46.716	46.716

RMA funding \$M incl. spatial planning	2024/25	2025/26	2026/27	2027/28 and outyears
Post mini Budget	15.000	15.000	15.000	15.000
Scaled funding	37.550	37.936	37.936	34.913
Preferred funding	44.175	45.912	45.912	40.959
Budget 22	64.452	67.466	65.096	65.096

Savings

21. The savings work will inform the work programme choices that you have. However, aspects of the RM reform work programme will be much more restrained without a successful budget initiative.

Report back to Treasury on 2023/24 funding

22. MfE is required to report back to Treasury on the estimated funding required in 2023/24 to implement the repeal of the NBA and SPA and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan.¹

Next Steps

23. Officials seek your feedback on the draft budget initiative attached in Appendix Two and the draft report back to Treasury in Appendix Three.

¹ CAB-23-MIN-0490

We recommend you:

- a. **note** that Minister Simmonds has been invited to submit an initiative for Budget 2024 for *Resource Management Reforms – replacement* by 16 February 2024.
- b. **note** that the Ministry for the Environment is required to report back to Treasury on the funding required in 2023/24 to implement the repeal of the Natural and Built Environment Act 2023 and Spatial Planning Act 2023 and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan.
- c. **agree** to discuss with officials:
 - i. the draft budget initiative including the scope of work and which components you wish to advance at what level of funding
 - ii. the draft report back to Treasury.

Yes | No

Signatures



Liz Moncrieff

General Manager

Environment Management and Adaptation

29 January 2024

Hon Chris Bishop

Minister Responsible for RMA Reform

Hon Penny Simmonds

Minister for the Environment

Date

Date

BRF-4083: Budget Initiative – Resource management reforms replacement

Purpose

24. This briefing:

- sets out the components and funding options for a budget initiative for Budget 2024 for *Resource Management Reforms - replacement* and attaches a proposed initiative for your feedback.
- provides the draft report back from MfE to Treasury on the funding required in 2023/24 to implement the repeal of the NBA and SPA and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan.

Background

25. Minister Simmonds has been invited by the Minister of Finance to submit a budget bid initiative to seek funding in Budget 2024 for activity after 1 July 2024, specifically *Resource Management Reforms – replacement*.
26. A Ministerial submission letter must be sent to the Minister of Finance by 1pm on Friday 16 February 2024 enclosing the Ministry's Budget 2024 Initial Baseline Exercise Summary template, savings, and cost pressure and new spending templates (this budget initiative).

RM reform is critical for achieving the Government's housing, infrastructure and climate change priorities

27. In December 2023 Cabinet agreed² to a three-phase approach to reforming the RM system covering:
- phase one: repeal of the NBA and SPA (now complete).
 - Phase 2: introduce a fast-track consenting (FTC) regime within the first 100 days, make targeted legislative changes to the RMA by late 2024, develop new, or amend existing, national direction under the RMA, and the Going for Growth work package.
 - phase 3: introduce new RM legislation into Parliament by the end of this parliamentary term.

² CAB-23-MIN-0473

28. The NBA and the SPA have been repealed and an FTC bill is expected to be introduced by 7 March 2024. Minister Bishop is taking a paper to Cabinet in February 2024 seeking decisions on a three-year RM reform work programme.
29. Ongoing FTC work has not been funded so passage of the FTC legislation will affect savings in 2023/24. EPA's delivery of FTC is reflected in the budget initiative.

MfE's budget is inadequate to progress RM reforms and to operate and maintain the existing RM system

30. Ministry for the Environment funding for RM has historically been insufficient to deliver core policy, operation and maintenance of the RM system.
31. Short term funding was received in Budgets 19 and 21 to build up capability in these areas which include policy and oversight, development of legislation and national direction (including science and data), statutory functions, guidance and training, Treaty settlements work, system monitoring, compliance and enforcement, and engagement including on legislative and regulatory proposals.
32. This funding was alongside and intermixed with funding for specific RMA reform proposals. Budget 21 provided funding for three years only, creating a fiscal cliff. Budget 22 provided funding for the implementation of the previous Government's RM reform programme. See Table 2 in Appendix One.
33. As part of the mini budget 2023 process, the Government withdrew all funding for implementation of the previous government's RM reform programme - \$301.596 for 2024/25 to 2027/28. Out of this amount, \$167.878m was non-departmental funding for supporting regional partners in implementing the NBA and SPA while \$13.751m or 5% was departmental contingency. The remaining \$119.967m or 40% was allocated baseline for MfE to perform its RM system policy, operation and maintenance functions.
34. MfE has built critical capabilities in parallel with development of RM reform proposals and national direction. This capability (listed below) is has been built over the past five years and retaining it will be critical to delivering the Government's work programme through this parliamentary term. We have sought funding as a mix of baseline and time limited to balance certainty of business planning, with recognition of wider fiscal constraints. This capability includes:
 - policy, development of legislation and national direction
 - understanding the key outcomes and bottom lines for the built and natural environment (including science and data)
 - improved delivery of statutory functions, guidance and training
 - understanding Treaty settlements obligations and relationships with post settlement governance entities (PSGEs)
 - system monitoring and oversight of plans, consenting and local government performance

- compliance and enforcement
- sector and public engagement.

This capability and the funding to support it is essential to effective operation and maintenance of any RM system.

35. The funding cliff MfE now faces with respect to the RM system, jeopardises delivery of both operating and maintaining the current RM system and progressing the Government's RM reform work programme. The Ministry's ability to reprioritise its work programmes is constrained by:

- the scale of the reductions in MfE's baseline (a 2/3 reduction for RMA work),
- the whole-of-Ministry savings being sought,
- limited ability to move funding between Votes Environment and Climate Change, and
- the hypothecated nature of waste levy funding – accessing this funding would require legislative change.

Draft Budget Initiative

36. New funding is needed to ensure that MfE can enable the timely and comprehensive delivery of the Government's RM reform programme and meet its core functions of operating and maintaining an RM system. This funding excludes:

- capital investment in developing a digital RM system including online planning and consenting and improving how data is collected and made accessible – separate advice will be provided later on this
- funding for building system capability in regions – this can be worked up if required for a future Budget depending on how the new RM system develops.

37. The proposed funding is summarised in Appendix One and a draft budget initiative is attached in Appendix Two for your review and feedback.

Description of the new funding initiative

38. Officials have developed a proposed budget initiative framed around the following three core components:

1. system operation and maintenance (including amending legislation and national direction)

39. This funding will enable delivery of your RMA work programme within a broader programme of operation and maintenance of the RM system. As noted above, all funding for implementation of the previous government's RM reform programme, which included these functions, was withdrawn through the mini-Budget 2023 process.

40. MfE has never been adequately funded for the ongoing operation and maintenance of the RM system (including oversight of system performance) until temporary funding was provided in Budget 21 and baseline funding in Budget 2022. This baseline funding was for permanent capability to manage the RM system from the centre, working with other central government agencies, local government, infrastructure and other key sectors, and iwi/Māori to deliver outcomes and system performance.
41. The core functions for operating and maintaining an RM system are summarised in the table below followed by more discussion on what a broader programme of operation and maintenance of the RM system would deliver. Delivering these without any new funding after the changes in the mini Budget would severely limit effort on legislation and national direction.

Policy and oversight of RM system performance	<ul style="list-style-type: none"> • policy development, legislative amendments, regulatory and national direction programme development with associated engagement and consultation • oversight of system performance (statutory framework and institutions)
National direction	<ul style="list-style-type: none"> • national direction drafting and coordination • integration and conflict resolution • engagement (including board of inquiry or alternative process), guidance content
Statutory functions and implementation	<ul style="list-style-type: none"> • exercise of ministerial functions and duties • compliance and enforcement capability • regional/local contacts and engagement • guidance and training
Science, data and digitisation	<ul style="list-style-type: none"> • science and data to support national direction • design work on digitisation of data (environmental and process) and of planning and consenting processes
The Treaty and Te Ao Māori	<ul style="list-style-type: none"> • PSGE engagement • obligations under settlements and relationship agreements • advice on new settlements and agreements • treaty impact analysis on legislation, regulations and national direction
Natural hazards and risk identification	<ul style="list-style-type: none"> • policy, data etc to support national policies and regional/local risk identification and mitigation approaches
Fast track consenting	<ul style="list-style-type: none"> • operational funding for Environmental Protection Authority

Policy and oversight of RM system performance

42. This funding is necessary to amend the RMA and develop legislation – with the latter beginning from 2024 when overall policy direction is expected. This will require intensive policy development and legislative drafting to produce a final draft bill by mid-2026.
43. You have agreed to a select committee inquiry to consider what elements of the former NBA and SPA should be considered for inclusion in the Government's RM reform work programme. This will require significant and ongoing policy support, with a high level of public and stakeholder interest in the reform likely to generate a high volume of submissions. The costs include policy work and legislative

processes associated with consequential amendments to other legislation (excluding Treaty settlement legislation).

National direction

44. RMA national direction is critical to achieving the Government's housing, infrastructure, primary sector, energy and natural environment priorities.
45. This would provide the funding for amendments to national direction instruments and development of new national direction in line with coalition agreements, the 100-Day Plan and National Party manifesto commitments; namely:
 - amending national direction (including Planning Standards) relating to freshwater (including farm environment plans, water storage and irrigation), urban development, highly productive land, drinking water sources, indigenous biodiversity, plantation forestry, and renewable electricity generation and transmission
 - developing a longer-term national direction programme to ensure that all national direction is integrated, up to date and consistent with the coalition government's objectives, while minimising uncertainty for system users and for council planning.
46. There are now over 23 separate national direction instruments, many of which need review as well as implementation support - this is in addition to any major amendments or new national direction noted above.
47. MfE is not adequately funded to manage the current RMA national direction work programme having received \$2m a year for national direction from Budget 2019 onwards. The cost of delivering the Government's national direction work programme outlined in its coalition agreements, 100 Day Plan and manifesto commitments will be significantly higher. The actual drafting of national direction is a shared role with other agencies to make the most of different agencies' capability and expertise but draws significantly on MfE's system capability and resources.
48. The funding sought here assumes an alternative approach to consultation on national direction is used, rather than a full Board of Inquiry, and that consultation is coordinated rather than multiple separate processes. If this is not the case, the time-limited funding would need to be higher and/or focused on this work.

Statutory functions and implementation

49. This funding will enable exercise of ministerial functions and duties, develop compliance and enforcement capability and monitor and support implementation and operation of the system.

Science, data and digitisation

50. This will fund:
 - the science and data needed to support policy and national direction,

- system capability and efficiency (including guidance and training),
- design work for a digital RM system including online planning and consenting and improving how data is collected and made accessible – separate advice will be provided later on this and any IT capital costs resulting from Ministerial decisions would be sought in a future Budget.

The Treaty and Te Ao Māori

51. This funding is to ensure that Treaty settlement commitments are upheld, and Māori rights and interests are considered, as part of the RM reform initiative and across the wider policy work programme including natural hazards and adaptation. This work cuts across all of the other work areas and includes providing input into policy advice and engagement with PSGEs particularly regarding settlements.

Natural hazards and risk identification

52. This funding is for policy development and data acquisition to support national policies and regional/local natural hazards and risk identification and mitigation.

Fast-track consenting

53. This is to provide operational funding for the Environmental Protection Authority (EPA) to operate an FTC regime. The funding breakdown is likely to have three funding components only one of which is being sought through this process:

- costs to relevant agencies of supporting Ministerial decisions – to be covered through baselines
- EPA core costs of co-ordinating hearings – these cannot be cost recovered or absorbed by the EPA as it is running at a deficit and so are addressed here
- hearing costs - to be covered by cost recovery –will need to be in FTC Bill

2. Time limited (3 year) funding to enable timely delivery of the full scope of work

54. The RM reform work programme likely cannot be delivered within the expected timeframes without temporarily retaining or adding higher capacity in MfE and expert input at specific points in the process, supplemented by support from other agencies.
55. This proposed time limited funding would enable MfE to meet the timeframes for RM reform and support a more comprehensive work programme.
56. The quantum of time limited funding required will depend on the funding provided for the ongoing operation and maintenance of the RM system and the level of ambition for the work programme.

3. Spatial planning

57. The mini-Budget removed funding for spatial planning:

Spatial funding	planning	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
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After B22 (funded from MfE baseline)	7.000	12.650	18.380	18.380	18.380
After mini Budget	7.000	-	-	-	-

58. This proposed funding would support the implementation of the RM reforms through development of new spatial planning legislation and cross-government co-ordination. It involves maintaining a core capability in development and coordination of spatial planning within the RM system.
59. This includes building on existing spatial planning initiatives to support near-term Government objectives and developing new legislative provisions. Minister Bishop has requested further advice on spatial planning. Lodging this component of the initiative preserves options in the meantime.

Level of funding options

60. Officials have developed three funding options in advance of details of the new RM reform work programme with each funding option covering the three components of the budget initiative outlined above.
- a. A preferred option that would ensure adequate delivery of your work programme and running the resulting RM system effectively. We expect that this level of funding would allow substantive delivery of your intended work programme this term, both first and second priorities.

Preferred scenario B24	24/25	25/26	26/27	27/28 & outyears	4 years
RM legislative and national direction changes including core system operation and maintenance	19.337	19.337	19.337	19.337	77.348
Additional temporary work for faster/wider scope	4.953	4.953	4.953	-	14.860
Spatial planning	5.860	7.597	7.597	7.597	28.651
TOTAL (estimate)	30.150	31.887	31.887	26.934	120.858

- b. A scaled option that would provide for necessary amendments to the RMA and core capabilities to operate and maintain the RM system. This level of funding would likely require more choices around scope of work, especially in the second priority of National manifesto commitments.

Scaled scenario B24	24/25	25/26	26/27	27/28 & outyears	4 years
RM legislative and national direction changes including core system operation and maintenance	15.028	15.028	15.028	15.028	60.112
Additional temporary work for faster/wider scope	3.023	3.023	3.023	-	9.069
Spatial planning	5.474	5.860	5.860	5.860	23.054
TOTAL (estimate)	23.525	23.911	23.911	20.888	92.235

61. The funding options are flexible in that different components could be funded at different scales. The higher the funding for the core operation and maintenance of the RM system then the more discretion there is in relation to time limited funding.

62. Both options are reduced compared to the preliminary advice we provided your office on 7 December 2023 before the mini Budget. That advice suggested retaining \$29m a year pending decisions on the RMA work programme and Budget 2024. Through our additional work, and the use of time limited funding, the 2027/28 and outyears figure for the scaled option has reduced to just under \$21m and the preferred option to just under \$27m.

Savings and 2023/24 funding

Savings

63. The savings work will inform the work programme choices that you have. However, aspects of the RM reform work programme will be much more restrained without a successful budget initiative. MfE has limited ability to reprioritise its work programmes due to the scale of reductions already made to MfE's baseline and the whole-of-Ministry savings being sought.

Report back to Treasury on 2023/24 funding

64. MfE is required to report back to Treasury on the estimated funding required in 2023/24 to implement the repeal of the NBA and SPA and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan.³ Existing Full-Time Equivalent (FTE) funding will be used. Costs are estimated pending Cabinet decisions on the timing and nature of a three-year RM reform work programme and exclude any redundancy costs associated with closing the programme.
65. Officials seek your feedback on the draft budget initiative attached in Appendix Two and the draft report back to Treasury in Appendix Three.

Next steps

66. Once you have considered this briefing the next steps are:
- meet with officials to discuss the draft budget initiative and Treasury report back
 - officials will discuss this initiative with Treasury, subject to any changes you wish to make
 - officials to finalise the budget initiative and Treasury report back in response to your feedback
 - your offices by 16 February to send the letter to the Minister of Finance that will include the Ministry's Budget 2024 Initial Baseline Exercise Summary template, savings, and cost pressure and new spending templates (this initiative).

³ CAB-23-MIN-0490

Appendix 1: Historical baseline and B22 comparison

Departmental Fiscal cliff

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 and outyears
Baseline 2017	13.000	13.000	13.000	13.000	13.000	13.000	13.000	13.000
B19	6.504	2.500	2.000	2.000	2.000	2.000	2.000	2.000
TOTAL	19.504	15.500	15.000	15.000	15.000	15.000	15.000	15.000
Between budget	5.000							
B21		35.730	49.450	46.970				
TOTAL	24.504	51.230	64.450	61.970	15.000	15.000	15.000	15.000
Budget 22 departmental funding as drawn down					36.802	30.417	26.675	26.675
Budget 22 contingency						3.669	5.041	5.041
TOTAL	24.504	51.230	64.450	61.970	51.802	49.086	46.716	46.716
Budget 22 funding withdrawn					-36.802	-34.086	-31.716	-31.716
TOTAL before savings	24.504	51.230	64.450	61.970	15.000	15.000	15.000	15.000

Budget 22 funding withdrawal

	2024/25	2025/26	2026/27	2027/28 and outyears	four years
departmental drawn down	36.202	30.417	26.674	26.674	119.967
departmental contingency		3.669	5.041	5.041	13.751
departmental total	36.202	34.086	31.715	31.715	133.718
spatial planning	12.650	18.380	18.380	18.380	67.790
regional partners	7.055	20.411	25.323	27.473	80.262
National Māori Entity	5.200	5.150	4.738	4.738	19.826
non-departmental total	24.905	43.941	48.441	50.591	167.878
	61.107	78.027	80.156	82.306	301.596

Initiative Comparisons to Budget 22

	2024/25	2025/26	2026/27	2027/28 and outyears	four years
system operation and maintenance (including amending legislation & national direction)					
scaled	15.028	15.028	15.028	15.028	60.112
preferred	19.337	19.337	19.337	19.337	77.348
B22 comparison	36.202	34.086	31.715	31.715	133.718
spatial planning					
scaled	5.474	5.860	5.860	5.860	23.054
preferred	5.860	7.597	7.597	7.597	28.651
B22 comparison	12.650	18.380	18.380	18.380	67.790

System operation & maintenance (including amending legislation & national direction)

Policy and system oversight	<ul style="list-style-type: none"> policy development, legislative amendments, regulatory and national direction programme development with associated engagement and consultation oversight of system performance (statutory framework and institutions)
National direction	<ul style="list-style-type: none"> National direction drafting and coordination integration and conflict resolution engagement (including board of inquiry or alternative process), guidance content
Statutory functions & implementation	<ul style="list-style-type: none"> exercise of ministerial functions and duties compliance and enforcement capability regional/local contacts and engagement delivery of guidance and training
Science, data & digitisation	<ul style="list-style-type: none"> science and data to support national direction, system capability & efficiency (incl guidance and training), digitisation of data (environmental and process) and of planning and consenting processes
Treaty settlements	<ul style="list-style-type: none"> PSGE engagement, obligations under settlements and relationship agreements, advice on new settlements and agreements, treaty impact analysis on legislation, regulations and national direction
natural hazards and risk identification	<ul style="list-style-type: none"> policy, data etc to support national policies and regional/local risk identification and mitigation approaches
Fast track consenting	<ul style="list-style-type: none"> Operational funding for EPA
TOTAL	

Permanent staff These are current staff that would be retained. The comparable numbers in the Budget 22 initiative were 75-89 FTE depending on the year.

Scaled \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
1.930	1.930	1.930	1.930	7.720
2.723	2.723	2.723	2.723	10.892
2.509	2.509	2.509	2.509	10.036
3.544	3.544	3.544	3.544	14.176
2.278	2.278	2.278	2.278	9.112
1.544	1.544	1.544	1.544	6.176
0.500	0.500	0.500	0.500	2.000
15.028	15.028	15.028	15.028	60.112

Preferred \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
3.895	3.895	3.895	3.895	15.580
3.995	3.995	3.995	3.995	15.980
3.695	3.695	3.695	3.695	14.780
3.044	3.044	3.044	3.044	12.176
2.278	2.278	2.278	2.278	9.112
1.930	1.930	1.930	1.930	7.720
0.500	0.500	0.500	0.500	2.000
19.337	19.337	19.337	19.337	77.348

56

69

Timely delivery of full scope of work

Policy and system oversight
National direction
Statutory functions & implementation
Science, data & digitisation
Treaty settlements
natural hazards and risk identification
Fast track consenting

categories are the same as above

Scaled \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
0.579	0.579	0.579	0.000	1.737
0.879	0.879	0.879	0.000	2.637
0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000
0.986	0.986	0.986	0.000	2.958
0.579	0.579	0.579	0.000	1.737
0.000	0.000	0.000	0.000	0.000
3.023	3.023	3.023	0.000	9.069

Preferred \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
1.544	1.544	1.544	0.000	4.632
1.844	1.844	1.844	0.000	5.532
0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000
1.565	1.565	1.565	0.000	4.695
0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000
4.953	4.953	4.953	0.000	14.859

Temporary staff These would be fixed-term staff – either currently employed on that basis or recruited.

11

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Spatial planning

C	spatial planning input	development of a new spatial planning framework and legislation, cross-agency coordination, non-statutory spatial Planning investment and development
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Permanent staff These are current staff that would be retained

Scaled \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
5.474	5.860	5.860	5.860	23.054

18 20 20 20

Preferred \$m				
2024/25	2025/26	2026/27	2027/28 and outyears	four years
5.860	7.597	7.597	7.597	28.651

20 29 29 29

Appendix 2: draft budget initiative

Appendix 3: draft report back from MfE to Treasury

Purpose

1. This report back to the Treasury outlines the funding required in 2023/24 to implement the repeal of the Natural and Built Environment Act 2023 (NBA) and Spatial Planning Act 2023 (SPA) and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan.⁴

Key Messages

2. In December 2023 Cabinet agreed⁵ to a three-phase approach to reforming the RM system covering:
 - a. Phase 1: implementing the repeal of the NBA and SPA.
 - b. Phase 2:
 - Introducing and supporting the passage of legislation into Parliament for a permanent fast-track consenting regime for infrastructure projects,
 - making surgical amendments to the RMA within the first 100 days of office,
 - amending or developing national direction under the RMA,
 - Other commitments in the Government's 100-day plan:
 - Begin work on National's Going for Housing Growth policy to expand housing supply, build infrastructure, and give councils flexibility over medium density residential standards, and
 - Begin efforts to double renewable energy production, including work to issue a National Policy Statement for Renewable Electricity Generation.
 - c. Phase 3: introducing new resource management (RM) legislation into Parliament by the end of this parliamentary term.
2. As part of the mini budget 2023 process, the Government withdrew all funding for implementation of the previous government's RM reform programme - \$301.596M for 2024/25 to 2027/28. Out of this amount, \$167.878M was non-departmental funding for supporting regional partners in implementing the NBA and SPA while \$13.751M (5%) was departmental contingency. The remaining \$119.967M (40%) was allocated baseline for the Ministry for the Environment (MfE) to perform its RM system policy, operation, and maintenance functions.

⁴ CAB-23-MIN-0490

⁵ CAB-23-MIN-0473

3. The effect of withdrawing all the funding was to reduce by roughly two thirds the baseline for MfE to perform its RM system policy, operation, and maintenance functions.
4. Funding is required in 2023/24 to deliver Phases 1 and 2 of reforming the RM system and initiate policy work on Phase 3.
5. Phase 1 has largely been completed with the repeal of the NBA and the SPA. and associated work is ongoing to close the programme.
6. Phase Two is underway with a fast-track consenting bill expected to be introduced by 7 March 2024. There will be three to four delegated decisions briefings that will be delivered for fast-track consenting regime over February/March 2024.
7. MfE will be seeking Cabinet decisions in February 2024 on the timing and nature of a three-year RM reform work programme. However, the full scope of Phase 2 and how it aligns with longer term RM reform is yet to be determined.
8. MfE has limited ability to reprioritise its work programmes due to the scale of reductions already made to MfE's baseline and the whole-of-Ministry savings being sought.
9. Table 1 outlines the estimated funding for January- June, FY23/24 required to implement the work under the 100-Day plan. Existing available FTE funding will be used to fund the 100-Day plan. The costs are estimated and will depend on Cabinet decisions in February 2024 on the timing and nature of a three-year RM reform work programme and excludes redundancy costs associated with closing the programme.

Table 1: Estimated funding for (January- June, FY23/24):

FTE funding	Estimated allocation	Estimated \$(m)
Phase 1: To implement the repeal of the NBA and SPA and associated work to close the programme	12%	2.031
Phase 2: Introducing legislation into Parliament for a permanent fast-track consenting regime for infrastructure projects, making surgical amendments to the RMA within the first 100 days of office, and amending or developing national direction under the RMA.	45%	7.617
Others: Begin work on National's Going for Housing Growth policy to expand housing supply, build infrastructure, and give councils flexibility over medium density residential standards. Begin efforts to double renewable energy production, including work to issue a National Policy Statement for Renewable Electricity Generation	38%	6.432
Policy work to introduce new resource management legislation into Parliament by the end of this parliamentary term	5%	0.846
Total FTE funding	100%	16.926
Overheads		9.600
Non-FTE funding (\$0.8m EPA, \$0.8 eNGO, \$5.4m committed RMR contracts)		7.000
Total		33.526
Contingency (15%)		5.000
Total estimated (\$m)		38.526

Appendix 4: pre Mini Budget advice on RMA reform

6 December 2023

Mini Budget Implications for RMA reform

Context

1. Ministry for the Environment funding for RMA has historically been insufficient to deliver core policy, operation and maintenance of the system.
2. Short term funding was received in Budgets 19 and 21 to build up capability in these areas which include policy, development of legislation and national direction (including science and data), statutory functions, guidance and training, Treaty settlements work, system monitoring, compliance and enforcement, and engagement including on legislative and regulatory proposals.
3. This funding was alongside and often intermixed with funding for developing specific RMA reform proposals which resulted in the NBA and the SPA.

Funding before B22	20/21	21/22	22/23	23/24	24/25
Baseline 2017	13.000	13.000	13.000	13.000	13.000
B19	6.504	2.500	2.000	2.000	2.000
Current baseline	19.504	15.500	15.000	15.000	15.000
Between budget	5.000				
B21		35.730	49.450	46.970	
Total pre-Budget 22	24.504	51.230	64.450	51.970	15.000

4. Budget 21 as shown above provided funding as follows for three years only, creating a fiscal cliff split between:
 - departmental and non-departmental
 - system operation and reform delivery.

Budget 22 and the Mini Budget process

5. Budget 22 took a similar combined approach, but the funding also provided for ongoing baseline, for the first time since the \$2m provided in Budget 19.

\$m	24/25	25/26	26/27	27/28 & outyears
Budget 22	61.007	78.427	80.155	82.305

6. MfE had proposed to Treasury that the majority of this funding (58%) in outyears be returned pending decisions on the scope of upcoming RMA work.
7. Treasury have since advised that the approach to the mini Budget is to take back all funding associated with "implementation" of the RMA reforms from 24/25 on. However, this approach goes further, by also reducing the baseline for resource management system policy, operation and maintenance as noted above.
8. It would reduce departmental funding sufficiently to require a fundamental reconsideration of the scope and timing of the legislative and national direction programme proposed by the coalition and the Ministry's wider work.

Proposed solution

9. The Ministry suggest that the approach to RM funding in the mini budget be modified to reflect the split between:
- funding required to effectively run the RMA system as noted in paragraph 2
 - funding subject to future Budget processes.
10. We have summarised what this would look like below, with options for you to consider.

Function	Description	Indicative FTEs*	\$m
Policy and system oversight	<ul style="list-style-type: none"> • legislative amendments • national direction 	30	8
National direction	<ul style="list-style-type: none"> • coordination • integration and conflict resolution • engagement 	30	9
Statutory functions & implementation	<ul style="list-style-type: none"> • exercise of ministerial functions & duties • compliance, monitoring & enforcement 	36	9
Science, data & digitisation	<ul style="list-style-type: none"> • to support national direction • system capability and efficiency 	12	5
Treaty settlements	<ul style="list-style-type: none"> • PSGE engagement • Meeting obligations under settlements and relationship agreements 	12	6
TOTAL REQUIRED FUNDING		120	37
Baseline without Budget 22			15
Shortfall			22

- FTEs vary differently from funding due to the nature of work in different areas
11. In summary we request **the \$22m indicated above retained as annual baseline from the Budget 22 funding, on top of our existing \$15m baseline.** This will enable us to deliver our core RMA functions and support most of your programme with some prioritisation of objectives and a focus on integrating into as few instruments and processes as possible.
12. Options for additional work could be supported as follows:
- a. if that amount was increased by \$4m, deliver your likely intended programme with minimum reprioritisation AND
 - b. with an additional \$3m deliver core advice on how to achieve spatial planning (noting that current funding for this area is in a separate appropriation which would also be withdrawn under the mini budget approach).
13. The range of options therefore range from retaining \$22-29m annually in baseline, returning a figure from \$60m to \$53m annually over time.

\$m to be retained from B22	24/25 and outyears
Base option	22.000
Additional programme capacity	4.000
Spatial planning	3.000

Appendix 5: list of national direction commitments in coalition agreements and National manifesto

NPS-FM and NES FM	<ul style="list-style-type: none"> • Replace the National Policy Statement for Freshwater 2020 to rebalance Te Mana o te Wai to better reflect the interests of all water users. • Replace the National Policy Statement for Freshwater Management 2020 to allow district councils more flexibility in how they meet environmental limits and seek advice on how to exempt councils from obligations under the National Policy Statement for Freshwater Management 2020 as soon as practicable. • Support Farm Environment Plans administered by regional councils and targeted at a catchment level. • Adopt standardised farm level reporting. • Cut red tape and regulatory blocks on irrigation, water storage, managed aquifer recharge and flood protection schemes. • Replace the National Policy Statement for Freshwater Management 2020 and the National Environmental Standards for Freshwater to better reflect the interests of all water users. • Change rules for culverts and how wetlands are defined in legislation to only cover actual wetlands, rather than areas with limited environmental value. • Make stock exclusion rules more practical to protect critical source areas while avoiding unintended consequences like unnecessarily large exclusion zones for small water bodies. • Defer central government rules requiring resource consents for winter grazing until freshwater farm plans are in place, with plans to become risk and outcomes-based. • Replace the winter grazing low slope map and low slope rules for stock exclusion with more effective catchment-level rules to accommodate regional differences. • Remove the need for growers to obtain a resource consent to grow food or rotate crops within a catchment. • Remove the need for farmers to obtain a resource consent to build larger-scale water storage schemes on land
NPS-IB	<ul style="list-style-type: none"> • Cease implementation of new Significant Natural Areas and seek advice on the operation of existing Significant Natural Areas as part of the Government's programme to reform the Resource Management Act. • Commence an urgent review into the implementation of the National Policy Statement on Indigenous Biodiversity before any implementation. • Focus the definition of Significant Natural Areas on areas that are actually significant and make the rules workable and clear for landowners and councils.

NES-PF	<ul style="list-style-type: none"> Amend the National Environmental Standards for Plantation Forestry (NES-PF) regulations to place a duty upon harvesters to contain and remove post-harvest slash.
Renewable Energy	<ul style="list-style-type: none"> 100 days: Begin efforts to double renewable energy production, including work to issue a National Policy Statement for Renewable Electricity Generation.
NPS-HPL	<ul style="list-style-type: none"> Change the National Policy Statement for Highly Productive Land to allow a broader range of productive rural activities such as on-farm storage ponds and sheds and off-farm dairy factories and vegetable processing. Allow normal rural activities on Highly Productive Land.
NES -DW	<ul style="list-style-type: none"> Amend the proposed National Environmental Standard for drinking water to avoid excessive compliance requirements for small providers of 30 connections or fewer and return autonomy to small rural communities.

National Manifesto

Housing – Going for Housing Growth	<ul style="list-style-type: none"> 100 days: Begin work on National's Going for Housing Growth policy, to expand housing supply, build infrastructure and give councils flexibility over MDRS standards. <ul style="list-style-type: none"> Unlock land for housing by requiring Tier 1 and 2 councils to zone enough land for 30 years' worth of housing demand immediately (NPS-UD change) Provide flexibility to opt out of MDRS standards provided the housing targets are met (legislation)
Infrastructure - Blueprint for a better environment	<ul style="list-style-type: none"> Amend existing rules to support rapid investment in infrastructure while protecting the environment Deliver one year consenting for major infrastructure projects (legislation or national direction).