

Overview of approach

Timing	Focus	Purpose
10 min	Any new context e.g. Update from Ministers (James/All)	Reorient to current context
10 min	Update on approach to savings exercise (Arun)	Confirm approach to shape the additional savings process
35 min	<p>Narrative framing (Leah) and skeleton for draft briefing (Charlotte)</p> <p>Includes an update on:</p> <ul style="list-style-type: none"> - RM (Jen) - Grants & funds (Peter) 	<p>Test & refine narrative and approach to briefing</p> <p>Provide direction on specific options that underpin briefing to Ministers 5 Dec</p>
10 min	Engagement with Ministers w/c 9 Dec (Martin)	Confirm tactics and provide direction for support required

B25 Te Pūrengi Session

3.12.24

Overarching	Develop a strategic narrative around future funding across RM, grants & funds, and waste levy workstreams – with an eye toward the Seymour letter
RM bid Nadeine leads	<ul style="list-style-type: none"> Step 1 - Model of existing resource allocation and what it delivers e.g. capacity across different RM work areas (get granular), when it is needed, how long, what does this look like as a whole across. Also understand what system maintenance looks like. Step 2 - identify what can vs can't be delivered next 2 years, and out to 4 years if possible. ID options for resequencing, reprioritise, and/or explore alternative funding sources Step 3 - meet with Min Bishop on approach to bid - B25, B26, or no bid and reprioritise to make it happen. Action for B25 project team to ID dedicated time to meet with Bishop on this.
Savings for RM and/or Seymour letter All	<p>Framing for how we explore savings</p> <ul style="list-style-type: none"> Preference to reduce workforce to retain real salary value rather than fall behind market and lose people along the way Preference not to revisit op model now, instead look at scaling/efficiency within current op model how it works before stopping work programmes. Also need to look more closely at Non-FTE \$ - noting science and data is an element of op model. <p>Action for ALL Dep Secs</p> <ul style="list-style-type: none"> All Dep Secs to start process for their own business groups (structure, functions, funding, phasing timing of work) within context of what we need to do as MfE. Do this within consistent frame process – B25 project team to support here. <p>From there determine we are better placed to make decisions on where we may need to stop whole functions <u>and</u> <u>or</u> whole work programmes.</p>
Grants & funds Anne leads	<p>Approach to Grants and funding</p> <ul style="list-style-type: none"> Yes, in principle to review funds from fewer bigger more flex perspective while maintaining eye on risk (smaller funds incentive-based, optics, relationship with Māori, fungibility); practicalities (what's already committed); politics. As part of review, Investment logic map and recognise where we have funds in clusters - waste; land & water; vs. non fungible funds – multilateral,, Waikato River etc <p>Actions before 5 December briefing</p> <ul style="list-style-type: none"> Need a list of specific savings options, and the impacts of scaling/stopping these funds – Anne working with others where relevant Decide whether Māori climate funding is viable if halved, and what this means for compliance with the CCRA Tiriti clauses (Anne and Gina)
Waste levy savings Sam leads	<ul style="list-style-type: none"> Progress as planned with WMF cap options e.g. envelope options asked + additional mid ground option Be more deliberate in connecting the WMF B25 workstream with the Grants & Funds workstream – including identifying where existing environmental funds are eligible within the expanded waste levy Building the strategic narrative for new funding opportunities from waste levy – framed around Govt fiscal context, MfE fiscal position, and then how we actually deliver the outcomes from Ministers deregulatory reform agenda for the environment

Sharing new context

- **Officials Meeting with Minister Watts**
- **Any other updates?**

Approach to savings exercise

- Confirm assumptions around use of contingency funding
- Test any other details required to finalise + template the approach outlined in [Overview of dep sec savings review approach](#)

Key messages – the ask and our approach

The Ministry's focus in Budget 25 is on delivering maximum ongoing savings and benefits through the waste levy and other funds and grants, while ensuring the government's resource management reforms can be implemented, including via alternative sources of funding.

The Ministry has been asked to provide budget initiatives, covering the following areas:

- **Waste Levy:** Present options for capping the Waste Minimisation Fund at \$15m \$30m and \$60m – with the quantum of savings dependent on other decisions related to the waste work programme (e.g. CSVL funding).
- **Funds and Grants:** Identify savings options while considering whether the coherence and settings of the fund landscape could be improved to secure better value. Savings scenarios are requested of \$1.25m and \$2.5m for climate resilience for Māori, and \$2.67m and \$5.3m for other environment funds.
- **RM implementation:** We were invited to put forward a bid and will discuss with ministers the timing for this, along with additional resourcing options for later years. Options include cost recovery, and the use of the expanded waste levy for national direction implementation.

- **These “asks” are connected** and we are approaching them in an integrated way. The first consideration is whether to put forward a RM bid in B25. The next is how to make best use of the waste levy for environmental activities, while achieving savings across the Ministry's grants and funds portfolio.
- Our approach is guided by the need for **fiscal discipline and value for money** to enable Budget 25's focus on boosting economic growth. We are reviewing our overall approach to funds and grants to deliver this ambition and **compiling a package of savings initiatives across the waste minimisation fund, and in grants and funds generally**. These savings are relatively contained to their buckets.
- **Delaying the RM bid may be better timing** for Phase 3 implementation and provides the opportunity to line up with any new use of the waste levy in later years. We would use Cabinet papers on RM throughout 2025 to ensure a 'no surprises' bid cost for Budget 26.
- There is **potential to use the expanded waste levy** to achieve savings to the Crown now by offsetting the cost of existing environment funds, while providing funding in later years to implement the government's broader deregulation agenda. An important caveat is the need for the levy to fund only certain activities, permitted under law.
- Meanwhile, we are **looking across the Ministry for potential reprioritisation options** if RM implementation is funded in Budget 25, or to otherwise deliver more savings.
- Each deputy secretary is leading an exercise within their business group to investigate what programmes or activities can be reduced to minimum viable levels, or otherwise scaled, or stopped.
- **In doing this we face important constraints.** The Ministry was subject to significant baseline and targeted savings in Budget 24 and is set to **9(2)(f)(iv)** from the 1230 funded FTEs in 2023/24 to **9(2)(f)(iv)** in 2026/27. **This is the fastest decline in the public sector.**
- We're working on a number of fronts to ensure we can continue to deliver government priorities, and our statutory obligations while managing a reduction of this size. This includes reducing the level of delivery of most of our statutory obligations within the environmental system to minimum viable levels.

Component	Overview of advice
Recommendations	<ul style="list-style-type: none"> • Noting direction for RM bid approach • Agreement/feedback on grants and funds approach <ul style="list-style-type: none"> • Specific Climate decisions • Specific Environment decisions • Agreement/feedback on waste levy options
Background	<ul style="list-style-type: none"> • Recap of B24 <ul style="list-style-type: none"> • Impact on MfE resources, contextualised as part of broader resource decrease over time • Expanded waste levy • Performance Plan context & what we signalled we aren't currently planning to deliver (i.e. RM reform implementation) • Summary of the B25 asks incl. foreshadowing additional Seymour baseline ask to come
Analysis & advice - general	<ul style="list-style-type: none"> • Set out considerations for how we step into advice (i.e. delivering savings, ensuring the government's resource management reforms can be implemented effectively, exploring ways to achieve this beyond of defaulting to ask for new funding) • Provide context of how the different B25 asks come together as a whole across Minister portfolios
Analysis & advice – Delivering the Government's RM reforms	<ul style="list-style-type: none"> • Outline three options to approach the bid – full but caveated, partial, no bid. • Analysis of existing resources and what we can deliver (BAU implementation) - including reprioritisation options • Beyond BAU targeted investment for new RM system • Other opportunities to fund implementation components – including cost recovery options, waste levy, and importance of a strengthened grants & funds landscape <p>Attachment – summary of existing resourcing and what it can deliver</p>

Component	Overview of advice
Analysis & advice – Delivery of the waste work programme	<ul style="list-style-type: none"> Advice on approach for allocating waste disposal levy (levy) funding via Budget 2025 for the waste work programme: <ul style="list-style-type: none"> Waste work programme envelope – WMF: cap options requested + 1 additional WMF cap option + ERP2 implications Waste work programme envelope– broader: suitable quantum for other waste activities e.g. CSVL, waste admin & work programme
Analysis & advice – Broader utilisation of Waste Levy funding	<ul style="list-style-type: none"> Overview of how waste disposal levy (levy) can provide for Budget 2025 Savings – proactively manage expectations related to this B25 savings approach + MfE input to TSY on environmental activities that can generate additional savings opportunities from B25 (set-up for detailed options in next section) Advice on potential for investment of the waste levy in new environmental initiatives beyond 2025
Analysis & advice – Environmental Grants & Funds	<ul style="list-style-type: none"> Advice on opportunity to improve grants & funds landscape + opportunity of waste levy to generate savings Summary of options and advice <ul style="list-style-type: none"> Options No change (with rationale for the status quo) Savings within existing funds Broader changes to the design of funds, including savings <p>Attachment – line-by-line grants & funds summary</p>
Analysis & advice – Climate Grants & Funds	<ul style="list-style-type: none"> Advice on option for scaled Climate Resilience for Māori funding
Next Steps	<ul style="list-style-type: none"> Approach to provide and consolidate feedback to provide direction for next steps We will make changes per your direction and provide an updated set of options 13 Dec Plans for additional waste briefing(s) – and any others?

RM Budget Bid – Options

The Minister of Finance has written to Ministers making clear this year’s Budget is focused on boosting economic growth and requires fiscal discipline from agencies, including specific savings to fund government priorities. We have been invited to bid for an initiative to deliver RM Phase 3 implementation. Given that the scope of Phase 3 is still open and will be subject to Cabinet decisions across 2025, and the Phase 2 programme is more extensive than anticipated, we seek your direction on three options.



Option		Indicative \$ ask
A	<p>A full, but caveated bid:</p> <p><i>Working Draft – not yet approved</i></p> <ul style="list-style-type: none"> Implementation of Phase 2 - all components Implementation of Phase 3 – all components Potential funding options under investigation, including: <ul style="list-style-type: none"> Waste Levy (subject to legal advice) Cost recovery options 	<ul style="list-style-type: none"> 9(2)(f)(iv) FTEs / 4 years 9(2)(f)(iv) FTEs 9(2)(f)(iv) - 9(2)(f)(iv) / year for C&E + Tribunal 9(2)(f)(iv) capex for RM data system + automation
B	<p>A partial bid, with partial absorption of FTE costs:</p> <ul style="list-style-type: none"> Phase 2 and 3 - what can be absorbed within existing MfE resources (BAU) Phase 3: Seeking funding for ‘Big calls’ subject to Cabinet decisions that might require funding above MfE BAU Potential funding options under investigation, including: <ul style="list-style-type: none"> Waste Levy (subject to legal advice) Cost recovery options 	<ul style="list-style-type: none"> 9(2)(f)(iv) / year for FTE costs (9(2)(f)(iv) FTEs)* 9(2)(f)(iv) - 9(2)(f)(iv) / year for C&E + Tribunal 9(2)(f)(iv) capex for data <p>9(2)(f)(iv) / year of FTE costs absorbed over 4 years (9(2)(f)(iv) FTEs or 9(2)(f)(iv) *)</p>
C	<p>No bid - indicative details for a refined B26 bid:</p> <ul style="list-style-type: none"> What we anticipate can be absorbed within existing MfE resources ‘Big calls’ subject to Cabinet decisions that might require funding above MfE BAU – an envelope, covering significant scope and optionality Potential funding options under investigation, including: <ul style="list-style-type: none"> Waste Levy (subject to legal advice) Cost recovery options 	<p>-</p> <p><i>Working Draft – not yet approved</i></p>

* 75% absorption of FTE costs would require another 9(2)(f)(iv) FTEs, which may be able to be accommodated within current resourcing only if work is staged.

RM Budget Bid

The Minister of Finance has written to Ministers making clear this year's Budget is focused on boosting economic growth and requires fiscal discipline from agencies, including specific savings to fund government priorities.

We have been invited to bid for an initiative to deliver RM Phase 3 implementation.

Given that the scope of Phase 3 is still open and will be subject to Cabinet decisions across 2025, and the Phase 2 programme is more extensive than anticipated, we seek your direction on:

- Option A: A full but caveated bid
- Option B: A partial bid, with some absorption of FTE costs
- Option C: No bid, but cost signalling for B26

Working Draft – not yet approved

Working Draft – not yet approved

1. At this stage, we consider that we can move existing resources from policy development to cover BAU aspects of implementation for both Phase 2 and Phase 3 (refer following slide). This would cover:
 - a. Guidance development and support for implementation
 - b. Development of new national direction:
 - consolidated national policy statement (~9(2)(f)(iv) FTEs)
 - nationally standardised zones (~9(2)(f)(iv) FTEs)
 - environmental limits (likely to be able to leverage existing) (~9(2)(f)(iv) FTEs)
 - data and monitoring standards (~9(2)(f)(iv) FTEs)
2. However, noting that we will need to maintain both the current RM system and the new RM system until the current system is phased out, we may need to keep some fixed term staff for a longer period than planned. This could be covered by part of the already-approved wage contingency draw-down.
3. Beyond BAU implementation, at this stage we expect the new RM system would require targeted investment and additional funding for:
 - a. Permanent support for a Planning Tribunal (initial discussions are underway with MOJ) (~9(2)(f)(iv)/yr) (explore whether this could be via Vote Justice or Env Court reallocation)
 - b. Standing up a new National Compliance & Enforcement Regulator with a regional presence and ongoing support (would require funding for MfE or the EPA) (Options range from ~9(2)(f)(iv) - ~9(2)(f)(iv) depending on scope)
 - c. Updating existing national direction (not covered by Phase 2 changes, but across two Acts and different processes) (~9(2)(f)(iv) / year for 2-3 years)
 - d. Improving critical parts of the current RM data system (i.e., the National Monitoring System) (~9(2)(f)(iv) / year for 2-3 years)
 - e. Business case for a new standardized consenting, e-planning and monitoring (~9(2)(f)(iv) - ~9(2)(f)(iv) to step out case for ~9(2)(f)(iv) capex + TBC opex), including improved natural and built env data & reporting
 - f. Engaging PSGEs on treaty settlements, as needed (~9(2)(f)(iv) / year for 4 years)
4. Alternative funding sources, including:
 - a. Cost recovery options – i.e., industry payment for new standards
 - b. Utilising the waste levy (where legal advice supports)

Testing options for Grants & Funds



[Savings scenarios for Te Purengi feedback 3 Dec meeting.docx](#)

Timeline – Deliverables to 23 December

Key Minister Milestones

Te Pūrengi key decisions

Other Te Pūrengi touch points

Week	Focus	Monday	Tuesday	Wednesday	Thursday	Friday
Week 1 <i>(w/c 25 November)</i>	TP strategic direction	25 th	26 th	27 th	28 th Minister weekly process updates	29 th TP workshop to provide strategic direction
Week 2 <i>(w/c 2 December)</i>	First advice to Ministers	2 nd Watts officials meeting update	3 rd TP Gov meeting – approach to BRF & savingsc Simmonds officials meeting update (verbal)*	4 th Bishop & Hoggard officials meeting update (verbal)*	5 th BRF – draft options + broader waste levy considerations for Ministers’ weekend bag Minister weekly process updates	6 th TP workshop - prep for minister questions / discussions ⁺
Week 3 <i>(w/c 9 December)</i>	Support ministers’ discussions / final draft	9 th Watts weekly update	10 th TP Gov meeting – Minister feedback ⁺ Simmonds weekly update	11 th	12 th TP workshop on minister feedback / direction – final changes ⁺ Minister weekly process updates	13 th BRF - final options for approval
Week 4 <i>(w/c 15 December)</i>	Expect Minister Seymour letter this week Minister letters to Ministers + Submit templates	16 th Watts weekly update	17 th Minister feedback Possible ministers’ joint discussion Simmonds weekly update	18 th CE final approval BRF - Portfolio Ministers final letter to MoF	19 th Submit completed Treasury templates Minister weekly process updates	20 th
Week 5 <i>(w/c 23 December)</i>	Stand-by	Final lodgement date – if any changes needed				