

## MfE budget and proposed structural change: Summaries, timeline and key facts

### Key dates

| Date               | Subject                              | Detail  |
|--------------------|--------------------------------------|---|
| Week beg May 20    | <b>Work programme</b>                | Initial work programme prioritisation conversations   |
| May 27             | <b>Change proposal</b>               | MfE provides ministers draft version of proposal document for resizing Ministry.  |
| May 30             | <b>Budget</b>                        | James Palmer provides budget update to staff  |
| May 31 to June 4   | <b>Change proposal</b>               | Pre-proposal briefing of MfE leaders, and union   |
| May 31             | <b>Estimates</b>                     | Minister Simmonds' Office formally lodges responses, on behalf of all Ministers, with Finance and Expenditure Committee |
| June 5             | <b>Change proposal<br/>Estimates</b> | Released for consultation.<br>Initial estimates hearings packs provided   |
| June 12/3          | <b>Estimates</b>                     | Final hearings pack provided  |
| June 14 (date tbc) | <b>Estimates:</b>                    | Ministers formally lodge responses, with the Environment Committee  |
| June 20            | <b>Estimates</b>                     | Hearings before select committee  |
| June 26            | <b>Change proposal</b>               | Consultation ends   |
| July 1             | <b>Work programme</b>                | New MfE Business Plan period begins   |
| November 1         | <b>Change proposal</b>               | New structure implemented   |

## Budget 2024 Vote Environment Summary

**Total net savings for the Crown from Vote Environment is \$617.8m over four years** or 21 percent of our eligible baseline. This includes new funding provided for the Government's resource management reforms.

For context, the Ministry's baseline was already forecast to decline over the next four years from its peak in 2023/24, due to the end of time-limited funding.

The combined impact of our already declining baseline, with the savings from Budget 2024 and the 2023 Mini Budget, is a forecast reduction to the Ministry's departmental baseline of 39 percent by 2027/28.

This will have significant impacts on our work programme and staffing levels, and will see some funding for community, freshwater, and environment groups end.

## Vote Environment Savings Budget 2024, net impacts.

- *Mini Budget savings:* \$301 million has been returned for the implementation of the previous government's reforms which are no longer going ahead, as well as \$34 million from the tagged contingency for ETS Market Governance work.
- *7.5 percent savings* from our eligible baseline (\$196.4m)
- *Additional targeted savings* from expanding the scope of the waste levy (\$177.8m)
- *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 (see below)

### Redundancies across the portfolios:

Decisions about staffing will be confirmed after we've consulted with our people in early June.

We are in the process of analysing the proposed workforce design at the portfolio level.

Changes proposed in the change document reflect the combined impact of Budget 2024 decisions, the Mini Budget, and our already declining baseline.

The proposal is likely to show a reduction from the 1230 FTE forecast for 2023/24, of about 403 FTE in the first year and 527 FTE (in total) by June 2025. These figures include a large number of positions that were not filled as we managed our staffing level down through recruitment controls over the past year. The *actual impact* on current staffing will be approximately 200 fewer positions in the first year, and a combined (approx.) 330 fewer proposed by June 2025.

These proposed reductions will be achieved through the end of about 140 fixed term contracts, and a combination of voluntary and proposed redundancies. **This is confidential to staff until the change proposal is released.**

Potential redundancies will be spread across all groups and include enabling functions like science and data, communications and engagement, and back-office functions. The extent of budget reductions mean there will be redundancies in all groups working to support all ministerial portfolios.

Positions likely to be proposed to be made redundant include General Managers, Managers, Team Leaders, Advisors, Analysts, Senior Analysts, Senior Advisors, Principal Advisors, EAs, PAs, Business Support Partners, Project Coordinators, Project Managers, Data Analysts, Scientists and other specialist positions.

The draft consultation document – due with ministers on May 27, will outline proposed staff reductions at the business unit and group level.

### Further work programme impacts

We'll bring options for stopping, scaling and phasing some elements of our work programme to ministers in the second half of May 2024. This will inform the Ministry's final business plan aligned to our smaller appropriation from 1 July 2024.

## Detailed impact of savings by portfolio over four years

### Min Simmonds, Environment:

**Portfolio savings from Budget 2024 - \$322.9m**

***Please note,** a comprehensive Budget 2024 stakeholder comms plan is being developed and will be provided to you next week. This will outline more detailed key messages and stakeholder comms planned to support the high-profile decisions below, particularly in waste and fresh water and community funding.*

- **Back-office functions and services:** reduced across the board from a reduction in contractors and consultants, eliminating non-essential services, and right-sizing back-office capacity and service. **(\$22.25m)** These savings span both the Environment and Climate appropriations.
- **Waste Minimisation.** The scope of activities the waste disposal levy can be used for is being expanded to allow it to fund a wider range of activities, reducing expenses to the Crown. This is subject to Waste Minimisation Act 2008 amendments **(\$229.7m)**
- **Evidence and data.** Reducing funding for environmental evidence, data, science, analysis, reporting and monitoring. **(\$9.7m).** These savings span both the climate and environment appropriations.
- **Freshwater.** Savings from the Jobs for Nature Secretariat and freshwater investment work programmes **(\$10.6m)**, and reduced non-departmental funding for three Essential Freshwater Fund initiatives: (1) Freshwater Farm Plans (2) Te Tuatara o Pukekohe – Integrated Catchment Management Plan and (3) Tangata Whenua – capability building to strengthen participation in freshwater management. **(\$13.0m)**

**Partnerships and Engagement.** Reducing staff and funding for general partnerships and engagement work **(\$6.1m)**. Savings span both the climate and environment appropriations. Reducing non-departmental funding for the Community Environment Fund, the Environmental Legal Assistance Fund, Indigenous Biodiversity, and Regional Planning (Non-Governmental Organisations) **(\$31.7m).**

## Min Bishop, Resource Management:

**Net portfolio savings including new Budget 24 funding offset by the Mini Budget savings, are \$209.4m.**

### **New Budget 24 Funding: RM Reform – Replacement**

Budget 2024 delivers new operating funding to deliver the Coalition Government's resource management reforms **(\$92.2m):**

- Funding covers: Fast track consenting legislation, RMA amendments, updates to national direction and RMA replacement legislation. It also provides funding in out years for ongoing operation of the RM system to support system change. This funding partly offsets the return of implementation funding below.
- Capability retention: Funding enables us to retain capability to deliver legislative and regulatory changes to the RM system. This requires knowledge and skills in policy advice, legislation and regulation development, spatial planning, science, data and evidence, the Treaty of Waitangi and Te Ao Māori, and implementation. Roles will be retained at a range of levels (manager, principal, senior and analyst).

### **2023 Mini Budget Savings: RM Reform Implementation**

The December 2023 Mini Budget returned operating funding for implementation of the previous Government's RM reforms following repeal of the Natural and Built Environment Act and the Spatial Planning Act. **(\$301.6m)**

### Min Watts, Climate:

#### Portfolio savings from Budget 2024 – including Climate Change Commission \$85.4m\*:

- **Climate Change Commission:** Savings result from returning funding previously provided to establish an agricultural emissions pricing function, along with a 7.5% reduction in baseline from 25/26 **(\$15.6m)**
- **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 in line with the overall 7.5 % 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 noted in the Environment portfolio above