



## Briefing: Further information on baseline savings

Date submitted: 5 February 2024

Tracking number: BRF-4168

Security level: Sensitive

MfE priority: Urgent

Actions sought from Ministers		
Name and position	Action sought	Response by
Hon Chris BISHOP <b>Minister Responsible for RMA Reform</b> Hon Simon WATTS <b>Minister of Climate Change</b> Hon Penny SIMMONDS <b>Minister for the Environment</b>	Review and discuss with officials	Wednesday 7 February

Actions for the Minister's office staff
Return the signed briefing to the Ministry for the Environment ( <a href="mailto:ministerials@mfe.govt.nz">ministerials@mfe.govt.nz</a> ).

Appendices and attachments
1. Impact on the Ministry's FTE capability and capacity 2. Summary of intended changes to the existing work programme 3. Complete list of non-departmental eligible baseline savings

Key contacts at the Ministry for the Environment			
Position	Name	Cell phone	First contact
Chief Advisor	Simon King	022 047 5541	
Secretary for the Environment	James Palmer	022 059 8100	✓

Minister's comments

# Further information on baseline savings

## Key messages

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1. You met with officials on 31 January to discuss our initial advice on how the Ministry can meet its savings targets requested by the Minister of Finance.
2. This briefing provides further advice requested on initiatives to meet the Ministry's baseline savings target of \$49.1m per annum. It provides additional detail on:
  - how the Ministry's departmental capacity and capability are expected to change from the compounding impacts of:
    - the expiry of time-limited funding
    - the mini-Budget
    - the baseline savings target
  - anticipated changes to the Ministry's work programme in response to the impact on our capacity and capability, which will be confirmed through upcoming business planning processes.
  - The complete list of non-departmental funding within the Ministry's eligible baseline and greater visibility of the constraints and opportunities for cost savings.
  - the risks and implications of additional non-departmental savings options.
3. A separate briefing [BRF-4169 refers] has been prepared with further advice on implementing targeted savings from the Waste Disposal Levy.
4. We will use your additional direction to help finalise the cost savings package due to the Minister of Finance by 16 February.

## Recommendations

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We recommend that you:

- a. **note** the combined impact of our declining baseline, the mini-Budget and the baseline savings target would reduce the Ministry's budget next year by \$111.9m, or 42% of our appropriation.
- b. **note** that we expect to reduce the Ministry's workforce by over 300 FTE in 2024/25 to implement the proposed cost savings package if the invited Budget 2024 bid for resource management is unsuccessful.
- c. **note** the additional detail you requested on how we expect the Ministry's capability and capacity will be impacted at **Attachment 1**
- d. **note** that the Waste Minimisation Levy has been double counted for savings purposes by being included as eligible baseline while also being subject to significant targeted savings
- e. **note** the anticipated changes to the Ministry's work programme, to be confirmed through upcoming business planning processes, at **Attachment 2**
- f. **note** the complete list of non-departmental funding initiatives within the Ministry's eligible baseline calculated by the Treasury are at **Attachment 3**
- g. **note** that you have varying discretion to stop or scale these initiatives, and we have provided you with further information on the implications of doing so
- h. **note** that changing the proportion of non-departmental savings will also impact the Ministry's departmental share of the \$49.1m per annum baseline savings target
- i. **direct** any changes to the non-departmental savings options to be included in the baseline cost savings package to be reported back to the Minister of Finance

- j. **meet** jointly with officials for further discussion in the week commencing 5 February.

Yes | No

## Signatures

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James Palmer  
**Secretary for the Environment**

Hon Chris BISHOP  
**Minister Responsible for RMA Reform**

Hon Simon WATTS  
**Minister of Climate Change**

Hon Penny SIMMONDS  
**Minister for the Environment**

# Further information on baseline savings

## Purpose

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1. This briefing provides the further advice you requested at a meeting with officials on 31 January about the Ministry for the Environment's proposed possible baseline cost-savings package.
2. We seek your direction on any changes to the initial savings package proposed in the BRF-4127 Budget 2024 Initial Baseline Exercise.
3. As requested, we will use this direction to finalise the advice to the Minister of Finance on how the Ministry will meet its baseline savings target by 16 February.

## Analysis and advice

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### Impact on the Ministry's departmental capacity and capability

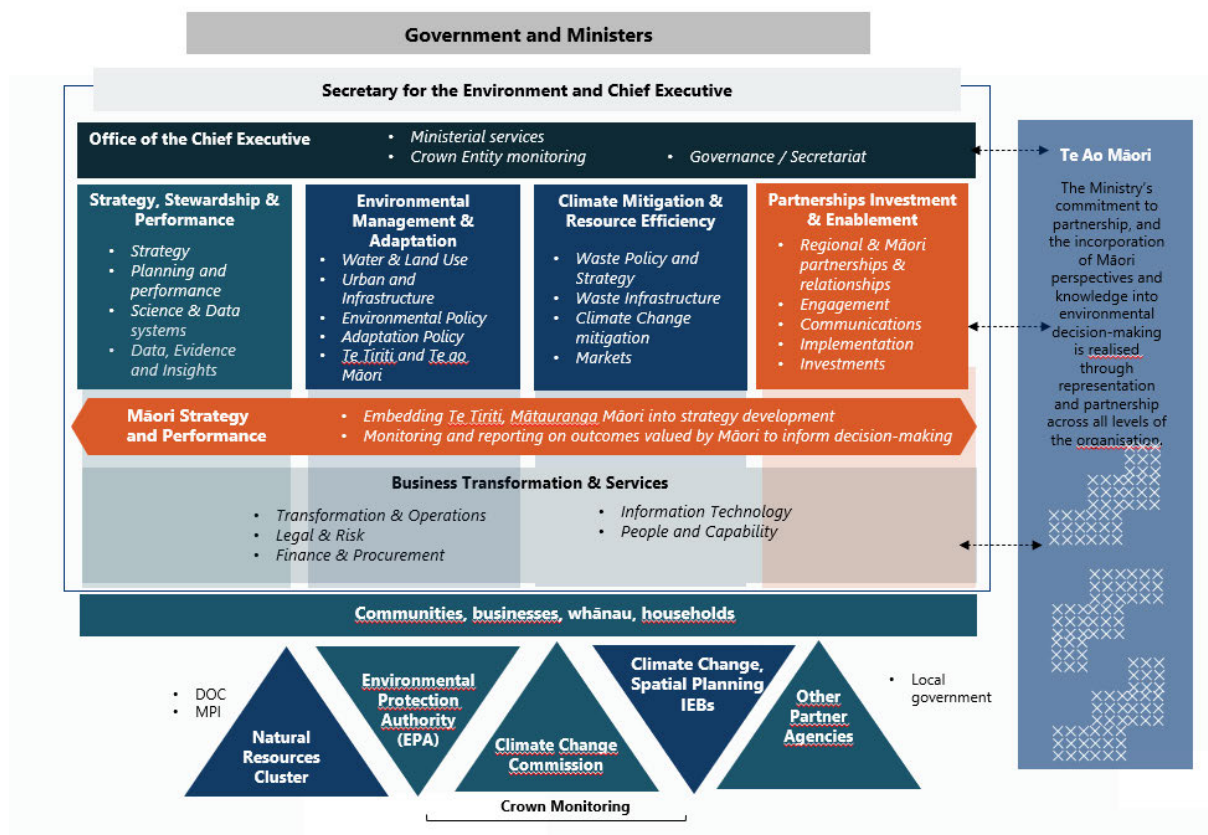
4. On 20 December, we provided you with an aide memoire on the funding within Vote Environment, including the Climate Change portfolio [BRF-4058 refers]. This advice also outlined the Ministry's organisational structure and work programme before the mini-Budget.
5. On 29 January, we provided you with advice focussed primarily on achieving the Ministry's savings targets [BRF-4127 refers]. The significant effect of the mini-Budget on MfE was not covered in detail by this advice.
6. The cumulative impact of returning RM implementation funding, meeting the baseline savings target, and our declining baseline will dramatically alter the future shape and capacity of the Ministry.
7. If an RM budget bid is unsuccessful, we will need to lose a third of our staff over the next financial year and even with the bid, we will shrink to s 9(2)(f)(iv) by 2027/28. Significant trade-offs will be needed to fulfil our statutory responsibilities while also delivering the Government's priorities. Our upcoming business planning process will confirm the Ministry's revised work programme and clarify the impacts on specific teams and individuals.
8. This advice also presents the complete list of non-departmental funding within the Ministry's eligible baseline and greater visibility of the constraints and opportunities for making cost savings. Decisions on non-departmental cost savings may also impact the departmental savings we must achieve.

### *How the Ministry is currently organised*

9. Our current work programme and organisation structure must be consolidated to reflect your priorities and the Ministry's smaller appropriation. However, the

current business groups are still a useful lens for assessing the impact on our capacity and capability.

10. The Ministry's revised operating model was designed to be scalable and durable when funding changed. Phase 1 of the operating model change (tier 2 and 3) was implemented on 1 December 2023. The next phase was intended to review all other roles and invest in internal systems to support more effective and efficient ways of working. Work on this phase has slowed while the savings exercise is underway.
11. The diagram below provides an overview of the main functions performed by our current business groups.



### *New ongoing responsibilities*

12. The Ministry was smaller in 2017/18 (\$68.1m departmental funding, \$87.3m when inflation-adjusted) but performed significantly fewer functions. In addition to our existing regulatory responsibilities, our work now also covers:
  - supporting and operating new climate change architecture, including developing the Emissions Reduction Plan and the National Adaptation Plan, and oversight of new entities and programmes, including the Climate Change Commission, the Carbon Neutral Government Programme, and the Interdepartmental Executive Board for Climate Change

- supporting the New Zealand Emissions Trading Scheme, allocation levels/carbon unit caps and ETS carbon unit auctions
- severe weather event recovery, regional support, and responses to other emergencies, including the Kaikoura earthquake and per- and poly-fluoroalkyl substances (PFAS) chemical contamination.
- developing and supporting multiple national direction instruments, including the national policy statements on freshwater and urban development
- progressing resource management reform
- implementing the Environmental Reporting regime (with Stats NZ) and improvements to the environmental knowledge system
- leadership of the All of Government Climate Data Initiative
- responding to COVID-19, including fast-track consenting and Jobs for Nature
- a greater focus on policy implementation and delivery enablement by working with councils, iwi/Māori, the primary sector, not-for-profit and the science community.
- a more comprehensive waste management programme, including new product stewardship schemes, changes to the Waste Disposal Levy and more robust compliance monitoring and enforcement across a much bigger number of landfills.
- coordination of the Local Government Steering Group and cross-agency working groups to test policy design and implementation.

13. A summary of the primary deliverables produced by each business unit is included in **Attachment 2**. These will be reconfirmed through our upcoming business planning process once we know the size of our remaining appropriation for next year.

#### *Impact of our declining baseline*

14. This financial year was always the Ministry's funding peak. Our 2023/24 budget is \$267.9m, which could have supported an affordable workforce of 1,230 FTE.
15. Our baseline was forecast to keep declining as time-limited funding for freshwater expired and the new RM system bedded in. Even if nothing else changed, we would have progressively less capacity to support your priorities as the parliamentary term progresses. Our previous budget forecasts and FTE projections are below:

2023/24	2024/25	2025/26	2026/27	2027/28
\$267.8m	\$225.7m	\$204.7m	\$194.4m	\$191.7m
1,230 FTE	1,028 FTE	905 FTE	831 FTE	795 FTE

16. We had been prudently preparing for our declining baseline, primarily through:

- managing vacancies.
- setting internal recruitment controls.
- using fixed terms contracts, contractors, and consultants where appropriate
- reorganising our business groups (as per the diagram above), which consolidated functions and reduced our tier 2 and 3 positions by about 20 percent

17. This approach has proven to be effective. The Ministry currently sits around 1,060 FTE and has been scaling downwards in line with our falling appropriation.

*Additional impact of the mini-Budget*

18. On 20 December, the mini-Budget returned \$300m of funding both for implementing the RM reforms and remediating a historic deficit in the baseline needed to maintain and operate the RM system. This has markedly accelerated the Ministry's downward trajectory.

19. This returned funding, on its own, will require the Ministry to drop roughly 200 FTE from next year, as shown in the table below. This cannot be accommodated through attrition alone, particularly on top of our declining baseline. Significant redundancies are unavoidable.

	2023/24	2024/25	2025/26	2026/27	2027/28
Pre-mini-Budget	\$267.8m	\$225.7m	\$204.7m	\$194.4m	\$191.7m
	1,230 FTE	1,028 FTE	905 FTE	831 FTE	795 FTE
Post-mini-Budget	\$267.8m <sup>1</sup>	\$176.8m	\$155.9m	\$149.3	\$146.7
	1,230 FTE	804 FTE	688 FTE	s 9(2)(f)(iv)	

<sup>1</sup> Cabinet directed the Ministry for the Environment to report back to the Treasury by the end of January on the funding required in 2023/24 to implement the repeal of the existing legislation and wind down the associated programme, and to carry out work on fast-track consenting and other responsibilities under the 100-Day plan [CAB-23-MIN-0490 refers]. The report back identified \$10.08m department (to \$257.7m) and \$6.41m non-department could be returned from 23/24 funding.



20. We are still working through the potential impacts on teams and individuals and have a legal duty to consult our staff on any proposals. However, we broadly expect it to have the following effect on the Ministry:

- abolishing the Spatial Planning Policy Office and reducing our spatial planning capability
- a significant reduction in our RM policy and implementation capability
- a reduction in our technical planning capability
- a reduction in our ability to maintain and operate the RM system
- a reduction in science, evidence and data capability and investment to support robust decision-making and meaningful measurement of progress and performance toward outcomes
- a reduction in our communications and engagement capacity, including working with Māori, local government, and industry to enable delivery of policy
- Proportionate decreases from the wider functions that support our RM policy and regulatory work.

21. The modelled impact of the mini-Budget on our business groups is in the table in **Attachment 1**. The compounding impact of meeting the baseline savings target, as presented in BRF-4127, can now be shown on top.

*The combined impact of our declining baseline, mini-Budget, and baseline savings target*

22. The Ministry's baseline savings target is \$49.1m annually. Our eligible baseline included the Waste Disposal Levy (legislatively hypothecated and identified for significant targeted savings) and Product Stewardship Scheme (pass-through only), despite a substantial portion of this being funding to third parties. As these areas have limited savings options, the Ministry has had to contribute more than 7.5% of its eligible baseline to meet the target.

23. The advice in BRF-4127 split the proposed departmental savings across eight broad initiatives as per the table below:

	2024/25	2025/26	2026/27	2027/28
Enabling functions and services	4,660,053	6,859,888	6,215,825	6,133,181
Climate Change	3,139,555	3,418,345	3,254,300	3,297,200
Waste minimisation	2,920,716	3,510,126	1,695,900	1,783,000
Urban and infrastructure	733,000	733,000	733,000	733,000
Partnership and engagement	2,008,272	1,426,230	1,438,194	1,450,158
Evidence and data	1,801,053	2,769,161	1,348,825	1,266,181
Freshwater	2,897,351	2,723,251	2,588,956	2,612,280
Biodiversity	-	-	-	-
<b>Total</b>	<b>18,160,000</b>	<b>21,440,000</b>	<b>17,275,000</b>	<b>17,275,000</b>

24. We estimate this level of savings would require us to drop roughly 100 further FTE from next year. The expanded table below shows the combined impact of all three reductions to our baseline.

	2023/24	2024/25	2025/26	2026/27	2027/28
Pre-mini-Budget	\$267.8m	\$225.7m	\$204.7m	\$194.4m	\$191.7m
	1,230 FTE	1,028 FTE	905 FTE	831 FTE	795 FTE
Post-mini-Budget	\$267.8m	\$176.8m	\$155.9m	\$149.3	\$146.7
	1,230 FTE	804 FTE	688 FTE	§ 9(2)(f)(iv)	
Plus, the baseline savings target	\$267.8m	\$158.7m	\$134.5m	\$132.1m	\$129.4m
	1,230 FTE	708 FTE	589 FTE	§ 9(2)(f)(iv)	

25. In addition to the mini-Budget impacts described in paragraph 20 above, we expect the proposed baseline savings package will create further effects on the Ministry's functions:

- a reduction in climate change policy capacity
- a reduction in urban and infrastructure policy capacity
- a reduction in our communications, engagement, and partnership capacity
- a reduction in our systems thinking, behavioural change and outlook projection capability
- a reduction in our production of evidence and insights
- a further proportionate reduction in supporting services.

26. The combined impact of the mini-Budget and the baseline savings target on our business groups is also outlined in the table in **Attachment 1**.

*Potential impact of the RM budget bid*

27. BRF-4083 provides further advice on the RM budget bid.

28. As noted above, the mini-Budget has significantly reduced our RM capacity and capability. Some of this funding was intended for performing the Ministry's baseline statutory functions, reflecting a historic lack of recognition that the planning system requires ongoing oversight and upkeep.

29. Before savings, the remaining ~\$15m of the baseline can only deliver essential statutory functions and minimal support for Treaty settlements, system monitoring and legislative and regulatory changes. It cannot support significant system reform.

30. Both funding options in the RM budget bid (preferred and scaled) seek:

- baseline resourcing for operation and maintenance of any RM system, addressing historical shortfalls and partially removing the fiscal cliff.
- time-limited funding to deliver the suite of Coalition Government commitments in an integrated manner within a 3-year window
- baseline funding to develop and coordinate spatial planning, building on existing work to support near-term government objectives and developing new legislative provisions.

**Further advice on non-departmental cost-saving options.**

31. At the meeting with officials on 31 January, you asked for further advice to demonstrate a broader range of non-departmental cost savings options.

32. The complete list of non-departmental funding initiatives within the Ministry's eligible baseline calculated by the Treasury is in **Attachment 3**. We can provide further advice on any of these initiatives if desired.

33. For each of the options presented in BRF-4127, the advice below now shows:

- the full appropriation
- the portion remaining that is non-committed
- any scaling as previously recommended.

34. Additional information on each line and the implications of going further than our previous recommendation is outlined below.

*Indigenous Biodiversity Fund*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full appropriation	6,490,000	6,210,000	3,925,000	3,925,000
Uncommitted	6,490,000	6,210,000	3,925,000	3,925,000
Previous advice	6,490,000	6,210,000	3,925,000	3,925,000

35. This funding was intended to support councils and communities implementing the National Policy Statement on Indigenous Biodiversity.

36. While scaling options are available, considering the scale of savings required from the Ministry's appropriations we still recommend that this is returned in full.

*Climate Change Development Fund*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full appropriation	300,000	300,000	300,000	300,000
Uncommitted	300,000	300,000	300,000	300,000
Previous advice	300,000	300,000	300,000	300,000

37. This funding assists developing countries to better address the challenges of climate change. It focuses on the Pacific region and Indigenous representation. The Ministry funds only \$300k of New Zealand's \$5m per annum commitment.

38. While scaling options are available, The Ministry funds only \$300k of New Zealand's \$5m per annum commitment light of the scale of savings required from the Ministry's appropriations we still recommend this is returned in full.

*Climate Resilience for Māori Initiative*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full appropriation	6,000,000	10,000,000	10,000,000	10,000,000
Uncommitted	nil	10,000,000	10,000,000	10,000,000
Previous advice	nil	10,000,000	10,000,000	10,000,000

39. The scope of this appropriation is limited to kaupapa Māori and tangata Māori (for Māori, by Māori) solutions for climate change and related operational costs. It is intended to provide support for communities most vulnerable to climate change.
40. The development of a Māori climate platform is action 2.1 in the first emissions reduction plan (ERP) and action 3.3 in the national adaptation plan (NAP). It is, in part, a response to ministerial requirements set out under the Climate Change Response Act 2002 (CCRA) and recommendations by the Climate Change Commission (CCC).

s 9(2)(f)(iv)

*Climate Change Commission – Agricultural emissions pricing advisory function*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full appropriation	3,000,000	3,000,000	3,000,000	3,000,000
Uncommitted	3,000,000	3,000,000	3,000,000	3,000,000
Previous advice	2,800,000	2,800,000	2,800,000	2,800,000

46. This funding was allocated to the Climate Change Commission to perform a possible function advising on agricultural emissions pricing. Cabinet decisions on an agricultural pricing system are still pending.
47. Our previous advice had an error, which should have recommended that this budget funding be returned in full.
48. The Climate Change Commission would be left with \$16.1m to perform its remaining functions.

*Community Environment Fund*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	1,428,000	2,172,000	2,172,000	2,172,000
Uncommitted	1,428,000	2,172,000	2,172,000	2,172,000
Previous advice	nil	nil	2,172,000	2,172,000

49. The community environment fund is a multi-year funding stream administered by the Ministry to support education and involvement in community-level environmental initiatives.
50. The funding was approved for five years (2025-2030) to support two organisations, mainly Parakore and Environment Hubs Aotearoa. The financing provided to Environment Hubs Aotearoa (\$1.1m per annum) is redistributed to 22 Environment Centres to support operational costs and leverage a considerable volunteer effort.
51. In light of the scale of savings required from the Ministry's appropriation, officials have recommended ending this funding after 2025/26 to allow the organisations to seek other funding sources. Ending funding early may not provide these organisations enough time to find other funding sources and mean they may be at risk of breaking commitments made in good faith.
52. Ministers have choices about whether and when to end this funding stream.

*Essential Freshwater Fund - Freshwater farm plan implementation*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	22,500,000	nil	nil	nil

Uncommitted	16,000,000	nil	nil	nil
Previous advice	4,900,000	nil	nil	nil

53. The Essential Freshwater Fund is a Jobs for Nature Fund administered through the Ministry. \$22.5m was allocated to support the establishment of the Freshwater Farm Plan System - specifically for Advisor, Certifier, and Auditor Workforce Development. \$6.5m has been contracted or committed for the above purpose. Officials are considering pausing and repurposing contracts to preserve Ministers' options given recent directions.
54. \$16m remains uncommitted. We recommended saving \$4.9m and retaining \$11.1m. While we had previously proposed savings of \$4.9m, further scaling options are available.
55. We recommended retaining \$11.1m to preserve options for Ministers to make decisions on a nationally enabled future farm planning system. Maintaining support for centralised system components will allow efficiency across the country (otherwise, each council undertaking farm planning would come up with their approach and incur costs). Removing this funding shifts the cost burden to councils or farmers.
56. The \$11.1m remaining has been tagged for the following purposes:
- i Workforce entry support s 9(2)(f) to encourage individuals to enter certifier and auditor training.
  - ii Workforce development s 9(2)(f) to include technical support services and continuing professional development programmes.
  - iii System improvement. s 9(2)(f) for performance monitoring and dispute services for farmers.
  - iv Catchment context s 9(2) for councils to work with communities to identify the challenges in each catchment.

#### *Essential Freshwater Fund – Pukekohe*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	s 9(2)(f)(iv)	nil	nil	nil
Uncommitted	s 9(2)(f)(iv)	nil	nil	nil
Previous advice	3,600,000	nil	nil	nil

57. This was also allocated from the Essential Freshwater Fund as part of Jobs 4 Nature funding.
58. The investment for the Pukekohe vegetable growing area has funded the co-design of an Integrated Catchment Management Plan (ICMP) by growers (Pukekohe Growers Association and HortNZ), councils (Auckland Council and Waikato Regional Council) and mana whenua (Ngaati Te Ata, Ngaati Tamaoho, Waikato-Tainui, and Ngaati Tiipa). Funding supports a set of priority projects within the broader action plan. The work has a more comprehensive application as a prototype for vegetable growing management.
59. We have analysed the individual projects and identified \$3.6 million in potential savings. Scaling by any more risks the overall effectiveness of the work.
60. The critical risk with scaling further is reputational, as the investment of other parties (in time, money and in-kind) has been substantial. Decisions to reduce funding must be discussed with partners to avoid breaching the Memorandum of Understanding governing the relationship. Any change without discussion presents a legal and reputational risk.

*Essential Freshwater Fund – Tangata whenua support initiative*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	5,500,000	nil	nil	nil
Uncommitted	4,500,000	nil	nil	nil
Previous advice	4,500,000	nil	nil	nil

61. \$5.5m from the Essential Freshwater Fund was allocated to support mana whenua to engage with the freshwater management system. The Local Government Act and Resource Management Act require councils to involve Māori in decision-making, and councils have consistently advised that deficits in Māori technical capability are a barrier to progressing freshwater reform. \$4.5m was explicitly identified to go towards a resource management capability programme that would support entry into the Making Good Decisions programme (the Making Good Decisions programme is the qualification needed to be a hearings commissioner).
62. Scaling is available to you, but we recommend returning in full in light of the scale of savings required from the Ministry's appropriations.

*Kaipara Moana Remediation*



	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	11,250,000	14,400,000	14,450,000	13,900,000
Uncommitted	11,250,000	14,400,000	14,450,000	13,900,000
Previous advice	nil	nil	10,000,000	10,000,000

63. This appropriation is limited to remediating Kaipara Moana by halting degradation and working towards more productive, sustainable, and high-value land use within the Kaipara catchment.
64. Fund management is done through a Memorandum of Understanding (MOU) and distributed each year following an annual work programme agreement.
65. \$100m has been politically committed to the project which is matched in funding or effort by councils (Auckland Council and Northland Regional Council) and the community (farmers, growers and mana whenua carrying out remedial works).
66. \$14m has been drawn down, leaving \$86m of the committed funds unspent. Withdrawal of funding for this project will have a more significant impact than the value saved because the funding is matched with equivalent contributions.
67. The MoU requires the Crown to engage with the mentioned parties on remediation and associated funding before making a unilateral decision to reduce; failing to do so is a breach of the terms. Reducing funding for reasons other than what is covered by the deed presents a legal risk. There is a provision that the agreement is subject to the availability of funds due to changes in appropriation.
68. Ministers have choices about the scaling of any savings in this fund, bearing in mind the restrictions above. We recommend taking \$10m in years three and four of the savings period to allow the parties time to seek alternative funding.
69. There is also funding in 2028/29 (14.1m), 2029/30 (9.6m) and 2030/31 (3.5m) that falls outside the four-year forecast period.

#### *Waste CERF funding*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	\$23.3m	\$23.6m	nil	nil

Uncommitted	\$8.35m	\$8.35m	nil	nil
Previous advice	\$8.35m	\$8.35m	nil	nil

70. This appropriation provides funding to improve and accelerate New Zealand's ability to reduce landfill emissions from organic waste. Funding is for assets and infrastructure for organics kerbside collection, and for resource recovery and processing facilities for organics, construction, and demolition waste.
71. The initial appropriation of \$75m was funding to accelerate biogenic methane reductions in line with the emissions reduction pathway in the first emissions reduction plan. \$5.95m was returned to the centre in 2023 as part of the rapid savings exercise under the previous Government.
72. We have identified \$16.7m of uncommitted funding from the remaining \$69m. Additional savings could be found if funding for these projects was transferred to the waste levy. We provided this option to Ministers as a potential savings opportunity within the targeted savings initiative relating to the waste levy and Waste Minimisation Fund (BRF- 4169 refers).
73. A significant consequence of this is a reduction in the overall funding available for infrastructure to deliver emissions abatement, which may make achieving emissions reduction targets less achievable. Alternative emissions reduction opportunities may be considered as part of the Emissions Reduction Plan's second process. However, these may not be sufficient to meet targets (including in biogenic methane) or would be more costly if the enabling infrastructure investment is significantly reduced in the interim.

*Contaminated Sites Remediation Fund (CSRF)*

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Full funding allocation	\$4.628m	\$5.128m	\$2.628m	\$2.628m
Uncommitted	\$4.628m	\$5.128m	\$2.628m	\$2.628m
Previous advice	nil	nil	\$2.628m	\$2.628m

74. The CSRF provides councils with funding for the investigation, management, and remediation of contaminated sites to fulfil their obligations to manage contaminated land under the Resource Management Act 1991.

75. Under CRSF criteria these funds can be used to deliver on a National Party manifesto commitment to address environmental harm from historical landfills.
76. Active and closed landfills across New Zealand are at risk from temperature, precipitation and sea level changes caused by climate change or severe weather. Landfills within coastal or river margins or on floodplains are becoming more vulnerable to erosion and may be at risk of containment failure.
77. Estimates of the number of vulnerable sites are variable but are typically in the hundreds. Remediation costs are site-specific, but three recent examples have ranged between \$1.7 and \$6.5m.
78. We previously proposed potential savings of CSRF \$2.6m annually in the second half of the forecast period. This would leave insufficient funds to help address the environmental harm from historical landfills and contaminated sites. An expanded Waste Disposal Levy could help fill this gap, and there is an opportunity for additional savings to be realised on an ongoing basis (BRF-4169 refers). Without this, if the savings are required, the gap would remain.

## Next steps

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79. This advice provides further information in support of BRF-4127 Budget 2024 Initial Baseline Exercise.
80. We recommend that you meet with officials to discuss this advice and agree on any changes needed to finalise the cost savings package that will be reported back to the Minister of Finance by 16 February.
81. While a joint meeting has not been scheduled for all Ministers, we can work with your offices to arrange one if needed.
82. We will complete the mandatory templates provided by the Treasury in the final cost savings package and give these to your office for information.