



Ministry for the  
**Environment**  
*Manatū Mō Te Taiao*

# Annual Report *Pūrongo ā-Tau*

2022/23



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pursuant to section 44 of the Public Finance Act 1989



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# 1

## Introduction

### *Kupu whakataki*

*Overview of the Ministry for the Environment and how we contributed to our shared vision in 2022/23.*

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# Message from the Secretary for the Environment



*Since starting as Secretary for the Environment in March 2023, I have been repeatedly struck by the markedly greater volume and velocity of work undertaken by the Ministry for the Environment (the Ministry) relative to that of the Ministry I left nearly eight years ago. The Ministry's enhanced capability and its delivery of ambitious programmes of work for the Government has grown under the leadership of my predecessor Vicky Robertson and I wish to acknowledge her legacy.*

Vicky's eight-year term finished at the end of February and this report is more of a record of the Ministry's achievements under her leadership than mine. The report highlights the positive steps the Ministry has taken in the past year to further achieve its vision: "he taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation".

While continuing the Ministry's leadership role across the environmental system, we've also significantly increased our capacity to engage with communities and implement national policy on the ground.

As the challenges of COVID-19 abated, the Ministry was also called on to assist with Aotearoa New Zealand's response to several severe weather events. This assistance ranged from providing guidance on how to deal with storm waste and contamination from flooding to long-term mitigation work promoting resilience and adaptation.

Engagement with councils, iwi and an array of stakeholders highlighted the need to develop recovery policy that puts local communities at the centre of decision-making, and challenges the idea that our cultural, economic and social wellbeing is not dependent on the state of te taiao. On the contrary, these things are inextricably connected and demand we take an integrated and holistic approach to our work.

We are pleased the Ministry has been able to contribute to the response during these challenging times, and we are proud of the contribution of staff – some of whom live in the affected areas.

It has been noteworthy that climate change took on a new importance for many New Zealanders after these events.

The Ministry continues to build its national leadership in response to the climate crisis. In the past year we delivered the first-of-its-kind national adaptation plan which, building on 2022's emissions reduction plan, sets out actions to support communities to adapt to climate change and minimise its impact.

Work continued on New Zealand Emissions Trading Scheme adjustments, new guidance for reducing industrial greenhouse gas emissions and renewable electricity generation consultation to promote investment and development in this sector.

Our ongoing emissions reporting and the report *Ngā Kōrero Āhuarangi me te Ōhanga | Climate Economic and Fiscal Assessment* showed our progress against climate change targets and increased awareness of the risks, costs and opportunities of meeting or not meeting these targets.

Reforming the resource management system so that it provides tools to manage a range of regional environmental and development issues within a more effective national framework continues to be a key priority for the Ministry.



The Ministry worked hard, alongside key partners, to land policy decisions vital for reform. More than 1,000 policy recommendations on the Natural and Built Environments and Spatial Planning Acts were presented during the select committee phase.

The Ministry's focus is now on implementing the reforms, supported by \$179 million of funding over four years from Budget 2022.

Our environmental stewardship role also puts the Ministry at the nexus of Māori-Crown relationships.

Our guiding strategy, Te Ao Hurihuri – Transformational Gains Strategy, has supported how we integrate an awareness of te ao Māori and the principles of te Tiriti o Waitangi (the Treaty of Waitangi, te Tiriti) into our work. It has helped us foster relationships and created opportunities to attract and upskill Māori and non-Māori employees.

Work to improve freshwater resources continues through our Essential Freshwater reform package. More than \$56 million from the Essential Freshwater Fund went to 11 projects nationwide to restore waterways. This allocation also helps build capacity for tangata whenua to be involved in, and make decisions on, freshwater management in their rohe.

Our work has also made significant inroads in tackling Aotearoa New Zealand's waste problem. Our advice on phasing out plastics meant that from October 2022, some of our most environmentally challenging single-use plastics were banned. Further policy to reduce hard-to-recycle and single-use plastics was introduced in July 2023.

In September 2022, more than \$5 million from the Plastics Innovation Fund was allocated to construction industry, recycling and dairy producer partners to reduce plastic product waste. Te Pūtea Whakamauru Para | the Waste Minimisation Fund reopened, giving access to \$120 million over the next two years to reduce landfill emissions from organic waste.

In the past two years, the Jobs for Nature programme has brought more than 8,000 people into nature-based employment. The fund has enabled extensive freshwater, wetland and waterway restoration projects.

The National Policy Statement for Indigenous Biodiversity (released in July 2023) gives much-needed national direction for protecting our native plants and animals on private and council-administered land.

The departmental expenditure was \$221.9 million, which is \$16 million (6.7 per cent) below the appropriations at the end of the year and a 33 per cent increase on the previous year's expenditure. This is representative of the increased breadth of work across the Ministry. The Ministry has continued to support the Government with high-quality, evidence-based policy, while carefully growing our engagement and implementation capabilities alongside iwi, Māori, communities and industries. Input from our many partners and stakeholders has greatly enhanced and supported our work.

As the scale, urgency and complexities of our nation's environmental challenges grow, the Ministry will continue to support and enable more New Zealanders in protecting, enhancing and appreciating te taiao for future generations.

Nāku noa, nā



**James Palmer**

Secretary for the Environment

# Highlights and milestones from 2022/23

## July 2022

- Changes were announced to the New Zealand Emissions Trading Scheme's industrial allocation settings to help Aotearoa New Zealand transition to a low-emissions economy.
- The Health and Air Pollution in New Zealand study (HAPINZ 3.0) was released, showing air pollution had a social cost of \$15.6 billion in 2016.

## September 2022

- The National Policy Statement for Highly Productive Land was released with the aim of protecting our most productive land for land-based primary production.
- Te Tahua Pūtea mō te Kirihiou Auaha | the Plastics Innovation Fund allocated more than \$5 million to construction industry, recycling and dairy producer partners.

## November 2022

- Guidance for local government on how to consider the national adaptation and emissions reduction plans when developing or changing plans under the RMA was released.
- The Spatial Planning Bill and Natural and Built Environment Bill, aimed at reforming the resource management system, were introduced to Parliament.
- Experts were appointed to the Interim Ministerial Advisory Committee to guide a Māori-led climate action platform as part of the emissions reduction plan.
- Regulations to better control the impacts of intensive winter grazing came into effect.



## August 2022

- The first national adaptation plan was released. It responds to risks raised in the 2020 climate change risk assessment.

## October 2022

- Step one of plastics phase-out work banned a range of plastics, including takeaway food and drink packaging, single-use plastic drink stirrers, and cotton buds.
- *Our marine environment 2022* was released, showing the marine environment continues to be affected by a range of individual and cumulative pressures.
- The \$2.08 million Contaminated Sites Remediation Fund was announced.
- Consultation on Government proposals to price agricultural greenhouse gas emissions began.
- Te Pūtea Whakamauru Para | the Waste Minimisation Fund reopened, giving access to \$120 million over the next two years to improve and accelerate our ability to reduce landfill emissions from organic waste.

## December 2022

- The Jobs for Nature Fund announced it had restored 512 hectares of freshwater, planted 1,080 hectares of waterway, wetland and lakes, and remediated over 300 fish passages.
- A section 215 report for the Climate Change Response Act 2002 outlining changes to the proposed emissions pricing system was released.
- The 2022 Waste Minimisation Act 2008 compliance report was released. It showed that new reporting tools had been introduced, and that Ministry staff were increasingly working with councils on waste compliance and investigation.
- Essential Freshwater 2020 regulations were updated, following consultation with a wide range of stakeholders, to support effective implementation.
- Aotearoa submitted its Eighth National Communication and Fifth Biennial Report to the United Nations, projecting that our emissions will decrease between now and 2035.



### January 2023

- Climate-related disclosure requirements came into effect for large financial market participants to ensure that climate change is routinely considered in decision-making.

### March 2023

- The Ministry supported councils with waste and silt management plans in the wake of severe weather events in the North Island. \$15 million was allocated to help councils remove residential waste from cyclone-affected areas.
- An Institute of Environmental Science and Research project that tests and monitors freshwater to make sure it's safe for swimming received \$5.8 million of Jobs for Nature funding.
- A new waste strategy to set Aotearoa New Zealand's direction on waste for the next three decades was released.
- Improvements to household kerbside recycling and food scraps collections were announced to make it easier for people to recycle and compost, and to reduce the amount sent to landfills.

### May 2023

- The Government Investment in Decarbonising Industry Fund announced \$140 million of funding for New Zealand Steel's Glenbrook mill to electrify scrap steel production.
- More than \$56 million from the Essential Freshwater Fund was committed to assist 11 projects restore and protect our lakes, rivers and streams.

### February 2023

- The Ministry established a Severe Weather Integrated Response team to support the response to Cyclone Gabrielle and other severe weather events.
- The Ministry published our first long-term insights briefing, which considers the future wellbeing of land and people in Aotearoa.

### April 2023

- The Severe Weather Emergency Recovery Legislation Act 2023 passed into law, making temporary changes to the RMA to help affected rural communities recover.
- *Ngā Kōrero Āhuarangi me te Ōhanga | Climate Economic and Fiscal Assessment* was released, providing a framework for understanding the fiscal impact of climate change.
- Consultation opened on the National Policy Statement for Renewable Energy Generation and the National Policy Statement on Electricity Transmission, which will help Aotearoa develop infrastructure to meet future power needs and lower emissions.
- *Our freshwater 2023* was released, outlining the increasing pressures on lakes, rivers and groundwater that are affecting water quality, ecosystems and people nationwide.
- Aotearoa New Zealand's 2023 Greenhouse Gas Inventory was released. It showed that, compared with 2020, the country's gross emissions reduced slightly in 2021 but net emissions increased by 3 per cent.

### June 2023

- The Resource Management (Freshwater Farm Plans) Regulations 2023 were gazetted, with roll-out starting in the first two regions in August 2023.
- The Government announced a funding arrangement with councils in cyclone- and flood-affected regions.
- Industrial greenhouse gas emissions policies were announced to ensure climate change is considered in resource consenting rules for industrial process heat.
- The all-of-government Climate Data Infrastructure initiative, led by the Ministry, was allocated \$24.7 million in Budget 2023 under the Climate Emergency Response Fund.
- Budget 2023 allocated \$38 million to improve the governance of the NZ ETS.
- Freshwater farm plan regulations were gazetted to help farmers and growers identify, manage and reduce the impact of farming on the freshwater environment.
- An Order in Council was proposed to assist rural Hawke's Bay and Tairāwhiti land owners deal with cyclone and flood debris so they can replant and return land to productivity.

# About us

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## Our Ministers

*During 2022/23, we worked with six Ministers.*



**Hon David Parker**

Minister for  
the Environment



**Hon James Shaw**

Associate Minister  
for the Environment  
and Minister of  
Climate Change



**Hon Peeni Henare**

Associate Minister  
for the Environment



**Hon Rachel Brooking**

Associate Minister  
for the Environment

Hon Phil Twyford and Hon Kiritapu Allan were Associate Ministers for the Environment between 6 November 2020 and 1 February 2023.



## Te Pūrengi – Our leadership team

*People are one of our key strengths. We have a great depth of capability and leadership across our organisation. This gives us the flexibility to shape and deliver our priorities.*



**James Palmer**

Secretary for the Environment  
and Chief Executive

Vicky Robertson, Amanda Moran  
and Melanie Mark-Shadbolt were also  
members of Te Pūrengi during 2022/23.



**Laura Dixon**

Chief Operating  
Officer / Deputy  
Secretary, Organisational  
Performance



**Martin Workman**

Deputy Secretary,  
Tūmatakōkiri (Māori  
Rights and Interests)



**Anne Haira**

Deputy Secretary,  
Partnerships and Public  
Affairs / Climate Change  
Adaptation and Evidence



**Sam Buckle**

Deputy Secretary,  
Water Policy and  
Resource Efficiency



**Natasha Lewis**

Deputy Secretary,  
Joint Evidence,  
Data and Insights



**Janine Smith**

Deputy Secretary,  
Matapopore and  
Climate Mitigation



**Nadeine Dommissie**

Deputy Secretary,  
Policy Implementation  
and Delivery



**Dr Alison Collins**

Departmental Chief  
Science Advisor

# Our Strategic Framework

*The Ministry developed our Strategic Framework in 2020/21 and updated it in 2022/23 to form the basis of our Strategic Intentions 2023–27. Our framework describes the Ministry’s ‘why, how and what’.*

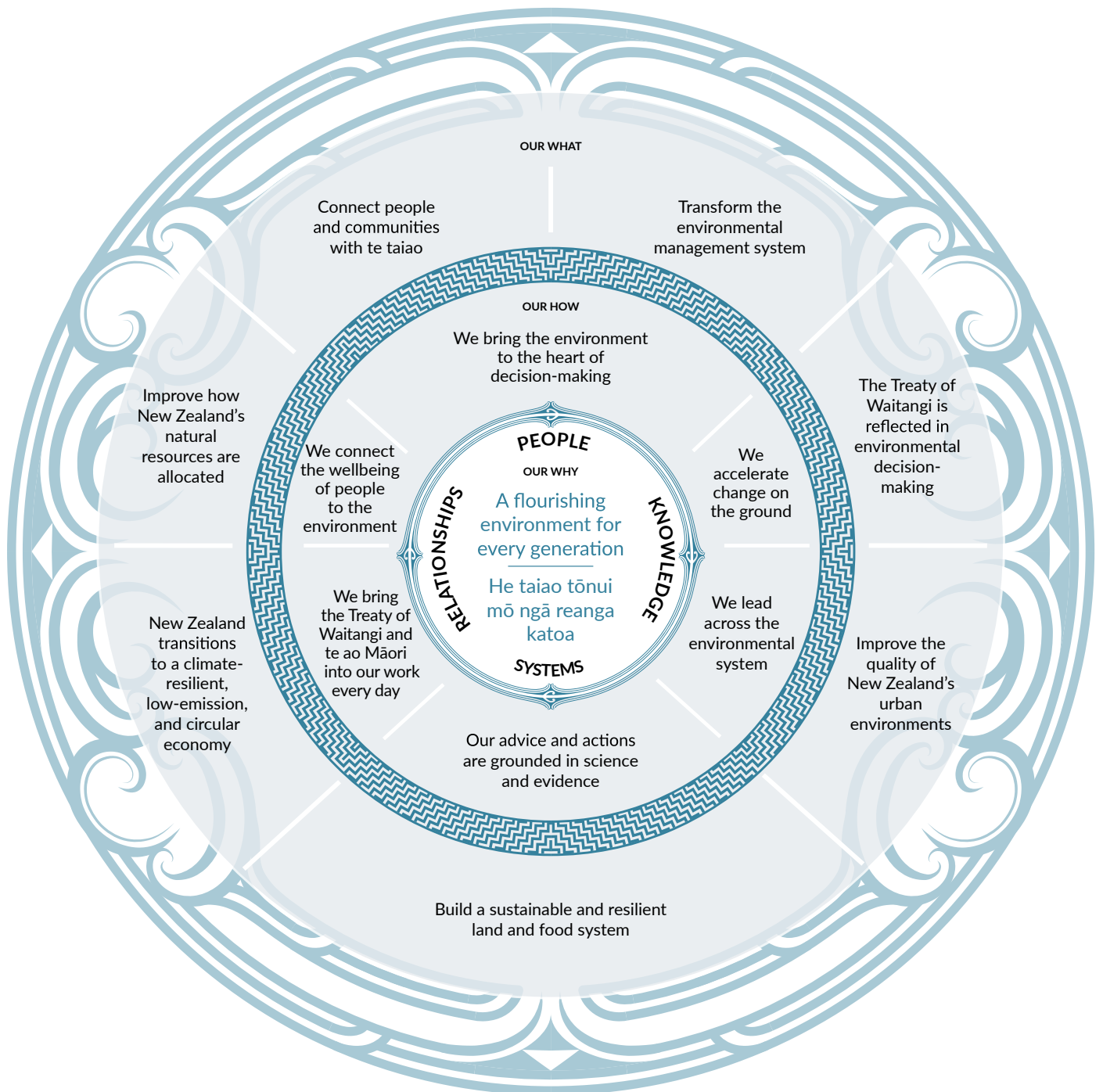
- 1. Our ‘why’ is our mission statement:**  
“he taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation”.
- 2. Our ‘how’ is our operating principles:**  
how we go about our mahi.
- 3. Our ‘what’ is our strategic priorities:**  
the mahi we are doing.

This is supported by our organisational capabilities – our people, knowledge, relationships and systems that enable us to do our mahi.

Our Strategic Framework reflects the depth and breadth of the Ministry’s work programme, and how our statutory responsibilities and roles have expanded over time. It also demonstrates our increased focus on driving change through stronger relationships and a stronger evidence base.

As well as continuing to lead development of policy frameworks, legislation and regulatory instruments, the Ministry is increasingly focused on supporting successful policy implementation to ensure it translates into action on the ground and achieves the desired outcomes. In the coming years, much of our effort will be put into supporting local government, Treaty partners and resource users to successfully transition to the new environmental management system.

Looking ahead, we will need to provide strong regulatory oversight and direction across the environmental management system. To be effective stewards, we’re continuing to cultivate strengths in te ao Māori, science and evidence, and long-term policy development.





# Our why

The Ministry was established under the Environment Act 1986 and is the Government's primary advisor on environmental matters. We are a public service agency, serving the government of the day.

Our Act requires us to think broadly as we develop advice and to consider the intrinsic values of ecosystems, the value people place on the environment, the principles of te Tiriti, the sustainability of natural and physical resources, and the needs of future generations.

We've wrapped this into a simple mission statement for the Ministry:

***“he taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation.”***

# Our operating principles



*Our operating principles describe how we go about our work.*

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## **We lead across the environmental system**

We have a leadership role in managing the environmental system. In part, this involves advising on policy. Additionally, the Government and stakeholders are calling for us to focus more on the whole system's performance. In practice, this means working closely with central and local government, iwi, hapū and Māori, businesses and communities to improve environmental outcomes.

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## **We bring the environment to the heart of decision-making**

We help inform the decisions made by local and central government and by individuals. We focus on the intergenerational implications of decisions, so the environment can flourish. We do this through evidence-based policy advice, approaches that emphasise the intrinsic values of ecosystems, and environmental reporting that informs people about the cumulative impact of the choices New Zealanders make.

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## **We bring the Treaty of Waitangi and te ao Māori into our work every day**

We weave Māori perspectives and mātauranga Māori into our work. This approach covers the spectrum from policy advice, operational practices and environmental reporting, to building relationships with Māori entities and iwi through Tiriti settlement agreements and other engagement opportunities.

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## **We connect the wellbeing of people to the environment**

An important part of our work is making stronger connections between wellbeing and a thriving natural environment. We see this as a way of accelerating the positive environmental change that enhances individual and community wellbeing.

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## **We accelerate change on the ground**

At the heart of our work programme is the aim of effectively implementing government policy. In the years ahead, a major focus for the Ministry will be on supporting implementation of the new resource management system. This builds on other work we do, including supporting Aotearoa New Zealand's response to climate change, implementing the Essential Freshwater package and the Jobs for Nature programme, and investing in waste minimisation and resource recovery.

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## **Our advice and actions are grounded in science and evidence**

As the Government's principal policy advisor on environmental matters, we champion an evidence-based approach to policy design, implementation and evaluation. The evidence we draw on includes biophysical and social science, mātauranga Māori and economics. We provide information to help guide decision-makers and create a foundation for change.









# 2

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## **Aotearoa New Zealand's environment** *Te taiao o Aotearoa*

*Summary of the state of the  
environment, based on our  
environmental reporting.*

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22 Coastal and marine

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24 Climate change and climate variability

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26 Pollution and waste

# Our environment in a snapshot

*The Ministry for the Environment (the Ministry), in partnership with Stats NZ, is responsible for reporting on the state of Aotearoa New Zealand's environment. This provides New Zealanders with credible, robust and independent assessment that supports decision-making.*

Aotearoa has a unique natural environment due to its geographical isolation and a relatively short history of human habitation. Despite this, evidence shows that we have had a profound impact on our environment and how it functions. Examples of our changed environment include the following.

- We are losing soils to erosion, development and land fragmentation.
- Habitat destruction, along with the introduction of mammalian predators, has severely reduced the populations of many unique birds, reptiles and plants.
- Our freshwater sources are degraded in areas where urban and rural land has been transformed by human activities, and we continue to see the loss of wetland ecosystems.
- Climate change is affecting our oceans through ocean acidification and increased sea-surface temperatures, which will impact our marine ecosystems for generations.
- Shifting rainfall patterns (along with warming temperatures) threaten our agricultural economy, native ecosystems and Māori customs, as well as impacting our wellbeing.
- Air quality is slowly improving across Aotearoa, but air pollution at monitored sites is at times above the World Health Organization 2021 guidelines for most air pollutants.

Due to the varying pace of natural cycles, it can take many years to observe, measure and understand the impact of our present-day activities.

The combination of highly interconnected natural systems, compounding pressures and variable rates of change means we now face an increasing number of complex global and domestic environmental crises. We are also at risk of crossing environmental thresholds we won't be able to return from, irreversibly altering Aotearoa New Zealand's unique natural environment and impacting the things we value.

Despite this, the challenge ahead is not insurmountable. Across Aotearoa, work is already underway by central and local government, industry, local communities, iwi and hapū to improve our natural environment. These efforts reflect our collective obligation to take account of the evidence, make informed decisions and take action that ensures future generations inherit a flourishing environment.

For further context and links, see the **latest environmental reporting series** on our website.

For more information about the data used here, see Stats NZ's **environmental indicators**.

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## About environmental reporting

Environmental reporting follows a Pressure-State-Impact (PSI) framework as set out in the Environmental Reporting Act 2015. The logic of the framework is that pressures change the state of the environment, and the impact of these changes warrants a response and requires careful management.

In Aotearoa, we are fortunate to be able to draw on a diversity of knowledge for reporting including biophysical, social and behavioural science as well as mātauranga Māori. This diversity allows us to build a picture of pressure, state and impacts at a variety of scales, from national to local and place-based, as well as over time. Collectively this supports understanding our natural world, informs our decisions and actions as well as helping us to evaluate progress toward better environmental outcomes.

This section draws on the recent data and evidence used in environmental reporting that aligns with the Ministry's wider work programme. Although the Ministry and Stats NZ are responsible for national reporting, we rely on the continued investment and support of regional councils and Crown research institutes in collecting the information contained in this section.

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## Improving the environmental reporting evidence base

Over the past three years, the Parliamentary Commissioner for the Environment has released a series of reports showing the need for systemic reform of the environmental knowledge system, to better integrate the environment and intergenerational wellbeing into policy. Alongside the proposed amendments to the Environmental Reporting Act 2015, we must focus on building a fit-for-purpose environmental monitoring and reporting system that is adaptable and responsive to a rapidly changing future.

The Ministry and Stats NZ, along with our system partners, are embarking on a significant project to reform Aotearoa New Zealand's environmental monitoring and reporting system.

This initiative will establish monitoring and analytical architecture, and cross-agency governance and accountability to ensure a more coherent and comprehensive system. This work will build on our efforts to improve the prioritisation of environmental research through Te Kete Mātauranga Āhuarangi me Te Taiao – the Environment and Climate Research Strategy, which is currently under development. This strategy will also play a role in our work with system partners – on National Environmental Monitoring Standards and on the introduction of environmental management limits and targets, as part of resource management reform.

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## How this section is structured

The structure of this section aligns with the outcomes and themes in the proposed amendments to the Environmental Reporting Act 2015 which the Government will make decisions on post-election. This alignment reflects the Ministry's stewardship role and demonstrates our continued commitment to delivering high-quality, evidence-based policy that has tangible benefits for New Zealanders and our environment.



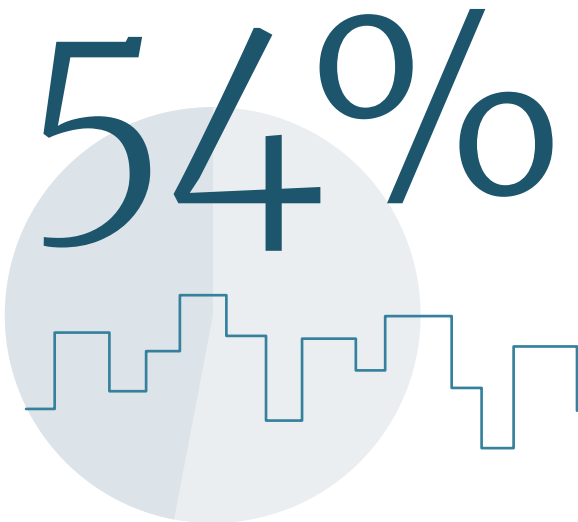


# Land and freshwater

*Our land and freshwater environments are an interconnected system – ki uta ki tai – connected to particular places and the values of the people that live there. They are essential for life and our livelihoods, but they continue to be affected by a variety of pressures – mostly due to the way we’re using them.*

## Our highly productive land is at risk

**In 2002–19, the area of naturally highly productive land used for urban or residential purposes increased by**

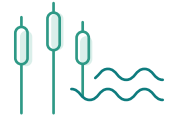


Naturally highly productive land only makes up 15% of Aotearoa New Zealand’s total land area.



## Soils help store carbon

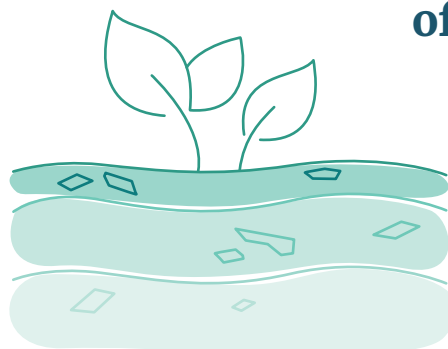
Draining wetlands and land-use changes can release large amounts of carbon.



## Aotearoa soils stored

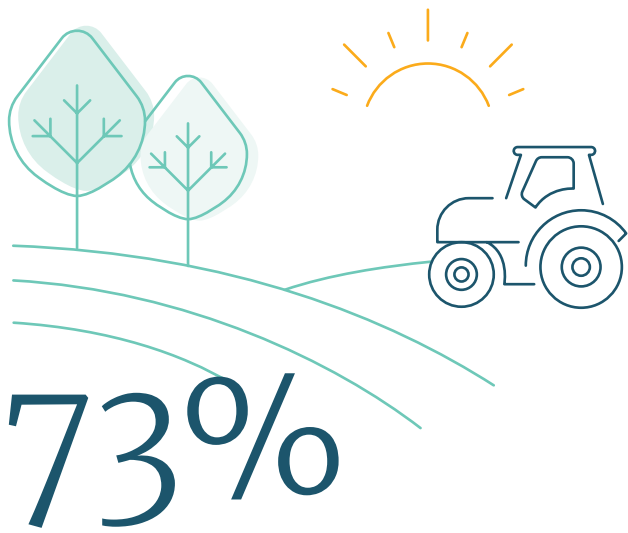
# 1,882 mega- tonnes

**of carbon  
in 2021.**



### Agriculture is increasing pressures on freshwater

Between 2002 and 2019, Aotearoa New Zealand's irrigated agricultural land area increased by 91%.



# 73%

**of these increases were converting non-agricultural land to dairying, the most intensive type of farming.**

### Between 2016 and 2020,

# 55%

**of Aotearoa New Zealand's river length was moderately or severely impacted by nutrient enrichment or organic pollution, based on modelled macroinvertebrate community index scores.**

Many of our rivers and lakes have excess levels of nutrients that can harm ecosystems.

### Some soil quality indicators remain out of the target ranges

Over 90% of measured sites met targets for these soil quality indicators: bulk density, mineralisable nitrogen,<sup>1</sup> total carbon and pH (soil acidity).

In 2014–18, nearly half of all sites were below the target range for macroporosity – the proportion of large pores or spaces between soil particles that allow water and air to flow.

# 80%

**of measured sites**

failed to meet the targets for at least one of the seven soil quality indicators in 2014–18.

<sup>1</sup> A measure of how much organic nitrogen is available to the plants, and the activity of these organisms.



# Ecosystems and biodiversity

Pressures from human activities, climate change and invasive species are degrading ecosystems and threatening species. The way we use land and water contributes to climate change and places pressure on the habitats that support our biodiversity.

## Birds



**37%**  
of bird species were threatened with extinction in 2021.

45% of bird species were at risk of becoming threatened in 2021.

## Land

15% of vascular plant species were threatened with extinction in 2017.

31% of vascular plant species were at risk of becoming threatened in 2017.

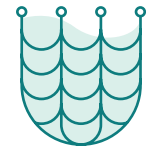


39% of reptile species were threatened with extinction in 2021.

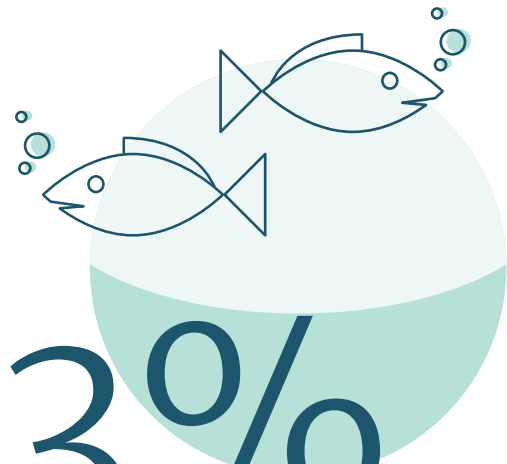
54% of reptile species were at risk of becoming threatened in 2021.

## Freshwater

33% of assessed indigenous freshwater fish species were at risk of becoming threatened in 2017.



Of 18 taonga freshwater species assessed, 9 have populations projected to decrease, 1 is projected to increase, and 8 have populations that are not predicted to change.



**43%**  
of assessed indigenous freshwater fish species were threatened with extinction in 2017.



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## Marine

16% of marine mammal species were threatened with extinction in 2019.


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7% of marine mammal species were at risk of becoming threatened in 2019.

---

67% of marine mammals were classified as data deficient, meaning there wasn't enough information to assess them. These species may be threatened, at risk or not threatened.

---

**2%** 

**of sharks, rays and chimaera species were threatened with extinction.**

---

39% of sharks, rays and chimaeras were classified as data deficient, meaning there wasn't enough information to assess them. These species may be threatened, at risk or not threatened.

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7% of sharks, rays and chimaera species were at risk of becoming threatened.


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Of 29 taonga marine species assessed, 18 have populations projected to decrease, 1 is projected to increase, and 10 are not predicted to change.

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## Indigenous land cover

**Between 2012 and 2018 Aotearoa New Zealand's indigenous land cover area decreased by**

**12,869**  **hectares**

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## Ecosystems and wetlands

45 of 71 rare ecosystems were classified as threatened with collapse in 2014.

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**Our freshwater wetland area decreased by**

**1,498**  **hectares (0.6%) between 2014 and 2018.**



## Coastal and marine

*Climate change and human activities affect our coastal and marine ecosystems, as well as our cultural, social and economic wellbeing. Our oceans are rising, warming and becoming more acidic. Sea-level rise, extreme wave and storm events, coastal erosion and coastal inundation threaten coastal communities and infrastructure.*

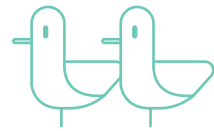
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### Rising sea levels

Annual average coastal sea levels have risen at all six monitoring sites around Aotearoa, based on available data to 2020.



Sea-level rise and coastal erosion are impacting coastal habitats, taonga species and access to mahinga kai sites.



Over 72,000  
people and  
49,700 buildings

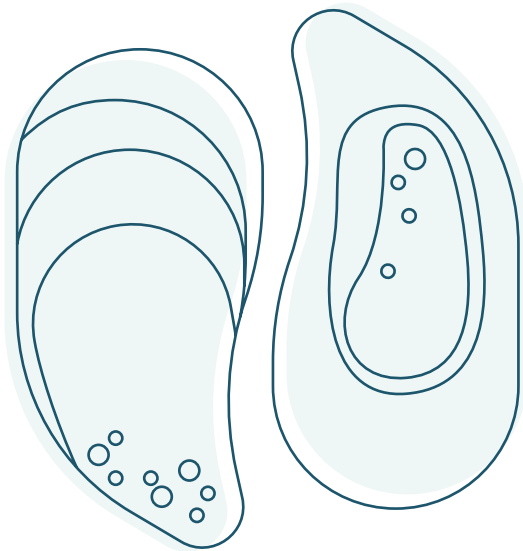
were at risk from coastal flooding in 2022.

**Marine ecosystems**

More coastal and estuarine sites had improving rather than worsening trends for nutrients between 2006 and 2020.



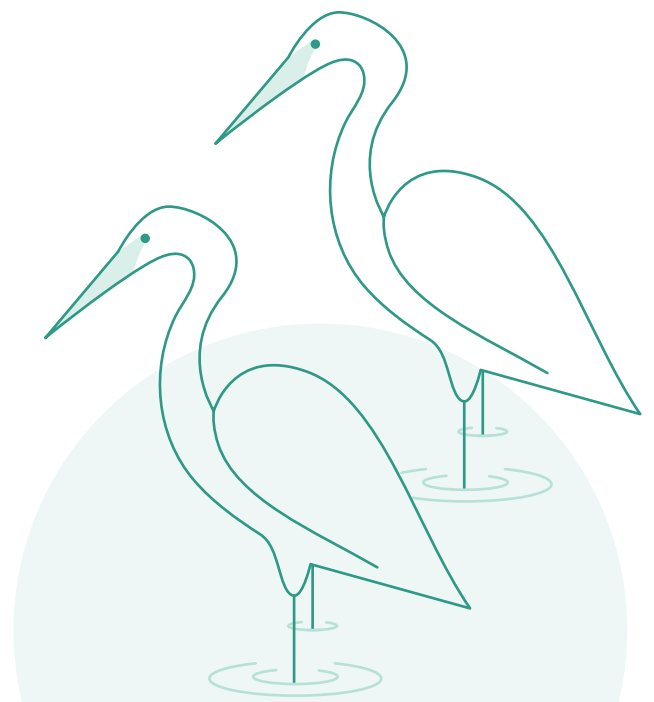
Plastic is the most common type of litter found on our beaches. In 2021, 70% of beach litter was plastic. Microplastics are widespread throughout the marine environment.



**Sediment accumulation in estuaries is increasing in many parts of Aotearoa, but the accumulation rates vary.**

Excess nutrient levels can lead to increased algal blooms, which impact taonga species and marine ecosystems.

If the mauri of the ocean is degraded, so too is the mauri of communities who engage with it.



**4,120**

**seabirds died in the 2019/20 fishing year, mainly from longline fisheries.**



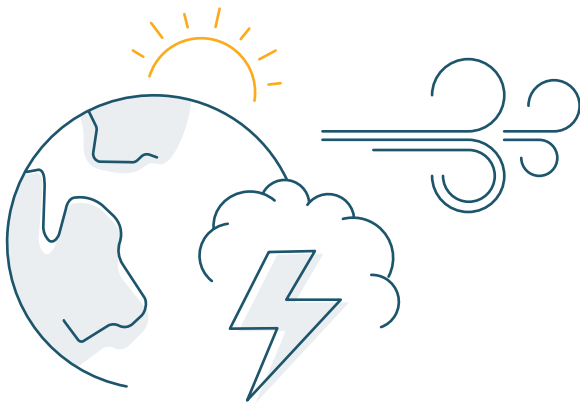


# Climate change and climate variability

*Our greenhouse gas emissions are affecting our climate. Climate change is a compounding driver of biodiversity loss in Aotearoa, exacerbating the impacts of existing threats like invasive species and human disturbances. Changing seasons impact indigenous knowledge and affect many important Māori practices, including the transfer of mātauranga Māori across generations. Extreme weather events are becoming more frequent and have very damaging impacts on biodiversity, ecosystems and people.*

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## Our climate is changing



Winters are becoming warmer, the growing season has lengthened and the number of frost days has decreased in most parts of the country.

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**Extreme weather events are becoming more frequent and intense.**

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Aotearoa New Zealand's average annual temperature rose by 1.26 degrees Celsius between 1909 and 2022.

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The south of Aotearoa is becoming wetter; the north and east are becoming drier.

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Droughts have become more frequent.

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**The extreme rainfall that caused flooding in Canterbury in May 2021 was**



**more intense because of climate change.**

Greenhouse gas emissions from human activities drive climate change

**Aotearoa New Zealand's share of global greenhouse gas emissions is small, but our gross emissions per person are high.**

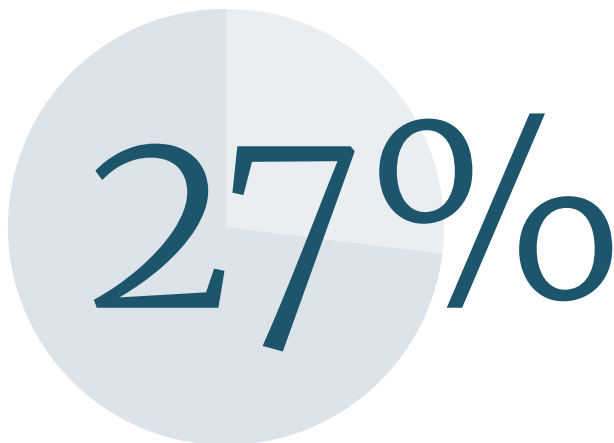


**49%**

Our concentrations of greenhouse gases in the atmosphere have increased steadily since pre-industrial times.

**of total gross emissions came from agriculture and 41% from energy (including transport).**

In 2021, our gross greenhouse gas emissions were 19% higher than in 1990, but have been relatively stable over the last decade.



**of gross emissions are offset by the land use, land-use change and forestry sector.**





# Pollution and waste

*The way we manage pollution and waste from our activities has a significant impact on our natural environment, with consequences for our health and wellbeing. Our land, climate, air, marine and freshwater quality are all affected. Even low levels of air pollution can lead to significant adverse health effects while water pollution increases disease risk and reduces suitability of drinking water supplies.*

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## Waste

Waste per capita going to landfills has stabilised and in some cases has declined in recent years.

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More than  
**300,000 tonnes**

**of food scraps are sent to Aotearoa landfills from homes and businesses every year. As they rot, food scraps produce around 22% of emissions from municipal landfill.**

**4.2%**

**of Aotearoa New Zealand's gross greenhouse gas emissions came from waste in 2021.**

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More than 80% of New Zealanders are worried about the impacts of waste on the environment.

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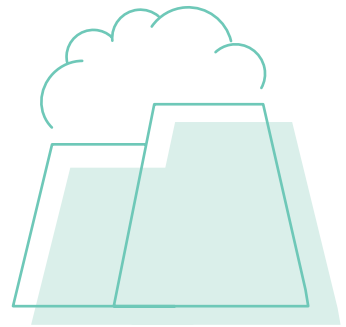
Around 157,000 tonnes of food is wasted every year, which could feed 336,000 people for a year.

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**Air pollution**

**In 2016, exposure to particulate matter PM<sub>2.5</sub> and nitrogen dioxide (NO<sub>2</sub>) from anthropogenic sources contributed to the premature deaths of more than 3,300 people.**



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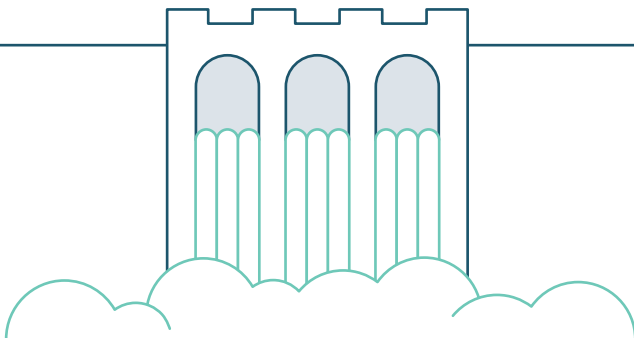
**Water pollution**

**45%**



**of Aotearoa New Zealand's river length was not suitable for activities like swimming in 2016–20 because of *Campylobacter* infection risk.**

**22%**



**of registered drinking water supplies did not meet drinking water standards in 2020–21.**









# 3

## Our performance *Ngā mahi kua mahia*

*Financial statements and service performance information prepared in accordance with Public Benefit Entity Standards.*

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# Our strategic priorities

*Our performance reporting against our strategic priorities complies with generally accepted accounting principles (GAAP) and service performance reporting standard PBE FRS 48. This financial year we are reporting against the Statement of Intent 2020–2025 for the final time. From 2023/24, we will be reporting against the Strategic intentions 2023–2027.*

The Ministry for the Environment (the Ministry) has seven strategic priorities, covering a work programme that spans every aspect of Aotearoa New Zealand's natural and built environments.

1. Transform the environmental management system
2. The Treaty of Waitangi is reflected in environmental decision-making
3. Improve the quality of New Zealand's urban environments
4. Build a sustainable and resilient land and food system
5. New Zealand transitions to a climate-resilient, low-emission, and circular economy
6. Improve how New Zealand's natural resources are allocated
7. Connect people and communities with te taiao

The tables that follow show our progress towards each environmental outcome.

- 'Impact 3–5 years' shows the direction we want to take over time and is not a fixed target.
- 'Impact indicators' help us understand our progress against the outcomes, impacts and critical shifts identified in our Statement of Intent.
- The final part of each table shows our shifts over one to two years.

Performance information from 2021/22 was previously published in the Ministry's Annual Report 2021/22.

## Strategic priority 1. Transform the environmental management system

*Our objective: To deliver a step change in New Zealand's planning and environmental management system.*

### Environmental outcome 1: Improvement in multiple domains

#### Function 1: Legislative and regulatory change

To develop new planning and environmental management legislation



In the 2022/23 financial year, we have progressed substantial changes to our resource management system. This work resulted in two new Bills – the Natural and Built Environment Bill (NBE Bill) and the Spatial Planning Bill (SP Bill) – and the resulting legislation was enacted in August 2023.

The Natural and Built Environment Act (NBE Act) and Spatial Planning Act (SP Act) shape where and how we build roads, housing and other essential infrastructure, from schools to power generation. In doing this, they also influence the state of our air, water, land and oceans.

Work continues on a third piece of legislation to support resource management reforms – the Climate Change Adaptation Bill – which includes managed retreat (community-led retreat) and funding and financing options.

In August 2023, the Government asked the Environment Select Committee to hold an inquiry into options for community-led retreat, and for the design of the Climate Change Adaptation Bill.

We expect the reforms to make the system more efficient through earlier, strategic spatial planning, and more cohesive and consolidated plans across each region. Decisions at each level will be better supported by the planning hierarchy, with more permitted activities, less relitigation on planning issues and fewer consents.



**Impact: 3–5 years**

**New planning and environmental management legislation is in place to drive improved environmental outcomes in the medium and long term.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>The Government has a robust basis for reform and policy change, informed by evidence-based advice*^</b>	
<p><b>Primary target: 70% of papers scored at least 3.5 out of 5.0</b></p> <p><b>Not achieved:</b> 62% of papers scored at least 3.5 out of 5.0</p> <p><b>Secondary target: 80% of papers scored at least 3.0 out of 5.0</b></p> <p><b>Achieved:</b> 100% of papers scored at least 3.0 out of 5.0</p> <p>Quality of technical advice panel process is used to assess this performance measure. During 2021/22 the panel assessed 21 papers relating to the Natural and Built Environment Act. No papers on the Strategic Planning Act were assessed. The drop in performance is partly due to the team's high number of outputs over a short period, that is, they prepared more than 2,000 policy recommendations for the 17 meetings of the Ministerial Oversight Group.</p>	<p><b>Primary target: 70% of papers scored at least 3.5 out of 5.0</b></p> <p><b>Not achieved:</b> 57% of papers scored at least 3.5 out of 5.0</p> <p><b>Secondary target: 80% of papers scored at least 3.0 out of 5.0</b></p> <p><b>Achieved:</b> 86% of papers scored at least 3.0 out of 5.0</p> <p>Only seven Resource Management Act 1991 (RMA) papers were reviewed during the year.</p> <p>These results are lower than last year, when 62% of RMA papers achieved at or above 3.5, and 100% of papers achieved at or above 3.</p> <p>The results are due to the high volume of advice required in the resource management space and the pace and growth of the work programme.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>New planning and environmental legislation is introduced to Parliament*</b>	
<p><b>On track</b></p> <p>Majority of policy decisions now sought and being drafted. On track for introducing the Bills to Parliament later in 2022.</p> <p>At year-end the drafting instructions for the Spatial Planning Bill were largely complete for the policy directions confirmed by Ministers up to this point. Finalising the drafting instructions will continue into July and August as Ministers determine the remaining matters and we continue to refine the draft with the Parliamentary Counsel Office.</p>	<p><b>Achieved</b></p> <p>Relevant Bills have been introduced and were reported back by the Select Committee on 27 June 2023.</p>

\* The Ministry and the Strategic Planning Reform Board both contribute to these performance measures. See the **'Strategic Planning Reform Board Annual Report'** section for more information on the Board.

^The result reported has been updated for 2022/23 from the average score to the percentage of papers that achieved the primary or secondary target.

## Environmental outcome 2: Improvement in domains specific to each piece of national direction

### Function 2: Legislative and regulatory change

To develop and update national direction (national policy statements and national environmental standards)



We have progressed the development of the transitional National Planning Framework (NPF). The NPF is secondary legislation that will integrate all existing national directions and set cohesive new directions. This will guide the implementation of the NBE Act and SP Act and support decision-makers in reconciling competing matters across the system.

We have also progressed the development of new RMA national direction and amendments to existing national direction, as agreed with Ministers. This includes the:

- proposed National Policy Statement for Indigenous Biodiversity
- proposed National Policy Statement for Highly Productive Land
- proposed National Policy Statement and National Environmental Standards for Greenhouse Gas Emissions from Industrial Process Heat
- National Policy Statement for Freshwater Management and National Environmental Standards for Freshwater
- National Environmental Standards for Plantation Forestry.

These tools will support councils to effectively and efficiently implement the RMA as we move to the new resource management system.

**Impact: 3–5 years**

**Environmental expectations are clear and support better decision-making across central and local government.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Stakeholders have greater clarity and certainty about New Zealand’s environmental policy settings</b>	
<p><b>On track</b></p> <p>We have continued engaging on the Resource Management Act and future national directions with various stakeholders.</p> <p>Ongoing engagement with the Local Government Steering Group (LGSG) has enabled the group to give independent advice to officials and Ministers. The LGSG’s advice on key matters has informed policy work. We have continued regular engagement with Freshwater Iwi Leaders Group and Te Tai Kaha to support policy development during the Ministerial Oversight Group and the delegated decisions processes.</p>	<p><b>On track</b></p> <p>Ongoing communication plans and engagement programmes ensure stakeholders are kept up to date and informed. In addition, the NPF will provide direction that will help ensure environmental expectations are clear and support better decision-making. This direction is currently being drafted and will be notified for public consultation in mid-2024.</p>
<b>Environmental decision-making is more consistent across central and local government</b>	
<p><b>On track</b></p> <p>Statutory decisions made by the Minister under the RMA were upheld through legal challenge. There is ongoing litigation on the National Policy Statement for Freshwater Management provisions on horticulture exceptions. National monitoring system data is collected and reported at least annually, with a report released for 2019/20 data released in September 2021.</p>	<p><b>On track</b></p> <p>RMA statutory decisions made by the Minister for the Environment have not been successfully legally challenged. National Monitoring System data has been collected and reported at least annually to the Minister.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>National direction is delivered as agreed with the Government and will support the transition to the future system</b>	
<p><b>Partially achieved</b></p> <p>Held quarterly meetings for all government agencies working on RMA national direction. Resource management reforms will continue to be progressed in the 2022/23 financial year in line with Ministerial direction.</p>	<p><b>Achieved</b></p> <p>All national direction meetings have been held quarterly.</p>

## Environmental outcome 3: Improvement in multiple domains

### Function 3: Policy implementation

To support the efficient and effective operation of the Resource Management Act



Work is underway to ensure an efficient transition to the new resource management system. This will include:

- working with several regions on their first regional spatial strategies and natural and built environment plans
- supporting and increasing capacity and capability throughout the system (including for iwi, hapū and Māori and local authorities)
- setting up the institutional arrangements to carry out central government's function in the new system.

We are also exploring how digital technology may support the effective transition to and implementation of the new system.

The transitional (first) NPF must be notified within eight months of the NBE Bill being passed. The transitional NPF is focused on redrafting existing national direction, new infrastructure content and other critical new content to direct work on the first regional spatial strategies. We worked with other agencies, iwi, hapū and Māori, local government, sector interests and other stakeholders to develop the transitional NPF.

In the long term, the National Māori Entity will provide input to the board of inquiry process and to NPF policy. Once established, the National Māori Entity will have a role in monitoring the resource management system in relation to te Tiriti performance.

The Government introduced the COVID-19 Recovery (Fast-track Consenting) Act 2020 (the FTCA) as one of its measures to speed up recovery from the potential adverse effects of the pandemic, and to support the certainty of ongoing investment across Aotearoa, while continuing to promote the sustainable management of natural and physical resources.

The FTCA pathway was a two-stage process with the first stage administered by the Ministry. The Environmental Protection Authority – Te Mana Rauhi Taiao (EPA) administers the second stage, where independent panels consider and decide on consent applications referred to the EPA by the Minister.



**Impact: 3–5 years**

**The resource management system is supported effectively to deliver improved environmental outcomes.**

### Impact indicators

2021/22

2022/23

Central and local government can access technical support and capacity to support planning and decision-making, including transition to the future system\*

**On track**

The Ministry has given written and verbal advice to the Ministerial Oversight Group (MOG) set up by Cabinet to progress resource management reform, as well as decisions delegated to Ministers by the MOG. Regular engagement was held with local government steering group and technical experts on specific issues.

The Strategic Planning Reform Board met regularly through 2021/22. Effective, collaborative working arrangements are progressing policy advice to inform the draft Spatial Planning Act (SPA) Bill. The Board has engaged with local government, iwi and Māori. It is preparing for transition and implementation of the SPA and resource management system, including working with local government, iwi and Māori in several regions to prepare for the first regional spatial plans.

Programme implementation continues in 2021/22, with new learning resources added in parallel. Stage 1 review of the current programme was completed in the fourth quarter of 2020/21. Further review of programme needs in transition to the new resource management system is pending. Actioned new implementation support resource. Information updates reflecting the Resource Management Amendment Act 2020 were progressed.

**On track**

The Strategic Planning Reform Board continues to meet monthly to support agency collaboration in developing the new resource management system. The LGSG continues to meet monthly with the Ministry to provide advice on design of the system and, increasingly, on its implementation. The LGSG is now supported by a subgroup, the Local Government Implementation Group, which will support more technical advice on implementation and transition. We continue to work with iwi and Māori groups, including Te Tai Kaha and Iwi Leaders Group technicians, to advise on system design, transition and implementation. Significant effort is going into conversations with Post-Settlement Governance Entities on how best to uphold Tiriti settlements through the transition to a new resource management system.

### Shift: 1–2 years

2021/22

2022/23

Fast-track consenting and streamlined planning applications are delivered within agreed timeframes

**Achieved**

Since its enactment until the end of 2021/22 financial year, fast-track consenting received 96 applications. Of those, 54 were referred to the Environmental Protection Authority.

An independent review of the efficacy of fast-track consenting has been completed, and a post-implementation survey report is in the final stages.

**Achieved**

The fast-track consenting process received 167 applications from the time of its enactment until the end of the 2022/23 financial year. Of those, 108 were referred to the EPA to allow expert consenting panel consideration, and 37 projects have been consented.

We have received positive feedback from the industrial sector on time saved by this consenting pathway option, with an average timeframe of 18 months per project.

\* The Ministry and the Strategic Planning Reform Board both contribute to these performance measures. See the **'Strategic Planning Reform Board Annual Report'** section for more information on the Board.

## Environmental outcome 4: Improved outcomes for oceans

### Function 4: Legislative and regulatory change

To provide a system perspective on oceans policy to ensure alignment with wider reforms



The marine environment faces new and increasing pressures from activities at sea and on land, as highlighted in *Our marine environment 2022*.

To address these pressures, we continued to support a work programme on oceans and fisheries, alongside other marine agencies. By contributing to the Oceans Secretariat with the Department of Conservation (DOC) and Ministry for Primary Industries (MPI), we are strengthening cross-portfolio collaboration and supporting a more holistic, integrated approach to managing oceans.

The new resource management system brings opportunities to meet environmental targets for improving protection, restoration and sustainable development of the marine economy within environmental limits.

It also strengthens management of the land–sea interface aimed at preventing further declines in ecological integrity in the natural environment and enabling Aotearoa to respond more effectively to the impacts of climate change. Environmental limits will be set nationally in the NPF, with some elements to be set locally in natural and built environment plans. Environmental limits will be prescribed for mandatory matters, including air and coastal water, freshwater, estuaries, soil and indigenous biodiversity. Targets associated with limits will drive environmental improvement. Criteria for significant biodiversity areas will be set in the NPF to enable regional planning committees to draw on these during decision-making. We are working with DOC on the criteria to use for marine and freshwater domains.

We have also worked closely with MPI throughout the resource management reform to improve aquaculture policy for the new system. This work has focused on improving settings for aquaculture, Tiriti settlements and the allocation of coastal space. It now also includes improving national direction for aquaculture.

We are continuing to contribute our expertise to efforts to improve the health and resilience of oceans globally. This includes participating in negotiations at the International Seabed Authority, the intergovernmental body responsible for regulating seabed mining in areas beyond national jurisdiction, regarding rules to govern seabed mining in these areas. In October 2022, the Government announced that Aotearoa will back a conditional moratorium on deep-sea mining in areas beyond national jurisdiction, until strong environmental rules can be agreed and developed.

Domestically, the Ministry is supporting Parliament’s Environment Committee to conduct a select committee inquiry into the potential risks and benefits of seabed mining in Aotearoa, and whether changes to our domestic regulatory framework could be required.

The Ministry helped with Aotearoa New Zealand’s participation in negotiating and adopting a new global treaty to protect and restore high seas biodiversity – the *Agreement under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction*. The Ministry also helped with negotiations for the new Kunming-Montreal Global Biodiversity Framework, adopted on 19 December 2022. The framework will change global targets for marine protection and support work to address all the major drivers of biodiversity loss. Aotearoa supports a global protection target of 30 per cent of land and sea area by 2030 and we will be working to contribute to these targets within the national biodiversity strategy, Te Mana o te Taiao.

We have amended regulations to update the charge-out rates in the Exclusive Economic Zone and Continental Shelf (Fees and Charges) Regulations 2013. This will better enable the EPA to recover its direct and indirect costs for the functions and services it provides under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012. This allows the EPA to be more efficient in fulfilling its statutory requirements.

**Impact: 3–5 years**

**Strategic goals are established for an integrated oceans management system.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>The Government has a robust basis for oceans management reform</b>	
<p><b>On track</b></p> <p>Tracking well to build basis for advice to Ministers on oceans reform. The Environmental Defence Society (EDS) released its first report on oceans reform in 2022. We are co-funding a second EDS report that will recommend a management model and practical options for reform. Cabinet agreed to a vision, objectives and principles for oceans in 2021. The Minister for Oceans and Fisheries reported back to Cabinet with an update on the work programme in June 2022.</p>	<p><b>Achieved</b></p> <p>We have continued to support the Oceans Secretariat, particularly over the last six months when it has been understaffed. The work programme continued as planned.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>The oceans work programme is aligned with the new planning and environmental management system</b>	
<p><b>Achieved</b></p> <p>Oceans work programme continues to align with decisions on resource management reform and we have provided integrated advice on marine components of resource management reform.</p>	<p><b>Achieved</b></p> <p>We continue to work with the Oceans Secretariat on resource management reform and the oceans work programme.</p>

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## Strategic priority 2. The Treaty of Waitangi is reflected in environmental decision-making

*Our objective: To give effect to partnership with Māori and iwi in the delivery of the planning and environmental management system.*

### Environmental outcome 1: Improvement in multiple domains

#### Function 1: Partnerships and engagement

To provide advice on environmental redress in Treaty settlements and ensure its effective implementation



The Ministry has embarked on a major programme of work to improve our capacity and capability to improve our Māori-Crown relationship and uphold our commitments as a Treaty partner. Central to this work is an awareness that Māori have a right, as Treaty partners, to be involved in environmental policy and decision-making. Tūmatakōkiri (the Māori Rights and Interests, Policy and Science, Treaty Settlements and Partnerships team) provides advice, tools, information and resources for staff to develop a more inclusive approach – one that includes relevant iwi, hapū and rights holders throughout the development of policy.

Much of our work relies on a full understanding of previous agreements with iwi and hapū as part of Tiriti settlements across the country. The Ministry holds a central repository that records the details of settlement commitments and accompanying legislation related to the environment. This is an essential resource to inform Ministry staff on commitments that they must consider when developing new policy and legislation.

The Ministry (working with Te Arawhiti) also negotiates contemporary settlement and relationship agreements. These negotiations seek to redress the loss of natural resources that occurs when new policy or legislation impacts on past and current settlements.

This work can only happen in the context of an active, respectful and reciprocal relationship between iwi and hapū, and the Ministry. The relationship with the National Iwi Chairs Forum is significant, and the Ministry supports this work as the lead agency for the shared priorities for climate (Te Pou Take Āhuarangi) and the environment (Te Pou Taiao).



**Impact: 3–5 years**

**The Ministry meets its Treaty settlement commitments, including when delivering policy advice and implementation programmes.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Policy advice reflects the Treaty of Waitangi and any specific requirements included in Treaty settlements</b>	
<p><b>On track</b></p> <p>Released Treaty impact guides for policy teams to use. Feedback, advice, support on Treaty impacts and settlement commitments can be requested through the Tono Āwhina process (which allocates and disseminates work for response). Set up quality support group to review important papers with Treaty links.</p>	<p><b>On track</b></p> <p>Individual business units within the Ministry are responsible for undertaking Tiriti analysis for policies they are developing (eg, resource management reform), and standards and guidance have been developed to provide consistency across this. The Tiriti commitments database is made available to all as part of this guidance. Practice and quality of analysis are variable, so training programmes are being developed to make sure all Ministry employees have a basic understanding of how to reflect te Tiriti in advice – this is starting with a pilot in 2023/24.</p> <p>As part of the transition to a new resource management system, significant effort is being put into conversations with Post-Settlement Governance Entities on how best to uphold Tiriti settlements through the transition.</p>
<b>Implementation work programmes include specific actions to address commitments in Treaty settlements</b>	
<p><b>On track</b></p> <p>Recorded all Treaty commitments we are responsible for in a database. This can be used for reporting on their status and identifying future actions to meet commitments. It builds on information from Te Arawhiti but has actions for the environment and the Ministry.</p>	<p><b>On track</b></p> <p>A database of all Tiriti commitments has been completed and compared with Te Haeata, the database held by Te Arawhiti. A process has been set up to track and report on the Ministry's commitments on a quarterly basis – this supports annual reporting requirement of He Korowai Whakamana, which the Ministry met by 30 June 2023.</p>
<b>Other specific actions in Treaty settlement agreements are met</b>	
<p><b>On track</b></p> <p>Completed analysis of all existing Treaty commitments we are responsible for (with Te Arawhiti).</p>	<p><b>On track</b></p> <p>The Ministry will track this through Te Haeata and He Korowai Whakamana framework. Regular monitoring and reporting of actions in Tiriti settlement agreements have been established to support progress against this objective.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>The development and implementation of a Treaty settlements policy toolkit</b>	
<p><b>Partially achieved</b></p> <p>We trialled a Treaty analysis template in resource management and climate and supported implementation of this via Tono Āwhina. The lessons learnt from the trial are yet to be incorporated into the final Treaty analysis template and toolkit. This will occur in the 2022/23 financial year, and will be followed by implementation of the toolkit across the Ministry.</p>	<p><b>Achieved</b></p> <p>The results of the pilot are now incorporated into the toolkit. This toolkit is now widely available but use is variable. It will be supported by the training mentioned in relation to policy advice above.</p>

## Environmental outcome 2: Improvement in multiple domains

### Function 2: Legislative and regulatory change

To provide advice on options to strengthen consideration of the Treaty of Waitangi in environmental decision-making



The Ministry has worked to incorporate Tiriti-related practices and behaviours into the standard policy-development process. A key aspect is the full integration of Māori policy standards into the wider organisational policy refresh, rather than having standalone additions. This strategy will embed Māori rights and interests in policy development throughout the Ministry.

Tūmatakōkiri established a quality assurance process to support the Ministry to provide consistent policy advice on te Tiriti and on Māori rights and interests. This has operated throughout 2022 to more consistently integrate consideration of Tiriti commitments and analysis of Māori rights and interests. It ensures that policy options and advice show Māori perspectives, and how Māori interests and rights have shaped the options.

Stronger consideration of te Tiriti in environmental decision-making can be seen in the Tiriti clause and Te Oranga o te Taiao within both the NBE Bill and SP Bill.

#### Impact: 3–5 years

**Central and local government are clear on how to meet their obligations under the Treaty of Waitangi in environmental decision-making.**

Impact indicators	
2021/22	2022/23
<b>Māori and iwi engaged as Treaty partners in the development of policy options</b>	
<p><b>On track</b></p> <p>Project governance board approved a project to improve Māori quality standards for policy. Work is underway on guidance and tools to support development of policy. To be rolled out in 2022/23.</p>	<p><b>On track</b></p> <p>This project is underway, and consultants have delivered the final report. Will be implemented in the 2024 work programme. The Ministry continues to work on engagement with Treaty partners, which is needed for each new policy developed.</p>
<b>Shift: 1–2 years</b>	
2021/22	2022/23
<b>Advice is developed on options to strengthen consideration of the Treaty of Waitangi</b>	
<p><b>On track</b></p> <p>On track to deliver policy advice for the introduction of the Natural and Built Environment Act and Spatial Planning Act Bills in 2022/23 that includes a stronger Treaty clause and Te Oranga o te Taiao (an intergenerational environmental test).</p>	<p><b>Achieved</b></p> <p>The NBE Bill and SP Bill contain provisions to strengthen consideration of te Tiriti.</p> <p>They also propose the establishment of a National Māori Entity. Once established, this will have a role in monitoring the resource management system in relation to Tiriti performance.</p>

## Environmental outcome 3: Improvement of Māori capability across the Ministry

### Function 3: Organisational development

To implement the Ao Hurihuri programme to lift Ministry capability



Te Ao Hurihuri is designed to build the capacity, capability and confidence of staff members to engage effectively and respectfully with our Treaty partners.

The key objectives of Te Ao Hurihuri are to:

- normalise te reo Māori, tikanga Māori and mātauranga Māori across the Ministry
- raise levels of Māori capability across the Ministry, specifically in roles that engage directly with Māori
- strengthen our approach and supporting frameworks for genuine partnership and engagement with Māori
- improve and adapt our policies, systems and approaches so they are mana enhancing and will deliver on our commitment to bringing te Tiriti and te ao Māori to work every day.

The framework to achieve these objectives is presented in the form of a waka powered by six hoe (paddles). Each hoe represents a focus of energy that will drive the wellbeing of our organisation as we work to achieve our objectives. The six hoe also represent the work that kaimahi need to do to power Te Ao Hurihuri on the journey towards being a good Treaty partner.

The six hoe are:

- Whānau Ora – Unifying our people
- Wai Ora – Creating safe environments
- Mauri Ora – Building a resilient structure
- Kaitiaki Ora – Accessing knowledge
- Hau Ora – Checking our progress
- Mana Ora – Standing together.

### Whāinga Amorangi

Te Arawhiti developed Whāinga Amorangi as a capability tool to support Crown agencies to:

- align their objectives and activities to ensure consistency across agencies
- share knowledge of successes and failures
- bring consistency to reporting
- achieve a shared understanding of maturity in Māori–Crown relations.

Te Ao Hurihuri has aligned with Whāinga Amorangi by weaving the organisational capability component framework within the six hoe. Lifting individual and organisational Māori capability is fundamental to building stronger and more effective relationships with Māori. To achieve this, a bespoke foundational programme, Tōnui, has been designed to support all our people. Tōnui meets the requirements of the Whāinga Amorangi framework.

The programme covers areas of Aotearoa history and Tiriti literacy, te reo Māori, tikanga/kawa, understanding racial equity and institutional racism, worldview knowledge and engagement with Māori.

The Ministry has committed to updating our people policies and processes that encourage, welcome and embed te ao Māori into the workplace. This includes exploring wellbeing and healing practices derived from Māori-based knowledge systems, implementing a dispute resolution process of hohou te rongo, and introducing a monthly mihi whakatau to welcome new employees.

**Impact: 3–5 years**

The Ministry's engagement with Māori and iwi is competent, confident and effective.

Impact indicators	
2021/22	2022/23
<b>The Ministry's capability to engage with Māori and iwi is developed and maintained</b>	
<p><b>On track</b></p> <p>Appointed a new Organisational Development Advisor – Māori. Procured two providers of foundation-level te ao Māori education for all Ministry staff. Roll-out to begin in July 2022, with the aim of all staff completing the training by the end of 2022.</p>	<p><b>On track</b></p> <p>Tōnui, our cultural capability programme, was launched in July 2022, and over the last 12 months has been rolled out across all business groups. We will now move to a business-as-usual delivery cycle, measuring shift and impact via a survey, and designing a phase 2 programme in August 2023.</p> <p>A training programme, due to be piloted in 2023/24, will build on the cultural capability programme. It will look at how to apply this knowledge within policy development to improve our engagement and reflection of te Tiriti within our advice on environmental decision-making.</p>
<b>Shift: 1–2 years</b>	
2021/22	2022/23
<b>Te Ao Hurihuri is implemented across the organisation</b>	
<p><b>Achieved</b></p> <p>Held te reo lessons across the organisation. Ran New Zealand history and Treaty workshops throughout the year, along with Courageous Conversation sessions.</p>	<p><b>On track</b></p> <p>Tōnui and the Mahere Reo language plan are being delivered organisation wide. Currently, 72% of Ministry employees have attended Tōnui.</p>



## Strategic priority 3. Improve the quality of New Zealand's urban environments

*Our objective: To work in partnership with central and local government in planning, designing, and delivering sustainable urban environments for all people and communities.*

### Environmental outcome 1: Higher-quality urban environments reduce stresses on ecosystems and pressure on rural areas

#### Function 1: Policy implementation

To implement the National Policy Statement on Urban Development



The National Policy Statement on Urban Development 2020 (NPS-UD) and Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (RMA-EHS) contribute to improving housing supply and creating well-functioning urban environments.

The NPS-UD directs councils to provide more development capacity for housing and businesses close to jobs, community services, public transport and other amenities. The RMA-EHS introduced the Medium Density Residential Standards (MDRS) to enable development of up to three dwellings and three storeys on most residential sites in our major cities. The RMA-EHS also introduced the Intensification Streamlined Planning Process, which certain councils must use to implement the MDRS and the NPS-UD. Tier 1 and 2 councils were required to notify plan changes to increase development capacity for housing and businesses by 20 August 2022.

We worked with the Ministry of Housing and Urban Development to support councils to implement the NPS-UD and RMA-EHS. We have produced guidance for councils and the public on the NPS-UD and RMA-EHS and published the *National medium density design guide* to encourage quality design for developments. We are monitoring this implementation and reporting on it to relevant Ministers.

As required by the NPS-UD, councils are also preparing housing and business assessments and future development strategies.

Work is underway on transitioning the policy intent of the NPS-UD and the MDRS into the NPF in the new resource management system. Work on further urban design guidance is also underway to give decision-makers tools and direction to create well-functioning urban environments.

We are working with other government agencies on the Urban Growth Agenda and relevant actions in the emissions reduction plan.

**Impact: 3–5 years**

**Urban development is planned, designed and delivered to meet the needs of current and future communities.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>The needs of current and future communities are clearly identified by local authorities as required by the National Policy Statement on Urban Development</b>	
<p><b>On track</b></p> <p>All tier 1 councils have informed us that they will notify the intensification plan changes by August 2022, as required. Early draft plan changes show councils are mostly on track to notify compliant plan changes with the NPS-UD and Amendment Act. However, areas of concern have been communicated with the councils and Ministers. Most, but not all tier 2 councils will notify plan changes on time. All tier 1 and 2 councils have removed car parking minimums.</p>	<p><b>Achieved</b></p> <p>Councils are implementing the provisions of the NPS-UD as required.</p>
<b>Local councils are monitoring whether communities' needs are being met in accordance with the National Policy Statement on Urban Development</b>	
<p><b>On track</b></p> <p>Reviewed all housing and business assessment reports received from councils by December 2021. Sent a summary of the reports to the Ministers in February 2022. Currently considering recommendations for the next housing and business assessments; seeking feedback from councils on what would be most constructive.</p>	<p><b>Achieved</b></p> <p>Councils have produced their housing and business assessments, as required by the NPS-UD.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>An implementation plan for the National Policy Statement on Urban Development is developed</b>	
<p><b>Achieved</b></p> <p>Progressed the implementation plan, including monitoring local government implementation of the NPS-UD and the RMA Enabling Housing Supply Amendment Act 2021. It allows for regularly advising Ministers as needed.</p>	<p><b>Achieved</b></p> <p>Officials are tracking councils' implementation of the NPS-UD and are supporting their requests for extensions in timeframes to make decisions on the intensification plan changes.</p>
<b>The Auckland Joint Work Programme is implemented</b>	
<p><b>Achieved</b></p> <p>Attended regular monthly Joint Auckland Council and Central Government Steering meetings.</p>	<p><b>Achieved</b></p> <p>Feedback continues to be given on Auckland Council's planning practices through the joint work programme. Regular monthly Joint Auckland Council and Central Government Steering meetings have continued this financial year.</p>

## Environmental outcome 2: Improved urban water quality

### Function 2: Legislative and regulatory change

To support the effective regulation and integrated management of urban land use and water infrastructure



The reports *Our freshwater 2020* and *Our freshwater 2023* state that most rivers and lakes in urban areas are polluted. There are gaps in our knowledge about the complexity of types and sources of pollution, and their cumulative effects. Contributing factors include how we manage stormwater and wastewater and how we use chemical products in the environment.

Taumata Arowai is the new regulator of drinking water, wastewater and stormwater. It is progressing in its role and is developing new regulatory requirements under the Water Services Act 2021. The Water Services Reform<sup>1</sup> and the formation of 10 new water service entities are progressing. The Ministry is liaising with Taumata Arowai as it provides environmental oversight of the performance of public wastewater and stormwater systems.

To support new drinking water regulatory requirements, we continue to work on proposed amendments to the National Environmental Standards for Sources of Human Drinking Water (NES-DW), which will benefit both urban and rural environments. Nitrates can affect drinking water in both rural and urban areas, and we have explored this through the release of a public report.

Through our Jobs for Nature programme, we have also funded projects relating to urban water. One example of this is the Whangārei Urban Awa Project. This project aims to improve freshwater quality within the Whangārei urban area for swimmability, biodiversity and amenity gains. The project will install stock exclusion fencing along waterways in pasture areas, specifically along the Lower Hātea River and the Waiarohia, Kirikiri and Raumanga streams.

Regional councils are working on new freshwater plans that give effect to the National Policy Statement on Freshwater Management (NPS-FM), including for urban environments. In implementing the national objectives framework, they will identify environmental outcomes for urban environments, along with a framework to achieve them.

These initiatives will help to improve the health and wellbeing of urban water bodies and freshwater ecosystems, giving effect to Te Mana o te Wai. The future work programme will build on these and identify other ways to achieve measurable improvement.

<sup>1</sup> Water Services Reform was formerly known as Three Waters.

**Impact: 3–5 years**

**Urban water is well managed by local authorities and water service providers and contributes to upholding Te Mana o te Wai.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Local authorities and water service providers can demonstrate progress towards improving urban water outcomes and upholding Te Mana o te Wai</b>	
<p><b>On track</b></p> <p>Held public consultation over eight weeks in early 2022; working through matters raised in submissions. More policy work is underway ahead of the gazettal of an amended National Environmental Standards for Drinking Water.</p>	<p><b>On track</b></p> <p>NES-DW amendments have been delayed but relevant guidance will be released this term.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>A new regulatory framework for Three Waters is enacted through the Water Services Bill and any necessary changes under the resource management system</b>	
<p><b>On track</b></p> <p>The Department of Internal Affairs (DIA) convened a Planning Technical Working Group to provide expertise and support on policy advice, for an effective interface between the new three waters services and the resource management system. We attended as support. We anticipate a report on these workshops to the Minister of Local Government by the end of September 2022.</p>	<p><b>On track</b></p> <p>The Water Services Reform technical working group report was delivered in November 2022. We continue to work productively with DIA, ensuring that it is well connected with the various teams at the Ministry that have crossover into the Water Services Reform work programme.</p>

### Environmental outcome 3: Improvements in air quality measures

#### Function 3: Policy implementation

To support local government to implement the National Environmental Standards for Air Quality



We continue to provide support to councils in their implementation of the National Environmental Standards for Air Quality (NES-AQ). Our support this year focused on:

- hosting and participating in the National Air Quality Working Group<sup>2</sup> meetings (two in 2022/23)
- advising the Associate Minister on five applications for exceptional circumstances under regulation 16A of the NES-AQ
- supporting regional council-led initiatives to improve air quality (eg, Mount Maunganui Air Quality Working Party) and to improve monitoring practices (eg, co-location guidance update led by Environment Canterbury).

#### Impact: 3–5 years

New Zealand’s air quality standards reflect our improved understanding of the health impacts of air pollution.

Impact indicators	
2021/22	2022/23
<b>Statutory functions are carried out to support the implementation of the National Environmental Standards for Air Quality</b>	
<b>Achieved</b> We have supported the Associate Minister for the Environment to make delegated statutory decisions under the National Environmental Standards for Air Quality during the year – for example, on the gazettal of airsheds, and exceptional circumstances air quality exceedances.	<b>Not on track</b> There have been no airshed gazettals in 2022/23. Five exceptional circumstance applications were received during 2022/23. Four were decided within the statutory timeframe and one was not.
<b>Shift: 1–2 years</b>	
2021/22	2022/23
<b>The National Environmental Standards for Air Quality are amended</b>	
<b>Not achieved</b> Assessment of the National Environmental Standards for Air Quality amendments is on hold, due to the delay of two external research reports, and reprioritising resources to other government programmes.	<b>Not achieved</b> Amendments to the NES-AQ are on hold pending further analysis of the updates to the World Health Organization ambient air quality guidelines and the Health and Air Pollution in New Zealand study.
<b>Local government is well supported to implement the National Environmental Standards for Air Quality</b>	
<b>On track</b> Maintaining support of current policy settings. No change anticipated until National Planning Framework policy work begins.	<b>On track</b> We are maintaining support of current policy settings, including statutory functions, and providing ongoing support to the National Air Quality Working Group.

2 The National Air Quality Working Group is a network of network of science, policy and implementation professionals from regional councils who come together to share learnings and represent air quality interests of regional councils.



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## Strategic priority 4. Build a sustainable and resilient land and food system

*Our objective: New Zealand has a productive and innovative land and food system that drives improved environmental outcomes.*

### Environmental outcome 1: Improvements in the health of waterways, lakes and groundwater

#### Function 1: Policy implementation

To implement the Essential Freshwater package on a kaupapa of Te Mana o te Wai



The Government stated a clear objective in 2020 to halt further decline in freshwater quality, to materially improve water quality across the country within five years, and to restore health to freshwater bodies within a generation.

We continue to work with our key partners, including councils and iwi, on initiatives across several areas so we meet these objectives. Our focus this year was on:

- preparing for the implementation of freshwater farm plans
- assisting councils to amend their freshwater management plans by 2024 to give effect to the initiatives in the NPS-FM
- supporting the implementation of the National Environmental Standards for Freshwater 2020 (NES-F)
- funding initiatives on private land that will help us reach our goals
- mapping guidance being developed on natural wetlands regulations (originally enacted in 2020)
- updating guidance on applying the wetland provisions of the NPS-FM and NES-F to reflect amendments made in 2022/23
- enacting synthetic nitrogen fertiliser limits, with annual farm reporting required since July 2021.

**Impact: 3–5 years**

**Land owners and councils know what is required of them and how to achieve improvements in water quality in their local catchments.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Councils update their Freshwater Management Plans as required by the National Policy Statement for Freshwater Management</b>	
<p><b>On track</b></p> <p>Councils continue to report on progress towards plan notification by the end of 2024. Work continues on ways to help councils meet this target. We are actively engaging with the councils to shape our implementation effort and manage any capacity issues for the freshwater planning process.</p>	<p><b>Achieved</b></p> <p>Councils have produced a progress report that indicates satisfactory progress is being made towards completing freshwater management plans.</p>
<b>Technical guidance products are utilised by land owners and councils</b>	
<p><b>On track</b></p> <p>The use of technical guidance is an indicator that land owners and councils will follow best practice to implement the Essential Freshwater package, with a good understanding of the policy intent. This means they are more likely to be effectively contributing to improving the health of waterways, lakes and groundwater.</p>	<p><b>Achieved</b></p> <p>Technical guidance has had a combined total of 68,189 page views and downloads. This exceeded the target of 35,000 page views and downloads of guidance material about the NPS-FM and NES-F by almost 100%.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Essential Freshwater package implemented with the Freshwater Implementation Group</b>	
<p><b>Achieved</b></p> <p>The membership of the Freshwater Implementation Group has been re-purposed into a series of groups enabling each partner/stakeholder group to be able to have the level of conversation appropriate to them. These groups (environmental non-government organisations, industry, iwi and Māori and councils) continue to support us in implementation.</p>	<p><b>Achieved</b></p> <p>Implementation of the programme continues through the partnership groups represented by the Freshwater Implementation Group (councils, iwi and Māori, industry and environmental NGOs).</p>

## Environmental outcome 2: Greenhouse gas emissions and contaminants to water from agriculture decrease

### Function 2: Legislative and regulatory change

To develop a farm-level greenhouse gas emission pricing mechanism and regulations to give effect to a freshwater farm planning system



Nitrous oxide and methane from agriculture made up almost half of Aotearoa New Zealand's total greenhouse gas emissions in 2021. To address this, and to meet our commitments under the Paris Agreement on climate, the Government partnered with the primary sector and iwi and Māori via the He Waka Eke Noa Primary Sector Climate Action Partnership (the Partnership). The Partnership delivered its recommendations to the Government in May 2022. The Government then consulted on a modified version of this split-gas levy proposal.

The mauri (life force), wairua (spirit) and health of many waterways are degraded. High levels of nutrients, chemicals, pathogens and sediment make water unsafe for drinking, recreation, food gathering and cultural activities. The Essential Freshwater package aims to address these issues and return waterways and ecosystems to a healthy state within a generation.

Freshwater farm plans will be a key tool to give effect to Te Mana o te Wai. Established under Part 9A of the RMA, the plans are a practical way for councils, communities, farmers and growers to work towards freshwater outcomes, while reducing regulatory burdens. They will identify clear farm practice, ecosystem health and catchment outcomes, and then demonstrate how to achieve these.

**Impact: 3–5 years**

**Land owners understand their on-farm emissions and take actions to reduce them.**

**Freshwater farm plans support improved outcomes for freshwater and freshwater ecosystems.**

Impact indicators	
2021/22	2022/23
<b>Land owners know their total on-farm emissions and have plans to manage them</b>	
<p><b>Not on track</b></p> <p>Progress on the legislated milestones:</p> <ul style="list-style-type: none"> <li>• 25% of farms know their number by 31 December 2021 – complete</li> <li>• 25% of farms have a greenhouse gas farm plan by 1 January 2022 – not met</li> <li>• 100% of farms know their number by 31 December 2022 – will not be met</li> <li>• 100% of farms have a greenhouse gas farm plan by 1 January 2025 – can be met.</li> </ul>	<p><b>Not on track</b></p> <p>Progress on the legislated milestones:</p> <ul style="list-style-type: none"> <li>• 25% of farms were to know their number by 31 December 2021 – complete</li> <li>• 25% of farms were to have a greenhouse gas farm plan by 1 January 2022 – complete</li> <li>• 100% of farms were to know their number by 31 December 2022 – not met</li> <li>• 100% of farms are to have a greenhouse gas farm plan by 1 January 2025 – can be met.</li> </ul>
<b>Freshwater farm plans are being put in place across New Zealand</b>	
<p><b>On track</b></p> <p>Implementation planning and testing for the freshwater farm plan system is well advanced. On-the-ground testing is underway, and we are working with regional councils to pilot the system. The programme to implement the regulations is on track for 2022/23.</p>	<p><b>Achieved</b></p> <p>The Resource Management (Freshwater Farm Plans) Regulations 2023 were gazetted on 8 June 2023, with an Order in Council to switch on the regulations in the phase 1 regions on 1 August 2023. The Ministry is working with the phase 1 councils to support implementation of the regulations, and the main support structures for the system are in place.</p>
<b>Shift: 1–2 years</b>	
2021/22	2022/23
<b>Farm-level emissions pricing is designed and implemented</b>	
<p><b>On track</b></p> <p>He Waka Eke Noa Partnership recommendations were delayed to the end of May 2022. Decision on the option to proceed is on track for October 2022. Implementation programme to be developed in 2023.</p>	<p><b>Not on track</b></p> <p>The Government consulted on a modified version of the Partnership’s split-gas levy proposal in November 2022. Following consultation, the Minister of Climate Change and the Minister for Agriculture published the section 215 report in December 2022 (a requirement under the Climate Change Response Act 2002 (CCRA)), outlining the proposed system. Ministers are considering how to proceed.</p>
<b>Freshwater farm plan regulations are implemented</b>	
<p><b>On track</b></p> <p>Testing for the freshwater farm plan system before roll-out in 2022/23 was well underway. Drafting of regulations was to start in the third quarter of 2022, and the programme to implement the regulations was on track for 2022/23.</p>	<p><b>Achieved</b></p> <p>The Resource Management (Freshwater Farm Plans) Regulations 2023 were gazetted on 8 June 2023, with an Order in Council to switch on the regulations in the phase 1 regions on 1 August 2023. The Ministry is working with the phase 1 councils to support implementation of the regulations, and the main support structures for the system are in place.</p>

## Environmental outcome 3: Improvements in the health of waterways, lakes and groundwater

### Function 3: Investment

To invest in action to improve water quality



The Government's \$1.199 billion investment in Jobs for Nature is an environmentally friendly recovery package in response to COVID-19. This includes biosecurity, conservation, fencing and riparian management and tree planting. Within this, the Ministry is responsible for a \$444.47 million funding package to address contamination of Aotearoa New Zealand's waterways, create environmental jobs, and empower communities to implement the Essential Freshwater reforms.

To date, all \$444.47 million Jobs for Nature funding has been allocated to 157 projects. We expect these projects to:

- deliver 8,728 kilometres of stock exclusion fencing
- plant over 8 million riparian plants
- mitigate 2,449 impediments to fish passage
- restore/protect 580 hectares of wetlands in vulnerable catchments across Aotearoa.

The programme has helped to restore local biodiversity in the catchment systems.

There has been a positive reception and engagement from local communities, businesses, iwi, hapū, private landowners, and local councils. These projects are expected to generate 3,079 FTEs and provide training to 1,013 people in community groups. This shows the success of the programme, which aimed to provide relief in response to the COVID-19 pandemic.



**Impact: 3–5 years****Ecosystem health is improved through targeted investment.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Funded projects achieve their stated objectives to improve ecosystem health</b>	
<p><b>On track</b></p> <p>There is significant investment being delivered by the freshwater investment portfolio to improve ecosystem health. One hundred and sixteen projects are on track to achieve their stated objectives.</p>	<p><b>Achieved</b></p> <p>Target – 80% of funded projects achieve stated objectives. 145 (92%) projects funded in 2022/23 are on track to achieve or have achieved their stated objectives. More information on freshwater funding and performance is in the <b>‘Non-departmental performance reports’</b> section</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>There is a clear strategy for prioritising projects for funding</b>	
<p><b>Achieved</b></p> <p>Every funding programme has a clear strategy for prioritising projects, including milestones such as programme design; appropriate approvals from Ministers; and management and assessment against the funding criteria by a panel.</p>	<p><b>Achieved</b></p> <p>Every funding programme has a clear strategy for prioritising projects.</p>
<b>Funding is allocated to projects each year</b>	
<p><b>Achieved</b></p> <p>Freshwater funding has been allocated to projects according to the approved investment criteria and processes.</p> <p>Our Policy Implementation and Development Division does not have an annual funding cycle. However, in the 2021/22 financial year multiple funding programmes have allocated funding including Freshwater Improvement Fund Round 3, Te Mana o te Wai Fund, At Risk Catchments and Essential Freshwater Fund. There are no funding rounds scheduled for 2022/23.</p>	<p><b>Achieved</b></p> <p>Funding has been allocated to projects as expected for the Essential Freshwater Fund and Te Mana o Te Wai.</p>

## Environmental outcome 4: The decline in indigenous biodiversity reduces

### Function 4: Legislative and regulatory change

To provide advice on the development of national direction on indigenous biodiversity



Thousands of species in Aotearoa are threatened with, or at risk of, extinction. The National Policy Statement for Indigenous Biodiversity (NPSIB) is a key tool in halting their decline. The NPSIB provides greater direction to councils about the identification, protection, maintenance and restoration of indigenous biodiversity, and provides a regulatory tool to support the Aotearoa New Zealand Biodiversity Strategy. The NPSIB was gazetted in July 2023.

Implementation of the NPSIB will be phased in over 10 years and will be backed by several support measures, including piloting different ways to incentivise positive action for biodiversity. The Ministry and DOC are doing exploratory work to establish a biodiversity credit system for Aotearoa and are undertaking a public consultation in 2023. Biodiversity credit systems can enable land owners who restore and enhance native wildlife to earn credits for their actions.

In addition to the work on biodiversity credits, the Ministry is supporting pilot projects to improve biodiversity outcomes.

#### Impact: 3–5 years

New national direction is in place to maintain indigenous biodiversity.

Impact indicators	
2021/22	2022/23
Significant indigenous vegetation and habitats of significant indigenous fauna are being identified and managed by councils	
<p><b>On track</b></p> <p>Implementation planning and support for the proposed national direction, including pilots to encourage biodiversity action is underway. On track for national direction to be in force by 2023.</p>	<p><b>On track</b></p> <p>The NPSIB was gazetted in early July 2023 and the biodiversity work programme was initiated.</p>
Shift: 1–2 years	
2021/22	2022/23
National direction on indigenous biodiversity is developed	
<p><b>On track</b></p> <p>Released an exposure draft of the National Policy Statement for Indigenous Biodiversity in June 2022.</p>	<p><b>Achieved</b></p> <p>The NPSIB was gazetted in early July 2023 and the biodiversity work programme was initiated.</p>

## Strategic priority 5. New Zealand transitions to a climate-resilient, low-emission, and circular economy

*Our objective: New Zealand has an innovative and productive economy, with less waste and fewer greenhouse gas emissions, that is resilient to the physical and economic impacts of climate change.*

### Environmental outcome 1: Greenhouse gas emissions decrease

#### Function 1: Policy implementation

To provide advice on the development of an emissions reduction plan



On 16 May 2022, the Minister of Climate Change notified Aotearoa New Zealand's first emissions budgets for the periods 2022–25, 2026–30 and 2031–35 and published Aotearoa New Zealand's first emissions reduction plan. The Climate Change Chief Executives Board was established in July 2022 to provide oversight of the Government's response to climate change.

The functions of the Board include:

- tracking overall progress towards achieving the first emissions budget (including sub-sector targets)
- coordinating the implementation of cross-agency actions and strategies in the plan
- advising Ministers on how to respond to results of monitoring and reporting.

The Ministry continues to collect data to track progress towards domestic and international climate change targets, and to build a robust, scientific basis for policy. Quantifying greenhouse gas emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of greenhouse gas sources are still evolving, as are greenhouse gas reporting and assurance standards.<sup>3</sup> We calculate historical emissions through the annual compilation of the Greenhouse Gas Inventory and use this as a basis to develop greenhouse gas emissions projections to help us understand how we are tracking towards our emissions reduction targets. Our projections show that we have lowered the trajectory of Aotearoa New Zealand's future greenhouse gas emissions since embarking on an ambitious climate change work programme, but more work is needed to meet our 2050 emissions reduction targets.<sup>4</sup>

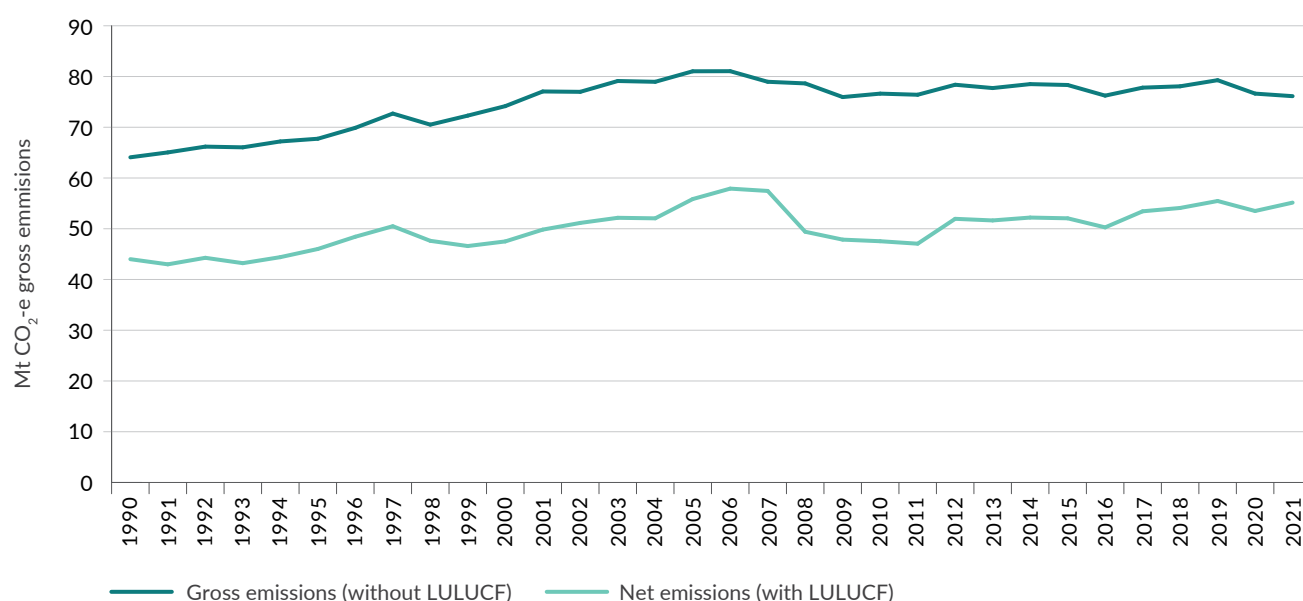
Figure 3.1 shows Aotearoa New Zealand's gross and net greenhouse gas emissions as reported most recently in the Greenhouse Gas Inventory 1990–2021.<sup>3</sup> This shows that Aotearoa New Zealand's gross greenhouse gas emissions<sup>5</sup> have remained relatively steady since peaking in 2006. Between 2020 and 2021, Aotearoa New Zealand's gross emissions decreased by 0.7 per cent. The main cause was a decrease in emissions from the agriculture sector of 1.5 per cent, due to a decrease in fertiliser use and reduced dairy cattle and sheep populations.

Net emissions include gross emissions combined with the emissions and removals from the land use, land-use change and forestry (LULUCF) sector. Forests remove carbon dioxide from the atmosphere as they grow but can also release it, for example, after being harvested, deforested, or following natural disturbances such as storm damage. Net emissions from the LULUCF sector offset 27 per cent of New Zealand's gross emissions in 2021. This is a decrease from 1990 when the LULUCF sector offset 31 per cent of New Zealand's gross emissions. This change is mainly the result of an increase in gross emissions between 1990 and 2021, and the impact of harvesting cycles on net emissions.

<sup>3</sup> The full disclosure on Aotearoa New Zealand's greenhouse gas emissions, including inventory uncertainties, methodologies and assumptions used in the calculations is included in *New Zealand's Greenhouse Gas Inventory 1990–2021*.

<sup>4</sup> More about our 2050 emissions targets can be found in 'New Zealand's projected greenhouse gas emissions to 2050' on the Ministry's website.

<sup>5</sup> Gross emissions are Aotearoa New Zealand's total emissions from agriculture, energy, industrial processes and product use (IPPU) and waste sectors as well as gross emissions from Tokelau.

**FIGURE 3.1: AOTEAROA NEW ZEALAND'S GROSS AND NET EMISSIONS FROM 1990 TO 2021**

LULUCF = land use, land-use change and forestry.

Key work has been delivered or is underway to provide advice on the emissions reduction plan and support mitigation action.

- We are developing the strategic framework to deliver the second emissions reduction plan required under the CCRA by December 2024. The New Zealand Emissions Trading Scheme (NZ ETS) is a key tool for meeting our domestic and international climate change targets.
- The design of the NZ ETS is under review. The review supports several emissions reduction plan actions, which include adjusting the NZ ETS to drive a balance of gross and net emissions reductions. Public consultation on the review started in mid-June 2023 and will end in mid-August.
- The NZ ETS is supplemented with complementary policies and measures across the economy, such as the Clean Car Standard and Government Investment in Decarbonising Industry Fund. The Ministry will support the Government's response to He Pou a Rangi | Climate Change Commission's first monitoring report on progress towards emissions budgets, the first emission reduction plan and the 2050 target in 2024.
- An update to industrial allocation policy has made it compatible with emissions budgets in the short term and removes overallocation of New Zealand Units.
- As a result of work to develop an overarching market governance framework, Cabinet agreed in July 2023 to legislative changes to the Financial Markets Conduct Act 2013 to strengthen market governance of the NZ ETS.
- The Ministry has continued to implement the Carbon Neutral Government Programme (CNGP). In December 2022, 39 government agencies reported their 2022 emissions. In 2023, full programme emissions measurement, target setting, and preparation and implementation of emission reduction plans are underway involving approximately 100 organisations.
- Consultation on an exposure draft of regulations to support the Climate-related Disclosures (CRD) regime ended in July 2023. These regulations set the requirements relating to record-keep and infringement fees. Work is also underway to develop regulations for assurance of the CRD regime and CRD filing fees. Together, these regulations will support investor decisions through world-first climate reporting legislation.

**Impact: 3–5 years****New Zealand reduces its greenhouse gas emissions in line with its emission budgets.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>New Zealand has a suite of policies and measures that reduce emissions in line with our 2050 target</b>	
<p><b>On track</b></p> <p>New Zealand's first emissions reduction plan was gazetted on 20 May 2022. The plan sets out how Aotearoa New Zealand will meet its first three emissions budgets and put us on a path to meeting our 2050 targets. The emissions reduction plan, setting out policies and strategies for meeting emissions budgets, was published on 16 May 2022.</p>	<p><b>On track</b></p> <p>The Climate Change Chief Executives Board was formally established in July 2022. The Ministry is preparing for the second emissions reduction plan. Planning has started in this financial year, acknowledging that He Pou a Rangi   Climate Change Commission tenders its second advice, which the Government must consider, in 2023/24.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>New Zealand has an emissions reduction plan in place</b>	
<p><b>Achieved</b></p> <p>Publication of the first emissions reduction plan (15 May 2022 and gazetted on 20 May 2022) and the first three emissions budgets met the statutory deadline of 31 May 2022.</p>	<p><b>Achieved</b></p> <p>The first emissions reduction plan setting out policies and strategies for meeting emissions budgets was published on 16 May 2022. It is available online.</p>
<b>New Zealand reports its greenhouse gas emissions internationally</b>	
<p><b>Achieved</b></p> <p>The New Zealand Greenhouse Gas Inventory 1990–2020 was published on our website and submitted to the United Nations Framework Convention on Climate Change on 15 April 2022.</p>	<p><b>Achieved</b></p> <p>All key deliverables were delivered in 2022/23. These include New Zealand's Greenhouse Gas Inventory 1990–2021 (published on 13 April 2023), New Zealand's Eighth National Communication (published on 22 December 2022) and New Zealand's Fifth Biennial Report (published on 22 December 2022).</p>

For more information, see the Climate Change Chief Executives Board Annual Report in the **'Interdepartmental executive board annual reports 2022/23'** section.



## Environmental outcome 2: New Zealand's resilience to the impacts of climate change increases

### Function 2: Policy implementation

#### To provide advice on the development of a national adaptation plan



Aotearoa New Zealand's first national adaptation plan was published in August 2022 and sets out the Government's priorities to make homes, infrastructure and communities more resilient to climate change. We are now focusing on implementing the actions set out in the plan.

Severe weather events in early 2023 have highlighted gaps in Aotearoa New Zealand's regulations, systems, data and tools to support proactive risk management and adaptation. These events also shifted priorities. Some work has been accelerated and new projects have been initiated, and some funding and resources have been shifted to recovery programmes.

Key work has been delivered or is underway to implement the national adaptation plan and support resilience.

- New initiatives are intended to support the recovery, including supporting councils to make decisions about managing the risk of future flooding in their recovery programmes for properties that were severely affected, and exploring what can be done under the RMA to limit further development in high-risk areas.
- Budget has provided funding of \$10.698 million over four years to support the development and delivery of the Climate Change Adaptation Bill. The first year of funding has resulted in the development of an issues paper on community-led retreat and adaptation funding, and the *Report of the Expert Working Group on Managed Retreat: A Proposed System for Te Hekenga Rauora/Planned Relocation*. These reports are to support a select committee inquiry and national conversation on community-led retreat that will inform the development of the Climate Change Adaptation Bill in 2024.
- The Māori Climate Platform is being established. Through partnership with tangata whenua, this platform is working to enable Māori-led climate action that activates solutions by Māori, for Māori.
- Work is progressing to provide access to the latest climate projections data and to develop our climate data infrastructure.
- Guidance for local government was published in November 2022 outlining how to have regard to the national adaptation plan and the emissions reduction plan in resource management.
- Updated coastal hazards guidance, guidance for dynamic adaptive pathways planning and a toolkit for using socio-economic scenarios for adaptation planning are in development.
- The whole of government is embedding climate change into its thinking, through the implementation of wider actions in the national adaptation plan.
- Cabinet agreed in August 2022 to bring the national adaptation plan into the formal remit of the Climate Change Chief Executives Board (CCCEB); this was formalised in April 2023. The CCCEB is responsible for overseeing the overall implementation of the national adaptation plan, periodically assessing its sufficiency, reporting to the Prime Minister and advising where course corrections are needed.

**Impact: 3–5 years**

**Central and local government is coordinated in its efforts to address the impacts of climate change.**

<b>Impact indicators</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>Central and local government is taking an active role in planning for the impacts of climate change</b>	
<p><b>On track</b></p> <p>All key work areas are either delivered or on track for delivery in 2022/23:</p> <ul style="list-style-type: none"> <li>• Voluntary guidance for central government – in development.</li> <li>• Framework for assessing risk at a regional level – published.</li> <li>• Baseline report on adaptation preparedness – published.</li> </ul>	<p><b>On track</b></p> <p>Some regional risk assessments and plans are in place or under review, and review of territorial authorities' strategies and plans has also begun. We continue to progress policy and guidance to support local government risk assessment. Multiple guidance-related actions have been progressed in line with implementation progress expectations, however guidance specific to central government has been delayed and rescope to now include socio-economic scenarios.</p>
<b>Shift: 1–2 years</b>	
<b>2021/22</b>	<b>2022/23</b>
<b>New Zealand has a national adaptation plan</b>	
<p><b>Achieved</b></p> <p>The draft national adaptation plan was published in April 2022. The public have been consulted and Ministers are considering the final plan.</p>	<p><b>Achieved</b></p> <p>The first national adaptation plan was published on 3 August 2022. The plan sets out the actions the Government will take, through to 2028, to address priority climate risks. The CCCEB will monitor and report annually on progress of the national adaptation plan. The first report will be delivered in September 2023 and will identify any adjustments to actions in the plan.</p>

## Environmental outcomes 3, 4 and 5: Level of waste disposed to landfills regulated under the Waste Minimisation Act reduces



Many actions are underway to move towards a low-emissions, low-waste society, built upon a circular economy. Reducing the level of waste disposed to landfills is one indicator of success but, more importantly, we are putting in place the systems and processes to enable us to use materials differently.

These actions and others are summarised in the waste reduction work programme and cover five objectives:

1. building the foundations for a transformed waste system
2. expanding investment in the sector
3. introducing system-level change
4. addressing individual material streams and products
5. strengthening operational and compliance activity.

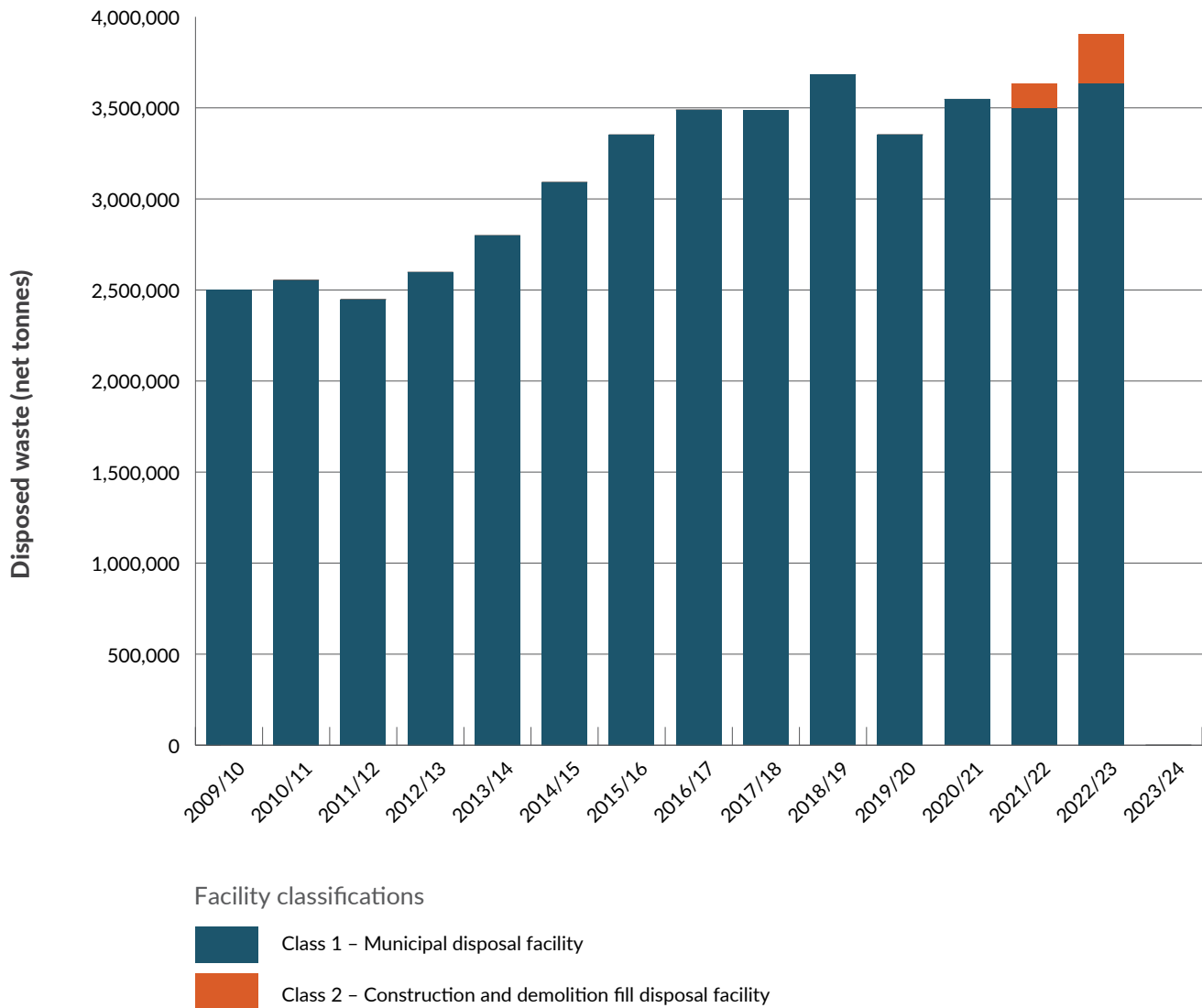
Initiatives undertaken in 2022/23 that contribute to a reduction in the amount of waste produced and disposed of in Aotearoa include:

- implementing the Waste Disposal Levy expansion and increase (figure 3.2)
- setting a strategic direction for the country's waste reduction efforts by publishing the Aotearoa New Zealand Waste Strategy in March 2023
- reviewing waste and resource efficiency legislation
- implementing actions outlined in the 'Waste' and 'Fluorinated gases' chapters of the emissions reduction plan
- continuing to deliver the National Plastics Action Plan, including participation in negotiations for a global plastics treaty and continuing to phase out single-use and hard-to-recycle plastics
- designing regulated product stewardship schemes for priority products
- improving household recycling and food scrap collections, making it easier for people to recycle and divert food scraps from landfills
- expanding our investment in waste minimisation through Te Pūtea Whakamauru Para | the Waste Minimisation Fund and Te Tahua Pūtea mō te Kirihiu Auaha | the Plastics Innovation Fund, with additional monies provided from the Climate Emergency Response Fund (CERF). Information on current and past investments can be viewed on this [interactive dashboard](#).

### Progressing towards a circular economy – waste disposed to landfills

In 2020/21, the Government introduced regulations to expand the Waste Disposal Levy to additional landfill types and to raise the levy. This will significantly increase incentives to avoid sending waste to landfill. It will also increase funds for investment back into waste-reduction projects, from around \$40 million per year to an estimated \$240 to \$260 million per year from the end of 2024/25.

Since the Waste Minimisation Fund reopened in October 2022, investment has been targeted at diverting organic waste from landfill. The amount of funding available via the fund for financial years 2022/23 and 2023/24 has been boosted from the CERF. Further information about waste investments is on the [Ministry's website](#).

**FIGURE 3.2: WASTE DISPOSED OF AT LANDFILLS SUBJECT TO A WASTE DISPOSAL LEVY\* (NET TONNES)****TABLE 3.1: WASTE DISPOSAL LEVY INCREASE AND EXPANSION**

	1 July 2021	1 July 2022	1 July 2023	1 July 2024
<b>Class 1</b>	\$20 per tonne	\$30 per tonne	\$50 per tonne	\$60 per tonne
<b>Class 2</b>		\$20 per tonne	\$20 per tonne	\$30 per tonne
<b>Class 3 and 4</b>			\$10 per tonne	\$10 per tonne

\* Class 1 landfills have been subject to a waste disposal levy and reporting obligations since 2009. Class 2 landfills only reported six months of tonnages in the 2021/22 financial year, as their reporting obligations began on 1 January 2022 and levy obligations started in the 2022/23 financial year. Class 3 to Class 5 sites started reporting tonnages from 1 January 2023 and Class 3 and 4 will become subject to the levy in the 2023/24 financial year. Their tonnages will be reported once a full year of data is available.

### Function 3: Legislative and regulatory change

To revise the New Zealand waste strategy and expand the coverage and level of the Waste Disposal Levy

Impact: 3–5 years

New Zealand progresses to a more circular economy with lower waste produced and disposed to landfill.

Impact indicators	
2021/22	2022/23
New Zealand has policy measures and targets to guide its transition to a more circular economy	
<p><b>On track</b></p> <p>We consulted on a draft New Zealand Waste Strategy that includes policy measures and targets. In 2022/23, we will finalise and publish the strategy.</p> <p>New waste legislation that will provide more tools to guide the transition to a more circular economy. We held consultation alongside the draft strategy in 2021/22.</p>	<p><b>Achieved</b></p> <p>The Aotearoa New Zealand Waste Strategy was published in March 2023.</p>
Shift: 1–2 years	
2021/22	2022/23
The New Zealand waste strategy is reviewed	
<p><b>On track</b></p> <p>Consulted on a draft New Zealand Waste Strategy that includes policy measures and targets. In 2022/23, we will finalise and publish the strategy.</p>	<p><b>Achieved</b></p> <p>The Aotearoa New Zealand Waste Strategy was published in March 2023.</p>
Changes are made to the Waste Disposal Levy	
<p><b>Achieved</b></p> <p>We are implementing changes to the Waste Disposal Levy as part of core work programmes.</p>	<p><b>Achieved</b></p> <p>Over 2022/23, 194 new facilities registered with the Ministry. They comprised the following classes:</p> <ul style="list-style-type: none"> <li>• 2 in Class 1</li> <li>• 3 in Class 2</li> <li>• 82 in Class 3 and 4</li> <li>• 74 in Class 5</li> <li>• 11 in industrial monofills</li> <li>• 22 in transfer stations.</li> </ul> <p>In addition to new registrations, Class 3 and 4 facilities became liable for reporting obligations in January 2023 and became levy liable from 1 July 2023. In addition, the Class 1 levy went from \$30 to \$50 per tonne on 1 July 2023.</p>



## Function 4: Legislative and regulatory change

To provide advice on the development of new product stewardship schemes

**Impact: 3–5 years**

**New Zealand progresses to a more circular economy with lower waste produced and disposed to landfill.**

Impact indicators	
2021/22	2022/23
The level of waste produced in New Zealand is reduced	
<p><b>On track</b></p> <p>Following a decade of growth in disposal of waste to municipal landfills since 2009, waste volumes to these landfills over recent years has reduced. The wider work programme for waste (outlined above) is also relevant to this impact measure.</p> <p>Waste tonnages disposed at Class 1 landfills fills per capita decreased 2.5% for the 2021/22 financial year compared to the same period last year. There has been an increase in regulated parties, with Class 2 landfills reporting tonnage data from 1 January 2022 (and paying a levy from 1 July 2022). A full year of data for Class 2 landfills will be available for the 2022/23 financial year.</p>	<p><b>Not achieved</b></p> <p>Waste disposed at Class 1 landfills increased by 2.3% per capita in 2022/23 compared with 2021/22. Although many recyclable and divertible resources continue to go to landfill, waste per capita going to municipal landfills has stabilised with some declines in recent years. This declining trend occurred from the beginning of 2022/23 until March 2023 when the impacts of severe weather contributed to some of the highest per capita monthly volumes ever recorded of material going to municipal landfills.</p>
Shift: 1–2 years	
2021/22	2022/23
Three new product stewardship schemes have been designed	
<p><b>Achieved</b></p> <p>Completed co-design for large batteries in addition to tyres, refrigerants and agrichemicals schemes.</p> <p>Co-design nearing completion for farm plastics and e-waste; plastic packaging expected to start early 2022/23.</p> <p>Completed public consultation for proposed regulations for tyres and large batteries; decisions expected in 2022/23.</p> <p>Tyres now have an accredited scheme.</p>	<p><b>Achieved</b></p> <p>Co-design has been completed for farm plastics and e-waste schemes.</p> <p>Co-design is underway for plastic packaging (a two-year project).</p> <p>We completed public consultation for refrigerants. Following consultation, a scheme for large batteries required further work.</p> <p>Regulations for tyres expected in 2023/24.</p>

## Function 5: Investment

To invest in projects that support resource efficiency, reuse, recovery and recycling, and decrease waste to landfill

Impact: 3–5 years

New Zealand has an innovative sustainable design, manufacturing and resource recovery sector.

Impact indicators	
2021/22	2022/23
Sustainable design, manufacturing and resource recovery sectors are expanding and reducing the level of waste to landfill	
<p><b>On track</b></p> <p>This measure relates primarily to delivering an economic stimulus package allocated to resource recovery infrastructure over three years. In 2021/22, we have been delivering 33 individual projects through deeds of funding valued at \$86.8 million.</p> <p>The Waste Minimisation Fund also approved 32 projects valued at \$12.59 million.</p> <p>The Plastics Innovation Fund (PIF) was announced in June 2021 and opened for applications on 1 November 2021. Five projects to the value of \$5.6 million were approved and awarded funding in 2021/22.</p>	<p><b>Achieved</b></p> <p>This measure relates primarily to delivering an economic stimulus package allocated to resource recovery infrastructure over three years. Originally consisting of 33 projects with a value of \$86.8 million, the package now has 19 projects still in the delivery phase.</p> <p>The WMF reopened in October 2022. In 2022/23, the WMF approved 18 projects valued at \$10.3 million. This included 7 projects funded by CERF monies, which will contribute to projects that reduce emissions by increasing organic waste diversion from landfill.</p> <p>Applications for round two of the \$50 million PIF have now closed. Eight projects were funded in 2022/23, together valued at just under \$8 million.</p>
Shift: 1–2 years	
2021/22	2022/23
Investment approved for five large-scale projects	
<p><b>Achieved</b></p> <p>Four more deeds of funding were approved for large-scale waste and resource recovery. To be delivered over the next one to two years.</p>	<p><b>Achieved</b></p> <p>The WMF approved 18 projects valued at \$10.3 million in 2022/23, as well as 8 PIF projects valued at just under \$8 million in total.</p>

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## **Strategic priority 6. Improve how New Zealand's natural resources are allocated**

*Our objective: The development of a fair and enduring allocation system for freshwater and contaminants that addresses Māori rights and interests and improves the state of New Zealand's freshwater resources.*

### **Environmental outcomes 1 and 2: Improvements in the health of waterways, lakes and groundwater**



The way we allocate freshwater now will affect the prosperity of future generations, so it makes sense to secure the value of the resource and allocate wisely within environmental limits.

Freshwater and contaminants are currently allocated under the RMA on a 'first-in, first-served' basis. The Resource Management Review Panel (the Panel) found that this approach is problematic when resources are scarce. The Panel made several recommendations to make allocation decisions more sustainable, efficient and equitable.

Treaty partners and stakeholders have been asking for a better system for some time. Māori have also been calling for a system that better recognises their rights and interests in freshwater and provides for the health of the environment and greater economic opportunities.

The NBE Bill proposes a new framework for resource allocation. This framework, based on the Panel's recommendations, will provide the basis for a more strategic and deliberate approach to freshwater allocation.

The NBE Bill also includes provisions that seek to address concerns of Māori around the allocation system.

## Function 1: Legislative and regulatory change

To provide advice on the development of a new system to allocate freshwater and contaminants

### Impact: 3–5 years

The development of a clear set of options to improve the allocation of freshwater and contaminants in New Zealand that will enhance Te Mana o te Wai.

Impact indicators	
2021/22	2022/23
The Government has a robust basis for improving water allocation in New Zealand, informed by evidence-based advice	
<p><b>On track</b></p> <p>The allocation framework for resources is being revised as part of resource management reform. We are developing the evidence base and advising the Government as part of this process.</p>	<p><b>Achieved</b></p> <p>Several research papers were funded by the water, science and economics fund to improve the freshwater allocation evidence base.</p>
Options have been consulted on with a broad range of stakeholders	
<p><b>On track</b></p> <p>Engaged with stakeholders (eg, local government steering group) on resource allocation as part of resource management reform. Held discussions with iwi and Māori groups, as Treaty partners. The upcoming select committee process provides for further consultation, and we continue to engage with stakeholders ahead of this.</p>	<p><b>Achieved</b></p> <p>Stakeholders and Treaty partners could submit on the NBE Bill allocation provisions.</p>
Shift: 1–2 years	
2021/22	2022/23
Advice is provided on a new system to allocate freshwater and contaminants	
<p><b>Partially achieved</b></p> <p>Advising on water allocation as part of wider advice on resource allocation as part of the resource management reform.</p>	<p><b>Achieved</b></p> <p>The NBE Bill contains provisions on allocation. Development of these provisions included engagement with Treaty partners.</p>

## Function 2: Legislative and regulatory change

To engage with Māori as Treaty partners in developing a new system to allocate freshwater and contaminants

**Impact: 3–5 years**

**The development of a clear set of options to improve the allocation of freshwater and contaminants in New Zealand.**

Impact indicators	
2021/22	2022/23
Māori are engaged as Treaty partners in developing policy options to improve the allocation of water and contaminants in New Zealand	
<p><b>On track</b></p> <p>Regular engagement with Te Tai Kaha and National Iwi Chairs Forum collectives of Māori groups since December 2020, on freshwater rights, interests and allocation. This included resource allocation in resource management reform, wānanga on allocation planning, and workshops on the proposed clause to preserve rights and interests in the Natural and Built Environments Act and Spatial Planning Act.</p>	<p><b>Achieved</b></p> <p>Māori collectives have been engaged throughout the resource management reform work programme at the national scale. This has resulted in legislation that takes the allocation work forward and will establish a working group to ensure future progress.</p>
Shift: 1–2 years	
2021/22	2022/23
Advice is provided on a new system to allocate freshwater and contaminants	
<p><b>Achieved</b></p> <p>Advice provided to the Ministerial Oversight Group on how resources will be allocated in the new resource management system.</p> <p>We continue to engage with Te Tai Kaha and the National Iwi Chairs Forum on these matters. Advice on allocation is continuing as part of the wider resource management reform process.</p>	<p><b>Achieved</b></p> <p>The NBE Bill contains provisions on allocation. The development of those provisions has included engagement with Treaty partners.</p>



## Strategic priority 7. Connect people and communities with te taiao

*Our objective: To accelerate change through compelling communication, partnerships and engagement, using data and insights.*

### Environmental outcome 1: Improvement in multiple domains

#### Function 1: Environmental reporting

To report on the state of the environment



Under the Environmental Reporting Act 2015, the Ministry and Stats NZ report on the state of different domains of the environment every six months and on the environment as a whole every three years. The environmental reporting programme published two reports during the financial year: *Our marine environment 2022* and *Our freshwater 2023*.

*Our marine environment 2022* continued the scaled-back format for environmental reports first signalled in *Our air 2021*, providing valuable information while we progress the fundamental changes needed to improve the reporting system in line with recommendations from the Parliamentary Commissioner for the Environment. The report updated recent indicators and scientific evidence and showed that our marine environment continues to be affected by a range of individual and cumulative pressures.

*Our freshwater 2023* examined the most pressing issues in our freshwater environment. Alongside this report, the Ministry used the digital storytelling platform ESRI StoryMaps to look at some of the issues. 'Navigating our freshwater environment' considered what's going on in our lakes, rivers and groundwater from the perspective of tuna (longfin eels), a taonga species found only in Aotearoa.

We assess public interest in our environmental reports by the number of webpage views and long-form reports downloaded. The webpage *Our marine environment 2022* was viewed 1,261 times and the accompanying report was downloaded 4,606 times. The webpage *Our freshwater 2023* was viewed 1,492 times and the accompanying report was downloaded 6,586 times.<sup>6</sup>

We are preparing for the repeal and replacement of the Environmental Reporting Act 2015. The replacement is planned to be introduced to Parliament for consideration in late 2023.<sup>6</sup>

<sup>6</sup> Public interest is classified as: 'light' – less than 250, 'moderate' – between 250 and 500, 'strong' – more than 500.

**Impact: 3–5 years**

**New Zealanders can track the quality of the environment over time and are aware of our key environmental challenges.**

### Impact indicators

2021/22

2022/23

#### The media and civil society engage in our environmental reporting programme

**On track**

*Environment Aotearoa 2022*, published in April 2022, provides a holistic view of the state of the environment across the marine, freshwater, atmosphere and climate, land and air domains. Although the environmental indicators do not register much change, we explored the evidence in a different way, starting with the importance of nature in our lives and our wellbeing. We pulled together a diverse set of evidence drawing on mātauranga Māori, environmental and health science, and economics. In using a more diverse evidence base, we consulted a wider network of scientists and experts, and put in place a broader independent peer-review process.

*Environment Aotearoa 2022* drew public interest – 1,045 downloads and 6,834 page views. *Our air 2021* had moderate public interest (513 downloads and 2,003 page views), consistent with its scaled-back release.

**On track**

*Our marine environment 2022*, with 1,421 downloads, and *Our freshwater 2023*, with 1,971 downloads, drew strong public interest, against a set target of 785 individual views. Our StoryMap ‘Navigating our freshwater environment’ drew strong public interest, with 4,420 views.

### Shift: 1–2 years

2021/22

2022/23

#### Environmental reporting as per the Environmental Reporting Act 2015

**On track**

Released two state of the environment reports: *Our air 2021* (December 2021) and *Environment Aotearoa 2022* (April 2022).

**Achieved**

We released two state of the environment reports: *Our marine environment 2022* (October 2022) and *Our freshwater 2023* (April 2023).

## Environmental outcomes 2 and 3: Improvement in multiple domains



We continue to achieve outcomes through collaboration and partnership with others, looking to accelerate processes, systems, networks and other enablers of system change. This includes, for example, a range of partnerships focusing on accelerating business capability and investment in action for nature.

We lead the CNGP alongside the Energy Efficiency and Conservation Authority and the Ministry of Business, Innovation and Employment. As a participating agency, we are also committed to leading by example when it comes to sustainability and addressing our climate-related risk.

Engagement with CNGP agencies has been good, with the Ministry producing guidance and surveys on how to meet targets.

We are committed to measuring, reducing and reporting publicly on our emissions and have set gross emissions targets in line with a 1.5 degrees Celsius reduction pathway. This is outlined in our Sustainability Strategy July 2022 – June 2025. For more detail on our progress this year, see the section **'Our sustainability strategy'**.

## Function 2: Partnerships and engagement

### To partner with stakeholders across New Zealand

Impact: 3–5 years

Partnership agreements complement regulatory tools to achieve environmental outcomes.

Impact indicators	
2021/22	2022/23
<b>The number of partnership agreements and scale of intended impact increases over time</b>	
<p><b>On track</b></p> <p>The number of partnerships in delivery and the scale of impact increased throughout 2021/22. We have established partnerships that strengthen the pathway for environmental innovation and connect with funding. For example, we have new partnerships to support private sector transition to a low-emissions, low-waste and circular economy. This includes partnerships with Sustainable Business Network on Go Circular, Circularity to deliver XLABS, with B-LAB, with the Textiles sector and with Young Enterprise Trust. This focus responds to the potential for scaled change when working with the private sector. These partnerships are delivering impact and providing insights and learnings that will inform the continued increase in working with and through others as a way to achieve policy outcomes.</p>	<p><b>Achieved</b></p> <p>We continue to achieve outcomes by collaborating and partnering with others, looking to accelerate processes, systems and networks to help businesses and others transition to a low-emissions, circular economy. Our partnership with the Aotearoa Circle included a year-long workshop series with leading businesses to test the application of the emerging Taskforce for Nature-related Financial Disclosures framework. In partnership with the Sustainable Business Network, we have collaborated on a range of programmes to accelerate and scale business initiatives to reduce emissions, enable the transition to a circular economy and help business to take action to regenerate nature. Along with the Waste &amp; Resource Efficiency business group, we have also delivered food waste reduction partnerships, aiming to reduce food waste by 10% across target sectors.</p>
<b>Public sector sustainability targets are being met</b>	
<p><b>On track</b></p> <p>Emissions profiles, targets and reduction plans are not due until 1 December 2022 for core government departments and 1 December 2023 for Crown agents and state sector agencies. There is still time for these targets to be met and we will be following up with those slightly behind expected progress for this year, based on a recent survey. Engagement with CNGP agencies has been good: we have provided guidance and conducted surveys on how to meet targets.</p>	<p><b>On track</b></p> <p>100% of tranche one agencies (departments, departmental agencies and executive branch) reported their emissions and set reduction targets by December 2022. The tranche one reporting results were released publicly in May 2023. Tranche one will report for the second time in December 2023. Tranches two and three (which include Crown agents, tertiary institutions, legislative branch, Offices of Parliament and state-owned enterprises) are preparing to report emissions and targets by December 2023. Guidance and support are being provided to these groups to prepare them for the reporting process.</p>
<b>Shift: 1–2 years</b>	
2021/22	2022/23
<b>The Partnerships Strategy is implemented</b>	
<p><b>On track</b></p> <p>The Partnerships Strategy is being implemented and is actively guiding our delivery of partnerships.</p>	<p><b>Achieved</b></p> <p>The Partnerships Strategy continued to be used in 2022/23.</p>

### Function 3: Partnerships and engagement

To undertake public engagement, awareness and communication activities

Impact: 3–5 years

Individuals and communities take action for the environment.

Impact indicators	
2021/22	2022/23
Level of awareness of environmental issues by the public	
<p><b>On track</b></p> <p>The 2021/22 annual public awareness research was completed as planned with 1,215 New Zealanders participating in the survey. The environment is top of mind for 20% of New Zealanders, behind cost of living (63%), crime (35%) and housing (35%). Seventy-seven per cent of New Zealanders agree environmental issues are important – just not as important as other issues. Sixty-nine per cent of participants agree that pollution of air, land and waterways is important, with climate change at 63%. Participants ranked the Ministry first equal with the Department of Conservation (64% of top three ranked organisations) as a trusted source for environmental information.</p>	<p><b>Achieved</b></p> <p>The 2022/23 annual public awareness research was completed as planned, with 1,212 New Zealanders participating in the survey.</p> <p>The environment holds steady in fourth place as a top-of-mind issue, but more New Zealanders say this is a priority in 2023 – with a significant increase from 20% to 25%, since last year. As a top-of-mind issue, the environment continues to be ranked behind cost of living (69%), crime (40%) and housing (26%).</p> <p>79% of New Zealanders agree environmental issues are important, particularly relating to the recent extreme weather events and natural disasters. 70% of participants agree that pollution of air, land and waterways is important, and 65% agree climate change is important.</p> <p>The Ministry's position as a trusted source for environmental information remains strong at 57%, just behind DOC at 62%.</p>
Shift: 1–2 years	
2021/22	2022/23
Stakeholder engagement framework developed	
<p><b>Achieved</b></p> <p>The engagement team is established.</p> <p>The engagement team's work programme is developed and being implemented.</p> <p>Relationships are established and built with unit engagement specialists.</p>	<p><b>Achieved</b></p> <p>The stakeholder engagement framework was achieved in 2021/22.</p>

# Notes to strategic priorities

*In preparing the Statement of Service Performance, the Ministry has provided disclosures of judgement for several key performance areas. Judgement was used on key areas that held significant public and government interest and had an impact on the Ministry's mission statement: "He taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation". We also considered materiality of measures, rationale for any changes or exclusions, and introduction of new measures and methodology.*

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## Cancelled measures

### 1. Improvements in air quality measures

**Statutory functions are carried out to support the implementation of the National Environmental Standards for Air Quality.**

The impact indicator is a substitute for the two cancelled measures: 'Regional plans are updated to reflect the requirements of the National Environmental Standards for Air Quality' and 'Local government participate in the National Air Quality Working Group'. Two impact indicators were cancelled due to not being relevant or appropriate performance indicators to the NES-AQ. Amendments to the NES-AQ are on hold pending further analysis of the updates to the World Health Organization ambient air quality guidelines and the Health and Air Pollution in New Zealand 3.0 study.

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## Material measures

### 2. Improvement in the health of waterways, lakes and groundwater

Our freshwater environment is under pressure from our activities on the land and in the water, and from a changing climate. Although some of our freshwater bodies are in a reasonably healthy state, many have been degraded by the effects of excess nutrients, pathogens and other contaminants from land. The Ministry is the regulatory and policy agency responsible for freshwater resource management.

- a. **Councils update their freshwater management plans as required by the NPS-FM.** The NPS-FM requires every regional council, in consultation with its community, to develop a plan for maintaining or improving the state of freshwater in the region. Regional councils must notify their new or amended plans giving effect to the NPS-FM by 31 December 2024. The impact indicator will measure how many regional councils have updated their freshwater management plans as required by the NPS-FM.
- b. **Essential Freshwater package implemented with the Freshwater Implementation Group.** The Freshwater Implementation Group was established for the implementation of the Essential Freshwater package. It is co-chaired by the Secretary for the Environment and Te Uru Kahika | Regional and Unitary Councils Aotearoa (formerly known as the Regional Sector). Its pan-sector membership comprises key representatives to provide strategic advice on implementation and structural systemic advice. This partnership approach promotes more effective implementation of the Essential Freshwater package.



- c. **Technical guidance products are used by land owners and councils.** Technical guidance products have been developed to support implementation of the Essential Freshwater package, which includes requirements for resource users as well as direction for councils to engage with communities and iwi in order to give effect to Te Mana o te Wai in regional policies and plans. The use of technical guidance products is an indicator of how much land owners and councils are engaged in implementing the Essential Freshwater package. This will be measured by the number of downloads and impressions (page or document hits) of information relating to the Essential Freshwater package from the Ministry's website.
- d. **Funded projects achieve their stated objectives to improve ecosystem health.** The Ministry Policy division funds projects (Crown investments) across Aotearoa, led by local and regional government, iwi, hapū and/or communities. These projects support the implementation of the Ministry's policies and reforms, for example, the Essential Freshwater and resource management reforms, the Jobs for Nature programme and Tiriti settlement commitments. They also help directly or indirectly (eg, through funding capability/capacity building) and improve ecosystem health across the country.
- e. **There is a clear strategy for prioritising projects for funding, and funding is allocated to projects each year.** This shift was chosen because, although there is no shortage of projects wanting financial support, the Ministry has limited funding. It is therefore essential we have a clear strategy for prioritising the allocation of the limited Crown investment budget the Ministry manages across our different funds. Monitoring the projects' progress enables the Ministry to track progress on outcomes achievement (eg, improvements to the health of waterways).

The method to score the current impact indicator includes assessing each project's objectives stated in its deed against progress on the ground. If these stated objectives are 80 per cent completed, the project has passed. Our current performance assessment mechanisms include regular reporting by the project team on progress, risks and issues; a dedicated Ministry project lead assessing/approving progress reports, undertaking site visits, identifying risks and issues, ensuring alignment with agreed objectives and making payments; and an annual work-planning process that ensures the project's forward annual work plan is on track for delivering intended deliverables and outcomes/objectives (including key performance indicators that recipients report against). Evaluations have been completed on a fund-by-fund basis. The methodology used to prioritise projects for funding includes the Ministry's project selection/prioritisation process (eg, eligibility and assessment criteria, assessment panel). Policy implementation and development Investments pay as projects achieve agreed milestones, and when the funding is made available to the Ministry.

### 3. Greenhouse gas emissions decrease

The accumulation of greenhouse gases in the atmosphere from human activities is changing the climate. The science tells us that limiting global warming to 1.5 degrees Celsius above pre-industrial levels gives us the best chance of avoiding the worst effects of the changing climate. Reducing emissions from our daily activities supports Aotearoa to contribute to the global effort to limit temperature rise to 1.5 degrees Celsius.

- a. **Aotearoa has a suite of policies and measures that reduce emissions in line with our 2050 target.** This impact indicator is having policies and measures that will reduce the greenhouse gas emissions that lead to climate change.
- b. **Aotearoa has an emissions reduction plan in place.** Under the Climate Change Response Act, Aotearoa is required to set a series of five-yearly emissions budgets, which act as stepping stones towards our 2050 net zero target. Each budget has a corresponding emissions reduction plan, which outlines the policies that will help meet the budget. To know whether policies and measures have been effective and whether Aotearoa has met its emissions budgets and is on track towards the 2050 target, we need to understand where our emissions come from and how they change over time. The emissions reduction plans are set by the Government based on advice from He Pou a Rangi | Climate Change Commission.
- c. **Aotearoa reports its greenhouse gas emissions internationally.** Aotearoa is required to report on our emissions under the Paris Agreement, through the New Zealand Greenhouse Gas Inventory. The inventory gives us the information on emissions and is updated annually. The CCRA also specifies that He Pou a Rangi | Climate Change Commission will refer to the relevant Greenhouse Gas Inventory when assessing whether Aotearoa has met an emissions budget. The inventory is subject to international review through the United Nations Framework Convention on Climate Change.

#### 4. Level of waste disposed to landfills regulated under the Waste Minimisation Act reduces

The Government's waste work programme aims to reduce waste in Aotearoa and help us to transition from a linear economy to a low-emissions, circular economy. The Ministry is the responsible regulatory and policy agency for waste. One of the three targets in the Aotearoa New Zealand Waste Strategy is to reduce the amount of material that needs final disposal, by 30 per cent per person by 2030. Measuring this performance is important to ensure that we achieve this target.

- a. **Aotearoa has policy measures and targets to guide its transition to a more circular economy.** This impact indicator was chosen at a time when the foundational policy measures and targets were insufficient to achieve the changes required to move to a more circular economy. This measure ensures the Ministry has focused on putting in place the foundations for improved waste outcomes and embedding circular thinking into systems.
- b. **The Aotearoa New Zealand Waste Strategy is reviewed.** The last waste strategy was published in 2010. Having an updated waste strategy is critical to reducing waste and moving to a more circular economy.
- c. **Changes are made to the Waste Disposal Levy.** Increasing and expanding the levy is a key mechanism to disincentivise waste disposal and raise revenue for initiatives to reduce waste and encourage resource recovery (eg, composting and recycling).
- d. **The level of waste produced in Aotearoa reduces.** This is a key indicator to track progress to a more circular economy and ensure that Ministry activities are focused on moving up the waste hierarchy.

We have selected 'waste tonnage per person annually' as a measure for the impact indicator. We recognise that direct data on total waste produced are unavailable, so we use landfill waste data as a proxy. To account for population growth, this measure evaluates waste tonnage on a per capita basis, enhancing our capacity to monitor the effectiveness of our interventions more accurately than with total tonnage alone.

- e. **Three new product stewardship schemes have been designed.** In July 2020, the Government declared six priority products for regulated product stewardship under the Waste Minimisation Act 2008. These schemes are key initiatives to increase circular resource use and place responsibility for managing end-of-life products on producers, importers and retailers, rather than on communities, councils, neighbourhoods and nature.
- f. **Sustainable design, manufacturing and resource recovery sectors are expanding and reducing the level of waste to landfill.** The amount of funding committed to projects does not guarantee the effectiveness of the funding in achieving waste minimisation or related outcomes, but is a proxy output measure. Data regarding investment funding are from deeds of funding, which are executed following a robust approvals process.
- g. **Investment approved for five large-scale projects.** The method to determine results is to calculate the number of approved/executed major projects by their total value, and consideration of whether the Plastics Innovation Fund has been announced.

# How we operate

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## Our appropriations and significant initiatives

The Ministry for the Environment operates under four departmental appropriations. The two primary appropriations under Vote Environment 2022/23 are Improving New Zealand's Environment and Managing Climate Change in New Zealand.

The Minister for the Environment is responsible for Improving New Zealand's Environment appropriation within Vote Environment 2022/23, which has a focus on the development and implementation of environmental policy, and associated monitoring and awareness.

The Minister of Climate Change is responsible for Managing Climate Change in New Zealand appropriation within Vote Environment 2022/23, which has a focus on providing policy advice and reporting on matters relating to climate change together with managing emissions reporting and levy frameworks.

Initiatives from Budgets 2020, 2021 and 2022 can each be found in their respective Vote Environment documents for those years. Recognising the growing demand for transparency from our Parliament, the Auditor-General and the public of Aotearoa, we've structured table 3.2 to offer a comprehensive overview. This table highlights our key initiatives and guides readers to specific performance details within this report. This presentation allows New Zealanders to easily track the outcomes of government investments, closely aligning with our strategic intentions, operations and overarching strategy.

The Ministry is actively involved in the Natural Resources Cluster, a leading initiative introduced before Budget 2022. This pilot brings together agencies with different funding allocations under one unified arrangement, emphasising shared priorities.

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## Natural Resources Cluster

The Natural Resources Cluster (NRC) covers all aspects of the natural environment including the ministerial portfolios and Votes associated with the Department of Conservation, Ministry for the Environment and Ministry for Primary Industries. The roles and responsibilities of the three NRC agencies complement one another and work continues to proactively address any strategic challenges and opportunities. The objectives of the NRC include:

- **ongoing collaboration around agreed priorities** – joined-up working by agencies to achieve better spending and outcomes on agreed priorities
- **multi-year funding** – managing within the three-year spending package
- **improved performance reporting** – including a more collective approach to reporting against shared priorities, and improved tracking of progress in the use of funding.

The NRC approach is piloting multi-year rather than annual funding. NRC agencies and Ministers have worked to develop multi-year funding proposals, and NRC operating funding decisions made at Budget 2022 will cover three years. Initiatives funded through the Climate Emergency Response Fund (CERF), new initiatives in response to adverse events or major capital initiatives with associated operating funding are also included in the NRC. Iwi and Māori partnerships and science and evidence-based decisions underpin the successful delivery of the NRC priorities.

## Cluster priorities

The NRC priorities are to:

- improve biodiversity and biosecurity by protecting indigenous biodiversity and addressing gaps in domestic biosecurity
- improve marine system resilience by ensuring the long-term health and resilience of ocean and coastal ecosystems
- implement natural resource system reform by ensuring it is effectively implemented on the ground with key partners able to take up the changes alongside supporting land users and owners
- build a more inclusive and sustainable economy by accelerating the natural resource sector's economic potential, including by responding to structural challenges highlighted by COVID-19
- enable climate resilience by investing in climate adaptation and mitigation initiatives through both the NRC and the CERF
- stewardship responsibilities to ensure agencies can maintain and strengthen their critical stewardship and regulatory roles.

## Cross-cutting priorities

Cross-cutting priorities are for:

- iwi and Māori partnerships to ensure agencies develop and embed partnerships with Māori as a Treaty partner in a key area of cultural and economic importance to Māori
- science and evidence to ensure that all investment decisions are informed by science and evidence and that investments can be adequately monitored and reported on.

**TABLE 3.2: SIGNIFICANT INITIATIVES 2020/21-2022/23**

Financial year	Initiative description	Find in this report
2020/21	Addressing contamination of Aotearoa New Zealand's waterways	Environmental outcome 3, strategic priority 4 ( <a href="#">page 53</a> ) Minister for the Environment's Report on Non-departmental Appropriations 2022/23, Freshwater Improvement Fund, Kaipara Moana Remediation, Te Mana o te Wai Fund ( <a href="#">pages 200-202</a> )
2020/21	Phasing out problem plastics and implementing the Waste Disposal Levy expansion	Environmental outcomes 3-5, strategic priority 5 ( <a href="#">pages 61-65</a> )
2020/21	COVID-19 economic recovery package, resource recovery infrastructure, plastics recycling	Minister for the Environment's Report on Non-departmental Appropriations 2022/23, waste minimisation and resource recovery initiative ( <a href="#">page 205</a> )
2021/22	Designing, delivering and implementing comprehensive and sustainable reform of the resource management system	Improving New Zealand's environment. Departmental Appropriations 2022/23, resource management reform ( <a href="#">page 86</a> ) Environmental outcomes 1-3, strategic priority 1 ( <a href="#">pages 31-36</a> )
2021/22	Establishing an enduring environmental monitoring and reporting system	Improving New Zealand's environment. Departmental Appropriations 2022/23, resource management reform ( <a href="#">page 86</a> )
2021/22	Delivering Aotearoa New Zealand's low-carbon future and adapting to climate change	Managing Climate Change in New Zealand. Departmental Appropriations 2022/23 ( <a href="#">pages 81-82</a> ) Environmental outcomes 1-2, strategic priority 5 ( <a href="#">pages 56-60</a> )
2022/23	Reducing emissions from waste (CERF)	Minister for the Environment's Report on Non-departmental Appropriations 2022/23, CERF waste initiatives ( <a href="#">page 198</a> )
2022/23	Natural Resource Cluster	See details in table 3.3

## How the Ministry for the Environment is delivering on Natural Resource Cluster priorities

Table 3.3 outlines the relevant NRC priorities and aligns the Ministry's performance reporting with the NRC's specific initiatives.

**TABLE 3.3: NATURAL RESOURCE CLUSTER PRIORITIES**

Financial year	NRC priority	Significant initiatives	Find in this report
2022/23	Improving biodiversity and biosecurity	Biodiversity protections and incentives	Not available. The funding is mostly held in a tagged contingency to be drawn down next financial year.
2022/23	Implementing natural resource system	Resource management reform implementation	Improving New Zealand's environment. Departmental Appropriations 2022/23, resource management reform ( <a href="#">page 86</a> ) Environmental outcomes 1-3, strategic priority 1 ( <a href="#">pages 31-36</a> )
2022/23		Freshwater farm plan system - implementation and operations	Improving New Zealand's environment. Departmental Appropriations 2022/23, freshwater farm plans ( <a href="#">page 86</a> )
2022/23	Enabling climate resilience	Climate Adaptation Act development and delivery	Managing Climate Change in New Zealand. Departmental Appropriations 2022/23 ( <a href="#">pages 81-82</a> )
2022/23	Stewardship responsibilities	Ministry for the Environment supporting Te Tiriti o Waitangi obligations	Environmental outcomes 1-3, strategic priority 2 ( <a href="#">pages 39-43</a> )

# Our operating performance

Our performance reporting against the estimates of appropriation complies with generally accepted accounting principles (GAAP) and service performance reporting standard PBE FRS 48.

## Linkages between financial and non-financial information

A key concept introduced by PBE FRS 48 is that financial statements and service performance information are both important components of a public benefit entity's general purpose financial report. The two documents convey a coherent picture about the performance of the entity, and they are linked through the resources that have been applied to each of the appropriations. The table below provides a high-level overview of the Ministry's appropriations. The financial and non-financial performance for each appropriation can be found in this section.

	2021/22 Actuals \$000	2022/23 Budget \$000	2022/23 Actuals \$000
<b>Departmental output expenses</b>			
<b>Revenue</b>			
<b>Revenue: Crown</b>			
Improving New Zealand's Environment	124,747	154,018	162,128
Managing Climate Change in New Zealand	28,681	48,307	51,698
Waste Minimisation Administration	9,759	5,906	12,095
Strategic Planning Reform	5,000	3,700	6,812
Climate Change Chief Executives Board	-	4,171	4,171
<b>Revenue: Departmental</b>			
Improving New Zealand's Environment	1,368	476	9
Managing Climate Change in New Zealand	294	92	2
<b>Revenue: Other</b>			
Improving New Zealand's Environment	288	331	149
Managing Climate Change in New Zealand	192	56	49
<b>Gains</b>			
Improving New Zealand's Environment	-	5	-
<b>Total revenue</b>	<b>170,329</b>	<b>217,062</b>	<b>237,113</b>
<b>Expenses</b>			
Improving New Zealand's Environment	123,669	154,825	153,731
Managing Climate Change in New Zealand	28,751	48,455	47,129
Waste Minimisation Administration	9,062	5,906	11,118
Strategic Planning Reform	4,916	3,700	6,751
Climate Change Chief Executives Board	-	4,171	3,231
<b>Total expenses</b>	<b>166,398</b>	<b>217,057</b>	<b>221,960</b>



## Managing Climate Change in New Zealand

This appropriation is intended to achieve quality policy advice to ministers on domestic and international climate change issues.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
<b>Revenue</b>					
Crown	28,681	48,307	51,698	51,698	49,425
Departmental	294	92	92	2	92
Other	192	56	56	49	56
<b>Total revenue</b>	<b>29,167</b>	<b>48,455</b>	<b>51,846</b>	<b>51,749</b>	<b>49,573</b>
<b>Total expenses</b>	<b>28,751</b>	<b>48,455</b>	<b>51,846</b>	<b>47,129</b>	<b>49,573</b>
<b>Net surplus (deficit)</b>	<b>416</b>	<b>-</b>	<b>-</b>	<b>4,620</b>	<b>-</b>

At Mains Estimates, the 2022/23 budget for this output class was \$48.455 million. During the year, this output class increased by \$3.391 million to \$51.846 million due to:

- a fiscally neutral transfer of \$2.500 million from Vote Building and Construction to provide co-funding for the procurement of the latest climate projections data from NIWA
- a drawdown of \$500,000 of tranche one of the Ministry's wage pressure tagged contingency, and
- an expense transfer of \$391,000 from 2021/22 for the FAIR Climate Data project and relates to the delivery of a prototype one-stop interface to a wide array of climate-relevant data.

Actual expenditure for 2022/23 was lower than the revised budget, due to delays in various climate change-related work programmes. The Ministry has sought an in-principle transfer to continue the programme of work.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Technical quality of advice papers (assessed by a survey with methodical robustness of 100%) – see <b>note 2(a)(i)</b> .	<b>Primary target:</b> 71% of papers scored at least 3.5 out of 5.0 <b>Secondary target:</b> 84% of papers scored at least 3.0 out of 5.0	<b>Primary target:</b> 3.5 out of 5.0 (70%) <b>Secondary target:</b> 3.0 out of 5.0 (80%)	<b>Primary target:</b> 44% of papers scored at least 3.5 out of 5.0 <b>Secondary target:</b> 77% of papers scored at least 3.0 out of 5.0
<b>2022/23 commentary:</b> We assessed 25 papers during the year. The results were impacted by the high volume of advice, pace and specialist knowledge required due to significant growth in the work programme in 2022/23. An improvement programme to support teams is being developed.			
All emissions trading unit auctions are held in accordance with the published calendar.	100%	100%	100%
<b>2022/23 commentary:</b> All auctions have been held as scheduled.			
Percentage of business hours (excluding agreed maintenance outages) web services of national imagery data sets and land-use mapping published by the Ministry for the Environment are available to key stakeholders.	100%	100%	100%
<b>2022/23 commentary:</b> 100% access – there have been no unplanned outages.			
All reports required under the Climate Change Response Act 2002 and international reporting on greenhouse gas emissions and progress towards the targets are delivered on time.	Achieved	Achieved	Achieved
<b>2022/23 commentary:</b> <i>New Zealand's Greenhouse Gas Inventory 1990–2021</i> was delivered on time and published on 13 April 2023. <i>Aotearoa New Zealand's Eighth National Communication and Fifth Biennial Report</i> were delivered on time and published on 22 December 2022.			
Administer the funding for the ongoing costs of collecting the Synthetic Greenhouse Gas Levy by Waka Kotahi NZ Transport Agency and New Zealand Customs Service in accordance with respective Memoranda of Understanding.	Achieved	Achieved	Achieved
<b>2022/23 commentary:</b> Funds have been provisioned for this. At the time of reporting, an annual invoice has been received from the New Zealand Customs Service but not yet from Waka Kotahi NZ Transport Agency.			
There is an agreed scope for the enabling legislation for managed retreat – see <b>note 1(a)</b> .	New measure	By 30 June 2023	Not achieved
<b>2022/23 commentary:</b> This area is complex and requires further public consultation and debate before decisions can be taken. Decisions will now take place at the end of 2023/24 after a select committee inquiry. This will also provide an opportunity to learn lessons from the response to the North Island weather events.			

## Improving New Zealand's Environment

This appropriation is intended to achieve quality advice and solutions, with a focus on improving environmental management frameworks.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
<b>Revenue</b>					
Crown	124,747	154,018	162,128	162,128	169,600
Departmental	1,368	476	476	9	476
Other	288	331	331	149	331
<b>Total revenue</b>	<b>126,403</b>	<b>154,825</b>	<b>162,935</b>	<b>162,286</b>	<b>170,407</b>
<b>Total expenses</b>	<b>123,669</b>	<b>154,825</b>	<b>162,935</b>	<b>153,731</b>	<b>170,407</b>
<b>Net surplus (deficit)</b>	<b>2,734</b>	<b>-</b>	<b>-</b>	<b>8,555</b>	<b>-</b>

At Mains Estimates, the 2022/23 budget for this output class was \$154.825 million. During the year, this output class increased by \$8.110 million to \$162.935 million due to:

- a drawdown of \$6.581 million of tranche one from the Resource Management tagged contingency for upholding Treaty settlements and other arrangements with iwi and hapū, including funding post settlement governance entities
- an expense transfer of \$2.781 million from 2021/22 in relation to Resource Management and Freshwater related reforms
- a drawdown of \$1 million of tranche one from the Ministry's wage pressure tagged contingency
- a fiscally neutral transfer of \$560,000 from non-departmental output expense: Freshwater Improvement Fund to cover costs of the Freshwater Farm Planning Auditor and Certifier Appointment Body contract for 2022/23
- a fiscally neutral transfer of \$200,000 from Vote Business, Science and Innovation relating to underspends of administration costs of Waste Minimisation and Resource Recovery initiatives work programme
- a reprioritisation of \$100,000 from non-departmental output expense Freshwater Improvement Fund for Environmental Monitoring and Reporting System initiative.

The above was offset by:

- a reprioritisation of \$3.112 million to other departmental output expense: Strategic Planning Reform appropriation to oversee the development and implementation of the strategic planning legislation, as part of the wider resource management reforms.

Actual expenditure for 2022/23 was lower than the revised budget, due to delays in various work programmes related to resource management and freshwater reforms. The Ministry has sought an in-principle transfer to continue work on these programmes.

## Quality of advice

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Technical quality of advice papers (assessed by a survey with methodical robustness of 100%) – see <b>note 2(a)(i)</b> .	<p><b>Primary target:</b> : 69% of papers scored at least 3.5 out of 5.0</p> <p><b>Secondary target:</b> 94% of papers scored at least 3.0 out of 5.0</p>	<p><b>Primary target:</b> At least 3.5 out of 5.0 (70%)</p> <p><b>Secondary target:</b> 4.0 out of 5.0 (80%)</p>	<p><b>Primary target:</b> 60% of papers scored at least 3.5 out of 5.0</p> <p><b>Secondary target:</b> 88% of papers scored at least 3.0 out of 5.0</p>
<p><b>2022/23 commentary:</b> We assessed 65 papers during the year. Results were affected by the high volume of advice and specialist knowledge required due to significant growth in the work programme in 2022/23. An improvement programme to support teams is being developed.</p>			
The satisfaction of the Minister for the Environment and the Minister of Climate Change with the advice service, as per the common satisfaction survey – see <b>note 2(a)(ii)</b> .	3.39 (68%)	At least 4.0 out of 5.0 (80%)	4.0 (80%)
<p><b>2022/23 commentary:</b> The survey was completed by three out of four ministers. The average score across three replies is 4/5. Feedback in the survey specifically identified improvements in the quality of policy advice being provided to them by the Ministry for the Environment.</p>			
Percentage of all regulatory impact statements that partially or fully meet quality assurance criteria.	96% of regulatory impact statements partially or fully met the criteria	At least 90% (with 70% fully meeting criteria)	94% of regulatory impact statements partially or fully met the criteria
<p><b>2022/23 commentary:</b> Only one regulatory impact statement (RIS) did not meet the criteria; twelve fully met and five partially met the criteria. Two papers were exempted.</p>			
Minimum six weeks public consultation for all national direction workstreams.	100%	100%	100%
<p><b>2022/23 commentary:</b> Essential Freshwater Amendments 2022 met all standards for consultation. One exception was agreed with the Minister – the Resource Management (Stock Exclusion) Regulations 2020 public consultation ran for four weeks, at the request of Cabinet, due to the number of active consultations and proximity of consultation period to Fieldays.</p>			

## Ministerial services

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of ministerial Official Information Act requests submitted within the timeframes agreed with the Minister's office.	94%	95%	93%
<b>2022/23 commentary:</b> The Ministry did not meet its end-of-year key performance indicator. It is refining internal processes to avoid unnecessary delays in the future.			
Percentage of responses to departmental Official Information Act requests sent within statutory deadlines.	95%	95%	93%
<b>2022/23 commentary:</b> The Ministry did not meet its end-of-year key performance indicator. It is refining internal processes to avoid unnecessary delays in the future.			

## Data and evidence

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Number of months the Ministry will publish the National Monitoring Systems data after receiving the complete dataset from local authorities.	On track	No more than six months	Achieved
<b>2022/23 commentary:</b> The National Monitoring Systems data are to be released in August 2023.			
Produce environmental reports required by the Environmental Reporting Act 2015.	Achieved	Achieved	Achieved
<b>2022/23 commentary:</b> In 2022/23 the Ministry, along with Stats NZ, produced two environmental reports ( <i>Our marine environment 2022</i> and <i>Our freshwater 2023</i> ), consistent with our legislative responsibilities.			

**Resource management reform – see note 1(b)**

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Delivery progress is on track to implement the new system.	New measure	Achieved	Achieved
<p><b>2022/23 commentary:</b> The Ministry is on track to implement the new system. A limited set of attributes, as agreed by the Minister, have been developed.</p> <p>The Minister has been briefed on the review of National Direction in conjunction with the National Planning Framework (NPF) team. Limits and Targets input to the NPF has been achieved and the team will support the Board of Inquiry process. The Digital Transformation programme is progressing and we are working through a Better Business Cases process with Treasury given significant funding implications.</p> <p>Scoping funding has been provided to two regions (Taranaki and Nelson-Tasman) and both are being supported by the Ministry and working through a needs assessment to determine suitability/interest as a first tranche region. We also have a range of 'regional readiness' initiatives underway across other regions including Tairāwhiti and Hawkes Bay, as well as bespoke assessment approaches with Greater Wellington.</p> <p>There are regular meetings with the Local Government Steering Group and recently established Local Government Implementation Group.</p>			
Draft bills to be introduced to the House.	New measure	Achieved	Achieved
<p><b>2022/23 commentary:</b> Relevant Bills have been introduced and were reported back by the select committee on 27 June 2023.</p>			
Percentage of science and advice procured to develop limits and targets that meets quality assurance criteria.	New measure	At least 90%	Not available
<p><b>2022/23 commentary:</b> The Knowledge Investment Hub ensures a testing of our science procurement (including for limits and targets) against the principles for good evidence – being inclusive, accessible, transparent and rigorous – so the process is robust. However there has been no specific audit to say that 90% has been achieved but they are applied to all procurement so will be picked up.</p>			

**Freshwater farm plans – see note 1(c)**

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
The Freshwater Farm Plan Regulations are gazetted – see <a href="#">note 1(c)(i)</a> .	New measure	By 30 June 2023	Achieved
<p><b>2022/23 commentary:</b> The Resource Management (Freshwater Farm Plans) Regulations 2023 were gazetted on 6 June 2023.</p>			
The initial process for certifier and auditor appointment is established – see <a href="#">note 1(c)(i)</a> .	New measure	By 30 June 2023	Achieved
<p><b>2022/23 commentary:</b> The certifier and auditor appointment process has been established and is in operation in the phase 1 councils.</p>			
Prototype contaminant discharge tool delivered – see <a href="#">note 1(c)(ii)</a> .	New measure	By December 2022	Achieved
<p><b>2022/23 commentary:</b> Prototype delivered. On track for subsequent tool roll-out.</p>			



## Waste Minimisation Administration

This appropriation is intended to boost New Zealand's performance in waste minimisation through high-quality policy advice and funding of waste minimisation projects.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
<b>Revenue</b>					
Crown	9,759	5,906	12,095	12,095	13,042
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>9,759</b>	<b>5,906</b>	<b>12,095</b>	<b>12,095</b>	<b>13,042</b>
<b>Total expenses</b>	<b>9,062</b>	<b>5,906</b>	<b>12,095</b>	<b>11,118</b>	<b>13,042</b>
<b>Net surplus (deficit)</b>	<b>697</b>	<b>-</b>	<b>-</b>	<b>977</b>	<b>-</b>

At Main Estimates, the 2022/23 budget for this output class was \$5.906 million. During the year, this output class increased by \$6.189 million to \$12.095 million.

This increase was due to a fiscally neutral transfer from the Contestable Waste Minimisation Fund, which is a non-departmental output expense to meet increases in administration and compliance activity costs arising from the expanded waste levy.

Actual expenditure for 2022/23 was lower than the revised budget due to delays in the development of the Audit and Investigation Case Management System and upgrade of the Online Waste Levy System. Under the Waste Minimisation Act 2008, there is no provision for the return of a year-end surplus from the Waste Minimisation Fund to the Crown. Any year-end surplus must remain in the fund.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Number of audits of disposal facilities completed.	22 (73%)	30 (100%) [Annual Programme Goal]	31
<b>2022/23 commentary:</b> 31 audits were performed using a combination of internal staff and external contractors.			
Number of audits of territorial authorities completed.	48 (100%)	24 (100%) [Annual Programme Goal]	12
<b>2022/23 commentary:</b> A shortfall in completed audits. Three other reports are in progress, with completion delayed as a result of councils being slow to provide information required. Significant resource has been diverted to supporting inquiries related to the severe weather events and providing advice on waste management and minimisation plan reviews and oncoming regulatory changes (such as kerbside recycling).			
Deeds are executed within six calendar months from the date the Ministry receives the signed confirmation of intention to proceed.	78%	80%	89%
<b>2022/23 commentary:</b> Nineteen deeds have been executed this financial year. Seventeen deeds were executed in under six months and two were executed between eight and nine months.			

## Departmental capital expenditure

This appropriation is intended to achieve the renewal, upgrade, and/or redesign of assets to support our service delivery.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
Expenditure is in accordance with the Ministry's capital asset management plan					
Property, plant and equipment	1,809	2,900	4,350	3,861	300
Intangibles	(16)	900	900	(13)	500
<b>Total</b>	<b>1,793</b>	<b>3,800</b>	<b>5,250</b>	<b>3,848</b>	<b>800</b>

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Expenditure is in accordance with the Ministry's capital asset management plan.	Achieved	Achieved	Achieved
<b>2022/23 commentary:</b> Factors contributing to the underspend are the deferral of some projects and accounting reclassifications to operating expenditure.			

## Climate Change Chief Executives Board

This appropriation is intended to support the Climate Change Chief Executives Board to lead and oversee the policy development of the strategic planning legislation as part of the wider resource management reforms. Find more information in the **'Interdepartmental executive board annual reports'** section.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
<b>Revenue</b>					
Crown	-	4,171	4,171	4,171	4,132
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>4,171</b>	<b>4,171</b>	<b>4,171</b>	<b>4,132</b>
<b>Total expenses</b>	<b>-</b>	<b>4,171</b>	<b>4,171</b>	<b>3,231</b>	<b>4,132</b>
<b>Net surplus (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>940</b>	<b>-</b>

This is a newly established appropriation in 2022/23.

Actual expenditure for 2022/23 was lower than the revised budget. This represents cost savings.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Reporting on the emissions reductions and national adaptation plans is delivered on-time to Ministers.	New measure	100%	100%
<p><b>2022/23 commentary:</b> The Climate Change Chief Executives Board delivered its first report on progress across the emissions reduction plan on 28 February 2023 to the Climate Change Response Ministers Group.</p> <p>The Board is on track to deliver its second report, which will also include progress across the national adaptation plan, by 30 August 2023.</p>			

## Strategic Planning Reform

This appropriation is intended to support the Strategic Planning Reform Board to lead and oversee the policy development of the strategic planning legislation, as part of the wider resource management reforms. Find more information in the [‘Interdepartmental executive board annual reports’](#) section.

	2021/22 Actual \$000	2022/23 Budget \$000	2022/23 Revised budget \$000	2022/23 Actual \$000	2023/24 Forecast \$000
<b>Revenue</b>					
Crown	5,000	3,700	6,812	6,812	-
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	5,000	3,700	6,812	6,812	-
<b>Total expenses</b>	4,916	3,700	6,812	6,751	-
<b>Net surplus (deficit)</b>	84	-	-	61	-

At Main Estimates, the 2022/23 budget for this output class was \$3.700 million. During the year, this output class increased by \$3.112 million to \$6.812 million.

A fiscally neutral transfer was approved from the departmental output expense: Improving New Zealand's Environment to oversee the development and implementation of the strategic planning legislation, as part of the wider resource management reforms.

Actual expenditure for 2022/23 was lower than the revised budget. This represents cost savings.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Draft bills to be introduced to the House.	New measure	Achieved	Achieved
<p><b>2022/23 commentary:</b> The Spatial Planning Bill was introduced into Parliament in November 2022.</p>			

# Notes to operating performance

*In preparing the Statement of Service Performance, disclosures of judgement have been provided by the Ministry for several key performance areas. Judgement was used on key areas that held significant public and government interest and had an impact on the Ministry's mission statement: "He taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation". In addition to this was consideration of materiality of measures, rationale for any changes or exclusions, and introduction of new measures and methodology.*

## 1. New measures

### a. Resource management system (Climate Adaptation Act)

This is a new performance indicator and was selected because it reflects the focus of the Budget 2022 initiative 'Climate Adaptation Act Development and Delivery' during 2022/23 to develop the Climate Adaptation Act, which aims to address complex legal and technical issues associated with managed retreat. This performance measure was developed using the PuMP approach to performance measurement with a focus on intended outcome and feasibility.

### b. Resource management system

This is a new set of performance indicators that were selected because they reflect the focus of the Budget 2022 initiatives. The focus for 2022/23 is on preparing to implement the resource management reform. This includes providing advice to Ministers on how to implement the reform, and the introduction of the draft Bill into Parliament.

### c. Freshwater farm plans

- i. These performance indicators were selected as they reflect the focus of the Budget 2022 initiative Freshwater Farm Plan system – Implementation and Operations during 2022/23 to establish the foundations of the freshwater farm planning system. The measures were developed using PuMP. Both measures rated highly in terms of feasibility and robustness, and best represent our intended outcome: to "better control the adverse effects of farming on freshwater and freshwater ecosystems".
- ii. This new performance indicator was selected because it reflects the focus on the Nutrient Management Tool during 2022/23, to develop a prototype for an updated tool. This is funded through the Budget 2022 initiative Freshwater Farm Plan system – Implementation and Operations.

## 2. Material measures

### a. Quality of advice

- i. **Technical quality of advice papers (assessed by a survey with a methodical robustness of 100 per cent).** The results are drawn from papers reviewed by the Ministry's Quality Assessment Panel using criteria initially provided by the Department of the Prime Minister and Cabinet (DPMC) for agencies to use: context, analysis, advice and action. Each paper is assessed against these criteria, and this informs the final grading of a paper. The Ministry deliberately set a higher primary target – to achieve 70% of papers at 3.5/5.0. Our secondary target – to achieve 80% of papers at 3.0/5.0 – is in line with the primary targets of other agencies.

The Quality Assessment Panel meets 10 times per year, assessing 100 papers made up of a randomly selected variety of briefing notes and Cabinet papers. This structure provides a manageable workload for assessment panels and is sufficient to highlight trends across the Ministry and individual departments. Use of the DPMC framework ensures the criteria are consistent with those of other government agencies, and follows the current best practice recommended by the DPMC policy project.

The result reported has been updated for 2022/23 from average score to percentage of papers that scored primary or secondary target.

- ii. **The satisfaction of the Minister for the Environment and the Minister of Climate Change with the advice service, as per the common satisfaction survey.** The Ministerial Policy Satisfaction Survey is prepared by DPMC and completed by Ministers and Associate Ministers for Vote Environment. The Ministry calculates their ministerial satisfaction score according to guidance provided by DPMC, which is used across public service agencies. The standard was selected because it best aligns with the intention of the appropriation: to achieve quality advice with an outcome to improve environmental management frameworks. The Ministry acknowledges the limitations of surveys; they can have a low response rate, and survey frequency is only once per year. This financial year the survey results were obtained from three out of four current Ministers and Associate Ministers. The Ministry was not able to obtain responses from two previous Associate Ministers.

# The Ministry's response to severe weather: Enabling locally led recovery

*Severe weather events at the start of 2023, including Cyclone Gabrielle, affected communities in several regions and caused the loss of lives, homes and livelihoods.*

The Ministry has been working alongside other central government agencies and sector groups to support and enable recovery. The Severe Weather Integrated Response (SWIR) programme draws on experience from across the Ministry and brings together several workstreams with a shared goal: to help impacted communities recover from severe weather events and work towards future resilience.

The SWIR team has been working at pace during the first half of 2023 and is taking an active and considered approach to the shift from response to recovery.

Recovery is ongoing due to the size and scale of these severe weather events. Ongoing, coordinated effort will be required to support impacted communities. The Ministry's contributions to recovery efforts are outlined below.

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## **Waste and contamination – sediment and debris**

The Ministry supported councils with their immediate waste and silt management plans. Disposal facilities could apply to the Ministry to waive the Waste Disposal Levy for waste generated by the 27 January flooding event or by Cyclone Gabrielle.

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## **Orders in Council**

The Ministry, with other agencies, is developing Orders in Council to temporarily change a range of laws to help communities with their recovery. Orders in Council are introduced under the Severe Weather Emergency Recovery Legislation Act 2023, and they provide flexibility by allowing quick regulatory changes to respond to pressing issues. The Ministry is involved with Orders in Council to provide temporary housing, assist with waste management, and change existing planning requirements to enable a fast recovery.

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## **Natural hazards**

The Ministry is considering how the resource management system might better manage risks from natural hazards like flooding. This work would provide a long-term and consistent approach for natural hazard risk assessment and planning throughout Aotearoa. It would also help local authorities mitigate the risks posed by natural hazards and support them with decisions on land use.

We are currently exploring options and have started early engagement with local government and Treaty partners.



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## Future of severely affected locations

The Ministry has been part of the all-of-government response to support locally led recovery in a way that considers future climate risks. This involves working on local solutions and making decisions about repairing and rebuilding properties that were severely affected. Central government will contribute funding support to this work.

The work outlined above is only an overview of the efforts underway to support these communities to recover from the severe weather events. A focus on integration across the programme's workstreams and the wider Ministry means we are better able to support the immediate response to the challenges faced by the regions while also building future resilience.

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## Ministerial Inquiry into Land Use

The Ministry provided secretariat support to the *Ministerial Inquiry into Land Use causing woody debris and sediment-related damage in Tairāwhiti and Wairoa* (Ministerial Inquiry into Land Use). The report was published in May 2023, and the Ministry is now supporting the government response to the inquiry. The Ministry has been working closely with MPI throughout this process.

# Our sustainability strategy

*Our Sustainability Strategy July 2022 – June 2025 contains the Ministry’s short-term targets and long-term goals that are focused on all aspects of our organisational sustainability. It is our core strategic document, which holds us to account and ensures we lead by example.*

For us, sustainability means operating within our baseline, minimising our environmental footprint and giving our people what they need to flourish. As a government agency operating at the forefront of climate-related policy development, we also have high ambitions around assessing, managing and disclosing our own climate-related risks and opportunities.

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## Our progress

In 2020, the Government declared a climate emergency and launched the Carbon Neutral Government Programme. Our work ensures we are meeting all the commitments outlined in this programme.

We have set our gross emissions reduction targets in line with a global emissions pathway aimed at limiting warming to no more than 1.5 degrees Celsius.

- **2025 target:** Reduce operational emissions by 35 per cent from our 2017/18 base year.
- **2030 target:** Reduce operational emissions by 50 per cent from our 2017/18 base year.

In the 2022/23 financial year, we have achieved progress towards many of our targets across our people, environment and finance portfolios. Highlights include:

- measuring and externally verifying our carbon emissions for the sixth consecutive year
- reducing emissions by 43 per cent from our 2017/18 base year
- embedding internal carbon budgets and integrating these into our financial business-planning systems
- addressing and disclosing on our climate-related risk for the third year
- recertifying the Rainbow Tick for the third consecutive year
- developing a Broader Outcomes Procurement Strategy and supporting guidance, to ensure sustainability measures are routinely considered as part of procurement practices where appropriate.

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## Our climate-related disclosure

Everything we currently do, how we do it and the systems that support us are built on historical climate patterns. Our climate is now changing with a range of potential impacts on the diversity and nature of risks we face, including those we may be already managing.

Understanding what that means, and what to do about it, takes practice.

We remain committed to ongoing improvement, self-reflection and transparency when it comes to understanding and addressing our climate-related risk. Our third year of disclosure is based on the recommendations of the Taskforce on Climate-related Financial Disclosures, sharing our actions and performance as we address our climate-related risk, build organisational resilience and become carbon neutral.

## Our commitment to ongoing improvement

This was our second year of implementing our ambitious list of actions to address our climate-related risk and opportunities. To date, we have focused on:

- developing new climate-related scenarios based on latest projections, drawing on in-house and subject-matter expertise
- regular scenario planning to identify and assess our climate-related risk
- publicly disclosing our yearly emissions reduction performance, and developing an action plan to reduce our carbon emissions under the Toitū carbonreduce programme
- signing on to the Climate Leaders Coalition Statement of Ambition 2022.

Our plans for 2023/24 include:

- developing and trialling a robust, repeatable, climate-related scenario process that can be extended across the organisation
- improving our governance, risk management and accountabilities to manage climate-related risk, and embed climate risks and opportunities in our reporting cycles
- using climate risk as a lens to look at our investments and policy work to ensure they consistently address climate-related risk
- preparing an annual 'climate change – risk and opportunities' report detailing our climate risk as found through scenario planning.

# Our emissions performance

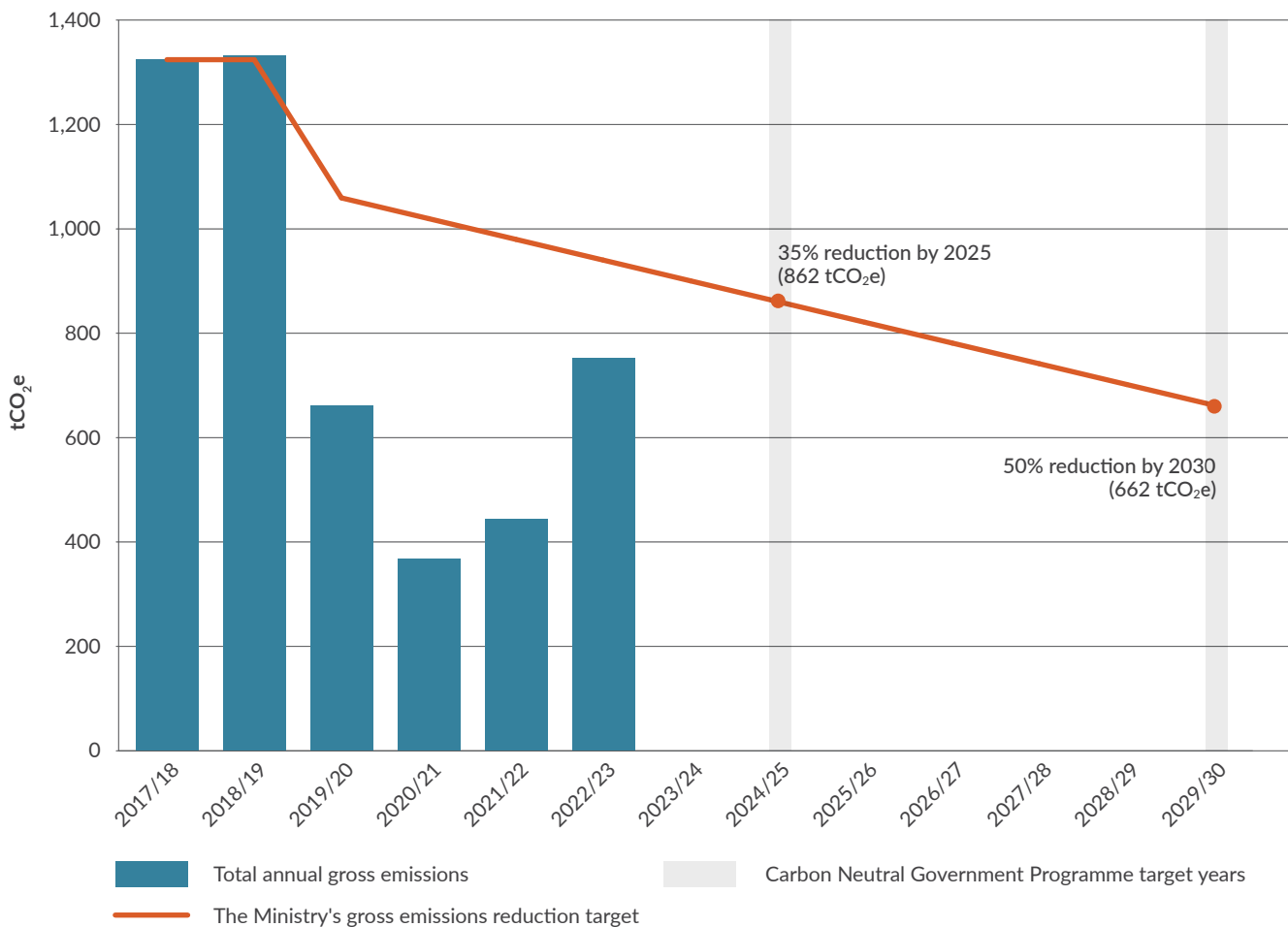
## Reducing our emissions from the base year

Despite an increase in emissions since 2021/22, we remain on track for our 2025 and The Ministry’s gross emissions reduction targets. We are committed to measuring, reducing and reporting our emissions profile, and having it externally verified. We are proud to have achieved the Toitū carbonreduce certification for the sixth consecutive year.

## Total annual emissions

The Ministry’s total emissions for the 2022/23 financial year were 752.33 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). This is a 43 per cent reduction on our 2017/18 base year (1,324.12 tCO<sub>2</sub>e), and a 69 per cent increase on the previous year (442.97 tCO<sub>2</sub>e). See figure 3.3.

**FIGURE 3.3: ANNUAL EMISSIONS REDUCTION PERFORMANCE (tCO<sub>2</sub>e), 2017/18-2029/30**

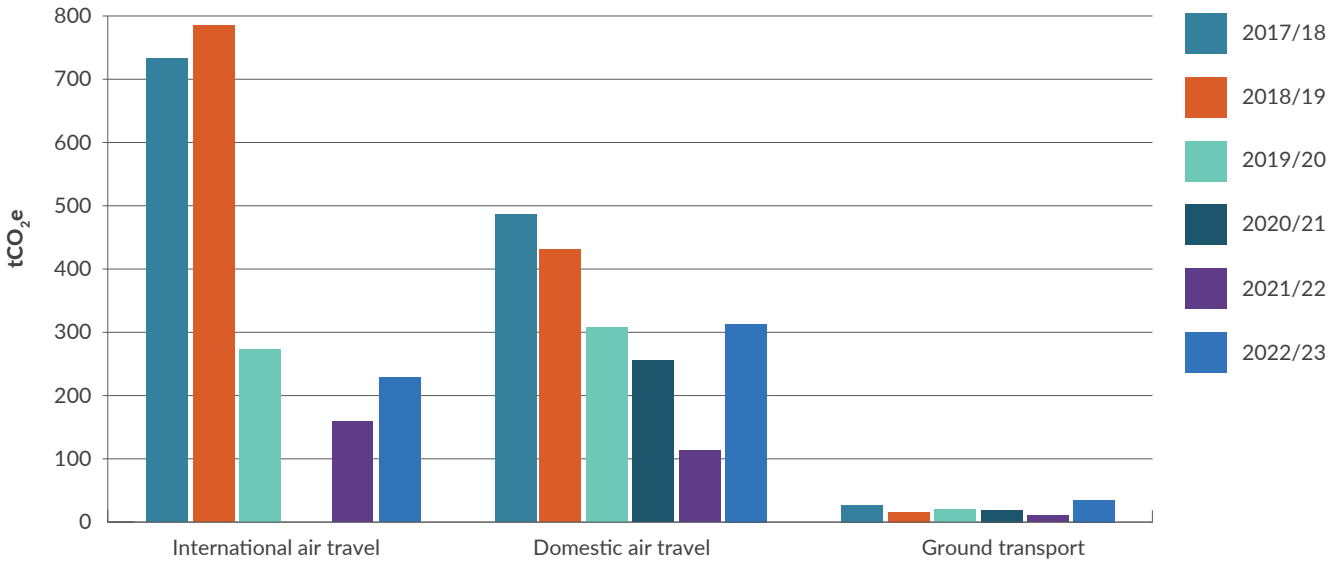




## Our transport emissions

The Ministry's biggest source of emissions is work-related transport.

**FIGURE 3.5: TOTAL TRANSPORT EMISSIONS (tCO<sub>2</sub>e), 2017/18–2022/23**



The Ministry continues to take measures to reduce our travel emissions, including:

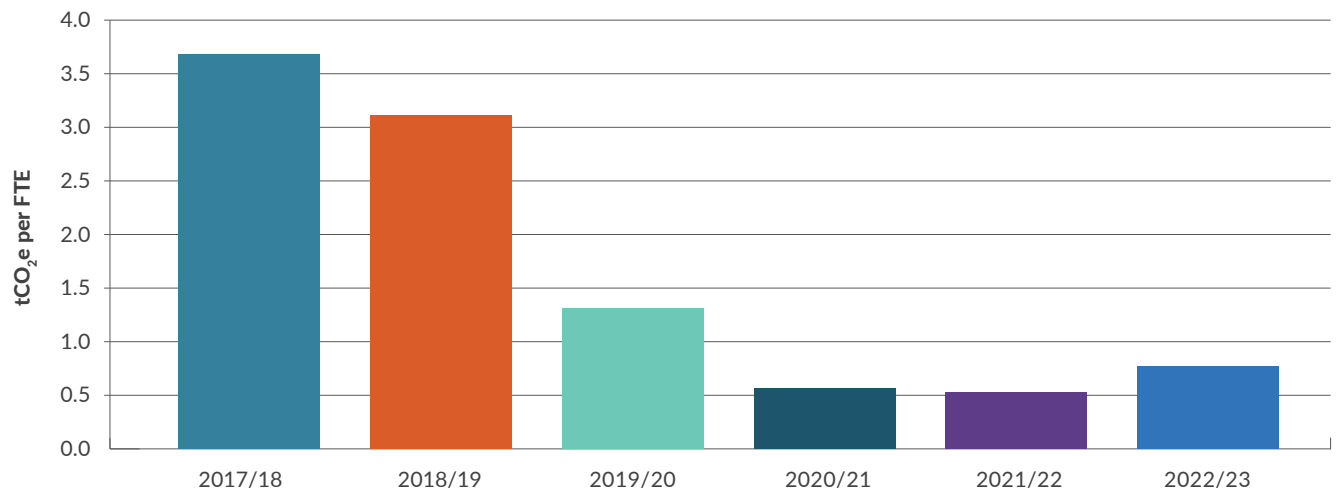
- guiding staff on sustainable travel options and behaviours
- making best use of our improved video conference technology for working remotely and meeting stakeholders around the country
- setting internal carbon emissions budgets, alongside financial budgets
- providing a low-emissions fleet of e-bikes, bikes and scooters for staff to attend meetings.

Although emissions from taxis reduced this year, rental and private car usage increased 348 per cent, and use of public transport remains low. In the financial year 2023/24, we'll review work programme demand and reasons for staff travel choices and look for any improvements on existing support measures for low-emissions ground transport use.

## Emissions per full-time equivalent

Despite growing our full-time equivalent (FTE) staff numbers and work programme over the past six years, our overall greenhouse gas emissions per FTE (tCO<sub>2</sub>e) remain significantly lower than our 2017/18 base year; a 79 per cent reduction for the 2022/23 financial year (figure 3.6). Had emissions per FTE remained the same as in 2017/18, the total gross emissions for 2022/23 would have been 378 per cent higher than those actually recorded.

**FIGURE 3.6: TOTAL EMISSIONS PER FULL-TIME EQUIVALENT (tCO<sub>2</sub>e), 2017/18–2022/23**









# 4

## Our operating environment

### *Tō mātou taiao mahi*

*Overview of the areas that enable us to deliver our work programme successfully.*

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# Our governance framework

The Ministry for the Environment (the Ministry) continues to evolve its internal governance model over time, to strengthen areas that require additional attention, given shifts in the size and scale of our work. Our current governance arrangements are shown in figure 4.1.

The executive team, Te Pūrengi, has overall responsibility for governance of the Ministry. It is accountable for setting and achieving the Ministry’s overarching organisational and policy strategies, and actively monitors delivery, compliance and reporting.

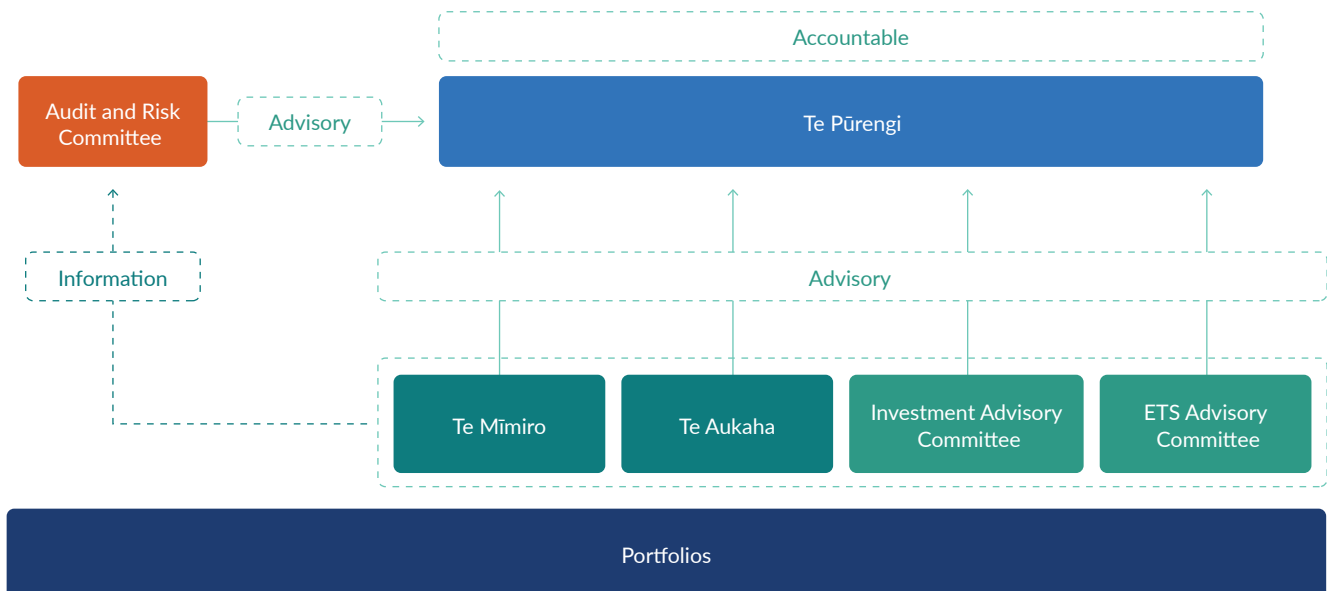
Four director-level groups oversee aspects of the Ministry’s performance at an enterprise level, providing advice and recommendations to Te Pūrengi as required.

Te Mīmiro is responsible for testing, advising and taking decisions to support the successful design and delivery of the Ministry’s organisational strategies. Te Aukaha is responsible for testing, advising and taking decisions to support successful integration across delivery of our environmental outcomes, particularly with regard to how we engage on the environmental outcomes the Ministry is seeking.

In 2022/23, the Ministry established two new governance groups to oversee its non-departmental expenditure and activities.

- The Investment Advisory Committee oversees and monitors the design and delivery of our funds’ investment strategies, ensuring they align with and support the achievement of the Ministry’s overarching strategies, outcomes and priorities, as well as broader government objectives.
- The New Zealand Emissions Trading Scheme (NZ ETS) Advisory Committee tests and advises on the design and delivery of ETS operations, focusing on ETS financial operations, ETS market operations and ETS governance arrangements.

**FIGURE 4.1: GOVERNANCE FRAMEWORK FOR THE MINISTRY FOR THE ENVIRONMENT**





# Our risk management framework

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## Risk management

Good risk management is critical to ensuring the Ministry is on track to achieve its operational and strategic objectives. The Ministry has sought to further strengthen its risk management practices through:

- revising the existing risk and assurance structure to determine whether it is appropriate to meet the Ministry's needs
- reviewing the resourcing of the risk, assurance and resilience function and conducting targeted recruitment to ensure the right skills and experience are being leveraged to support the Ministry
- assessing risk management practices against good practice expectations to identify areas where investment is required.

The revised risk management approach will take a 'hub-and-spoke' model approach. At the 'hub', the risk, assurance and resilience function (supported by corporate risk functions such as finance, information technology (IT) and procurement) will support and guide the Ministry, as well as monitoring and reporting. The 'spokes' within directorates will support business-specific risk management implementation and reporting.

Our Audit and Risk Committee meets every two months and provides independent support and advice to the Chief Executive and governance on matters relating to strategic direction and risks, organisational risk management, internal controls, financial performance, audit, governance and legislative compliance.

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## Internal audit

The purpose of the internal audit programme is to provide insights relating to the effectiveness of internal controls and business processes at the Ministry. This is achieved through executing the annual internal audit plan.

The internal audit plan is drafted based on key risks considered by the Ministry, as well as a programme of reviews in key areas. The proposed plan is reviewed and approved by internal governance, as well as the Audit and Risk Committee. Depending on the nature of the review and expertise it requires, it may be delivered by one of the internal audit team or outsourced to a specialist provider.

Executing the plan includes planning, undertaking and reporting on reviews through the year. Recommendations and management actions are proposed, accepted and monitored through the internal audit team, and progress is reported to governance.

# Our people

*Our critical enablers are the four areas that enable us to deliver our work programme successfully: our people, our knowledge, our systems and our relationships. This annual report focuses on selected work programmes within each area.*

The Ministry stands on the strength of its people. We need a workforce that is the right size and has the right capabilities to deliver our work programme now and in the future. We know that we are strongest when we have diversity. We value our employees' different backgrounds, experiences, beliefs and capabilities. These are strengths that connect us to New Zealanders.

We have a growing regional presence across the motu, with offices in Wellington, Auckland and Christchurch.

We are focused on large-scale system reform across multiple domains and are moving closer towards our role in policy implementation. To do this we seek to partner at place, and work towards more innovative and inclusive people practices as we grow.

**FIGURE 4.2: LOCATION OF STAFF**

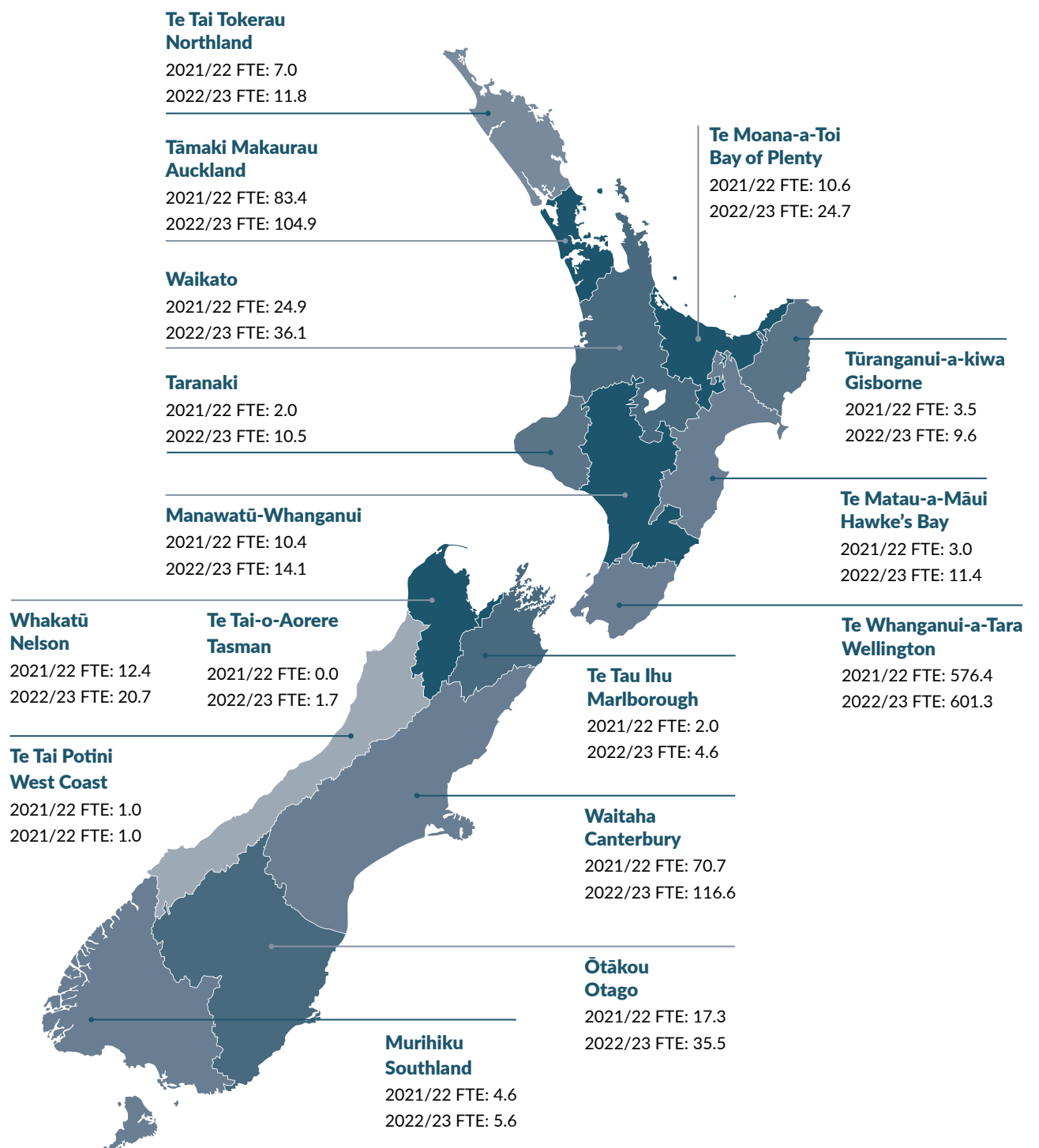


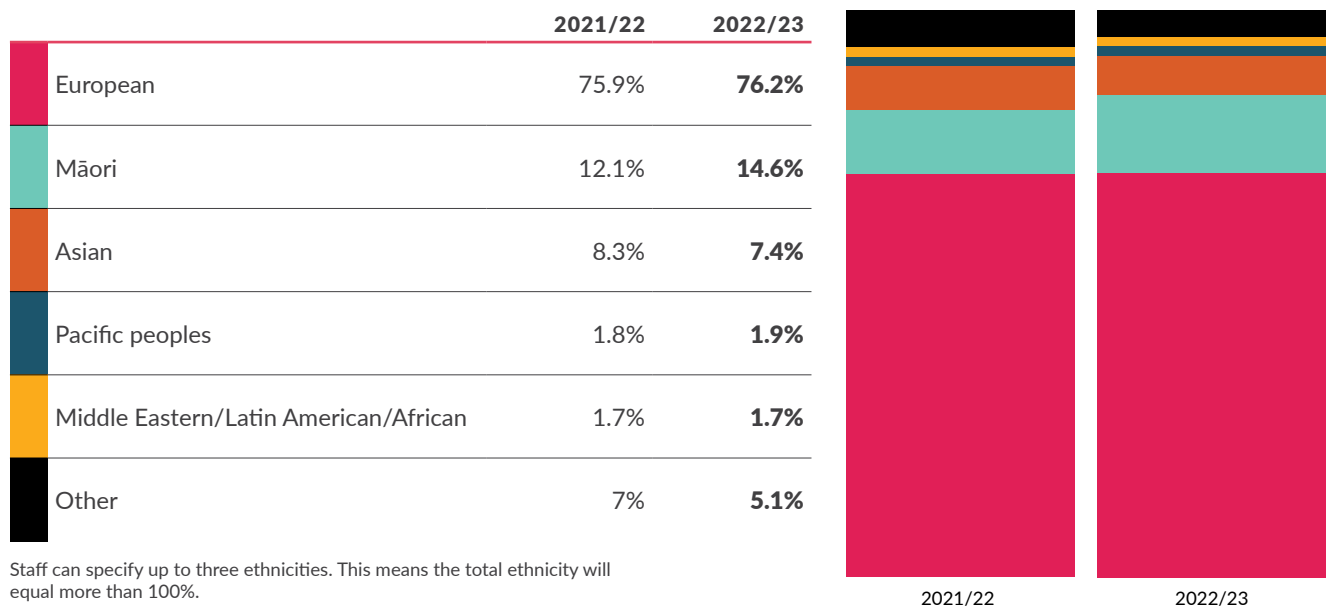
FIGURE 4.3: STAFF INFORMATION

	2020/21	2021/22	2022/23
Full-time equivalent	648.2	828.4	1,010.2
Unplanned turnover	9.5%	19.5%	18.9%
Part time*	10.3%	9.5%	11.3%
Male	33.7%	31.0%	33.5%
Another gender	0.3%	0.8%	1.2%
Female	66.0%	68.2%	65.3%
Male manager	32.5%	33.9%	32.6%
Another gender manager			1.1%
Female manager	67.5%	66.1%	66.3%

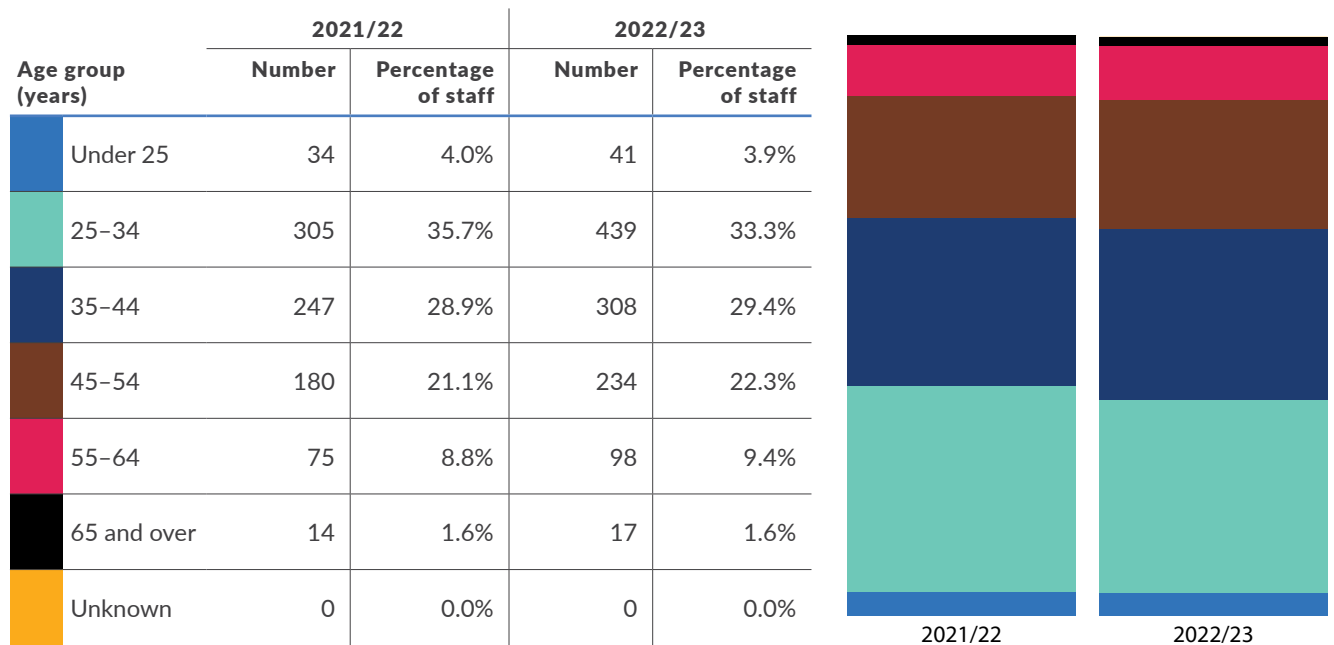
\* Part time = 0.8 FTE or less



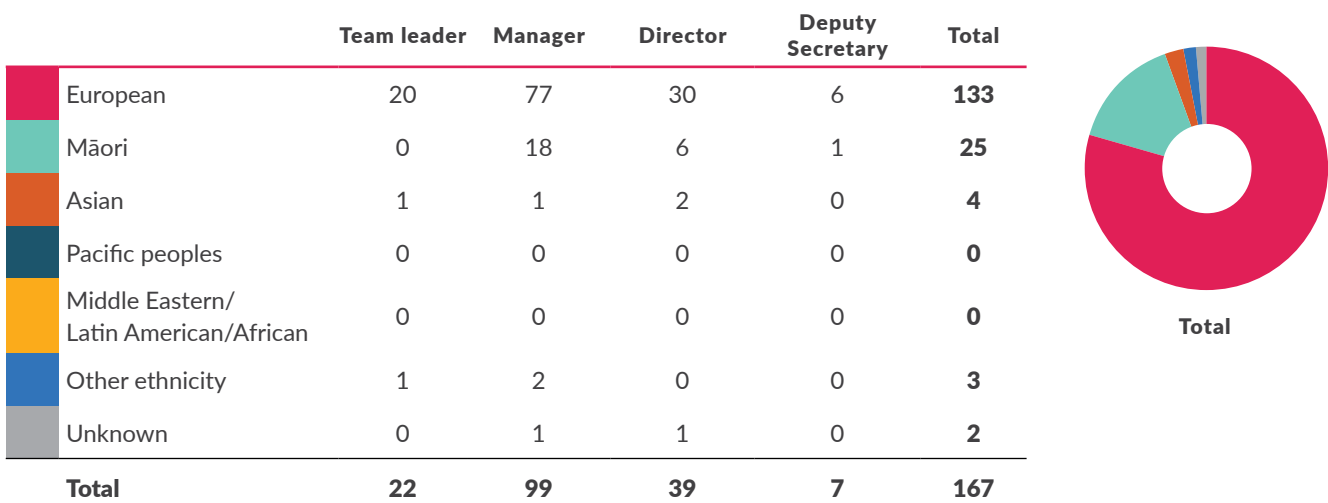
**FIGURE 4.4: ETHNICITY OF STAFF**



**FIGURE 4.5: AGE OF STAFF**

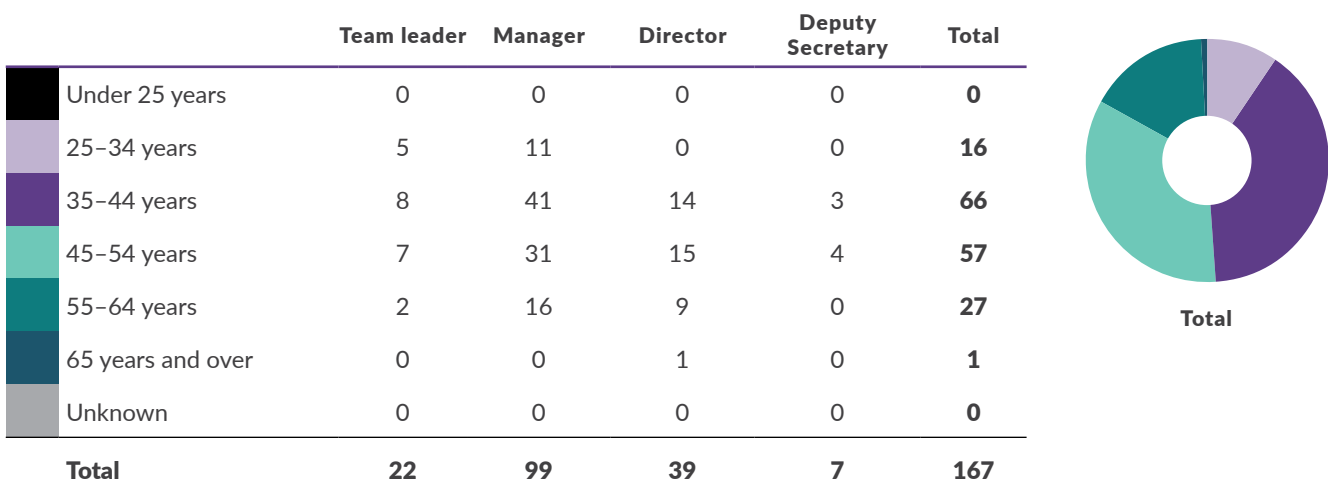


**FIGURE 4.6: ETHNICITY OF PEOPLE LEADERS**







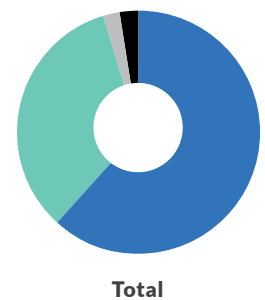
Staff can specify up to three ethnicities. This means that the total number of people leaders will be more than in other people leader tables.

**FIGURE 4.7: AGE OF PEOPLE LEADERS**



**FIGURE 4.8: GENDER OF PEOPLE LEADERS**

	Team leader	Manager	Director	Deputy Secretary	Total
 Female	15	62	25	5	<b>107</b>
 Male	7	35	14	2	<b>58</b>
 Another gender	0	1	0	0	<b>1</b>
 Prefer not to say / Unknown	0	1	0	0	<b>1</b>
<b>Total</b>	<b>22</b>	<b>99</b>	<b>39</b>	<b>7</b>	<b>167</b>



### Health, safety and wellbeing

The health, safety and wellbeing of our people continues to be a high priority. We are making good progress in ensuring our processes, policies and systems continue to be fit for purpose. Our current focus areas are critical risk management and wellbeing.

#### Critical risk

We continue to identify and approve critical risks. We are now focusing on assessing these critical risks and implementing robust controls and review processes to support these.

### Wellbeing

We continue to implement our Wellbeing Action Plan. In addition, we will begin work to create processes to ensure our workplace sustains and promotes wellbeing for our people. This includes procurement for a employee assistance programme service based in te ao Māori.

We continue to develop our employee participation system in order to create open channels for consultation with our people on all health and safety matters.

## Diversity and inclusion

Tui Raumata, our Diversity and Inclusion strategy, was re-launched in 2020 and focused on our four organisational goals.

1. Harness diversity of thought.
2. Embed organisational practices that make the most of our diverse talents.
3. Continue to build an inclusive culture.
4. Diverse and inclusive leadership.

In early 2022, we realigned the strategy under the following pillars to ensure we reflected what was most important for our people and the Ministry.

- **We are diverse:** We focus on ensuring our team is diverse at every level, including in leadership, by understanding and targeting efforts to recruit and retain a diverse team.
- **We are equitable:** We dig deeper into our workforce data to understand areas where there are opportunities to increase health and wellbeing, and to be more inclusive, and we build strategies to address these areas as we find them. Our approach to recruiting and retaining our people, and to developing their careers, considers the different needs of different team members.
- **We are inclusive:** We focus on building the capabilities, knowledge and skills to ensure that our culture is inclusive, and we are honest with ourselves when we get it wrong. We support and provide active allyship to those who bring a different worldview or experience, and we do the work to build strong and deep relationships.

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## Linking Tui Raumata to Papa Pounamu

Tui Raumata draws on Papa Pounamu, the Public Service Commission's work programme, to grow diversity and inclusion practices across the public service. The five focus areas of Papa Pounamu are woven into Tui Raumata, and they inform key initiatives and focus areas.

### 1. Cultural competence

Building cultural competence is reflected in Tui Raumata and Te Ao Hurihuri – Transformational Gains Strategy. These strategies seek to drive increases in cultural competency through commitments to:

- increase confidence and competence in te ao Māori, te reo Māori, and our obligations as Treaty partners
- implement learning programmes including courageous conversations about race and mana āki (multicultural competence)
- inclusive leadership.

See also the section '**Our ao Māori strategy**', which refers to Tōnui, an extension to our capability programme.

## 2. Addressing bias

Education to understand the nature of unconscious bias forms part of our induction programme for all our people, and hiring managers are encouraged to review this at the beginning of a recruitment process. In 2022/23, we delivered some more in-depth education to our talent acquisition team, aiming to build additional capability in this area. We have made numerous enhancements to our recruitment process to mitigate the effects of unconscious bias. We will continue to review the performance of our processes and improve our guidance over time.

## 3. Inclusive leadership

We continue to provide our leaders with guidance and development on inclusive leadership. In May 2023, we delivered a series of workshops to groups of leaders addressing inclusive leadership practices, along with education on disability, accessibility and neurodiversity. Future leadership development across all topics will consider leading inclusively as a core principle.

## 4. Building relationships

Our people's ability to bring their whole selves to work and contribute fully is a key element of our inclusive culture. In the last year, we have continued to embed Tō Reo, our employee survey, which has deepened our understanding of our people's experience and allowed us to take an evidence-based approach to building strategies for improvement. We also continue to participate in external accreditation processes such as Rainbow Tick and GenderTick, which allow us to regularly assess our progress in building inclusive practices.

## 5. Employee-led networks

The Ministry is home to active and engaged employee-led networks. These include our Rainbow Network, Māori Rōpū, Tagata Moana (our Pacific Peoples Network), Women's Network, Women of Colour Network, Asian Staff Network and Neurodiverse Employee Network.

Networks are encouraged to engage an executive sponsor who provides guidance, advice and advocacy to network leads. In the last year, we have also implemented a resourcing model for leadership of employee-led networks. This model offers network leads a standard allocation of work hours to devote to network mahi, provides leadership development and training, and outlines expectations of managers to provide support to network leads they manage.

This year, we have supported many events and days of significance for cultural identity, including Eid al-Fitr, Pride, Lunar New Year, Te Wiki o te Reo Māori, Diwali, International Women's Day and Neurodiversity Pride Day.

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## Equal employment opportunities

We provide equal opportunities through recruitment and selection, career development and progression, training and employment conditions. As part of our Tui Raumata work programme, we are optimising our processes, guidelines and development opportunities for diversity.

Our 'flexible-by-default' way of working allows our people the choice, autonomy and trust to balance their work duties along with other obligations, interests and passions, in a way that suits them and their teams. Flexible arrangements enable our people to personalise their ways of working to achieve a healthy work-life blend. Working flexibly enables us to attract and retain a diverse employee base and operate in an inclusive and sustainable way to deliver better outcomes for New Zealanders.

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## Gender and ethnic pay gaps

Our current *Gender and ethnic pay gaps action plan* was published in November 2022, and spans two years to November 2024. In 2023, we will publish an update on progress. Our plan aligns closely to the Public Service Commission's Gender and Ethnic Pay Gaps Action Plan, *Kia Toipoto*. We are working to the plan's principles of building transparency, creating equitable pay outcomes, building representative leadership, providing career and leadership development, eliminating bias and continuing to develop our flexible working landscape.

# Our knowledge

*The Ministry recognises data, science and evidence as critical enablers for our policy and system reforms and for assessing the effectiveness of policy implementation.*

Our Joint Evidence, Data and Insights group works across government and the science system to strengthen our environmental monitoring and reporting system. Our aim is for government, and the wider environment and climate sector, to have the knowledge needed to achieve the goal of a flourishing Aotearoa New Zealand for every generation.

Knowledge is not only biophysical science and data. We acknowledge the importance of social sciences, economics and mātauranga Māori in our work. As with previous years, we continue to bring te ao Māori into our work, and to engage and partner with Māori. To meet our longer-term aspirations and move towards a robust and coordinated system for determining the health of our environment, our focus is on improving the foundations of national-level environmental reporting. These improvements are being made through amendments to the Environmental Reporting Act 2015, by continuing to secure the science and data required to drive the Ministry's priorities, and by supporting the outcomes of resource management system reform.

We are working to improve what we monitor, how we monitor it, and how we communicate environmental information that is used for decision-making. This combination forms a strong base for our overarching aim: to strengthen Aotearoa New Zealand's environmental monitoring and reporting system.

Te Kete Mātauranga Āhuarangi me Te Taiao – the Environment and Climate Research Strategy is a response to the Parliamentary Commissioner for the Environment's recommendation for a clear national-level environmental research strategy to guide funding.

This overarching strategy identifies and prioritises critical research and evidence needs and brings together over 70 existing research strategies and plans. Following extensive engagement with our stakeholders, this is expected to be considered by Cabinet late in 2023.

We take a strategic approach to investment in data and evidence, in line with the vision in Our Science Strategy – Rautaki Pūtaiao of “valued and trusted science for environmental stewardship”. We seek to leverage more out of data collected by other entities, enable longer-term planning of priority datasets and build science capability internally.

In 2021/22 we determined the Ministry's core data and infrastructure priorities. In the past year, we have established the foundations for fulfilling and maintaining them.

We have continued to work closely with our partners and build relationships with the research sector through communicating our work programme priorities.

The Ministry is leading the establishment of an environmental monitoring and reporting system that will enable Aotearoa to gain the most value from the environmental data we collect. This will represent a step change in how we, as a country, monitor the environment and use those data.



The resource management reform proposes a new system of biophysical limits to protect the environment. Targets would be introduced to drive improvement to the environment. These would also enable appropriate development. We are responsible for developing these by working with experts from across the environmental sector to ensure limits and targets are informed by up-to-date and robust evidence.

Under the Environmental Reporting Act 2015, the Ministry and Stats NZ report on the state of different aspects of the environment every six months, and on the state of the environment as a whole every three years.

In 2022/23, we published the reports *Our marine environment 2022* and *Our freshwater 2023*. *Our freshwater 2023* was accompanied by an innovative digital narrative that explored some of report's key themes. For more details, see the **'Our environment in a snapshot'** section.

We have proposed amendments to the Environmental Reporting Act 2015 so that future environment reports have more impact. These are intended to extend the Act's functionality and breadth through the collection and analysis of better data, evidence and information.

In 2023, the Ministry published our first long-term insights briefing, which explores issues and options for ensuring the future wellbeing of land and people. We developed this after two rounds of consultation, which included conversations with rangatahi who will be impacted for many decades by the choices made today.

Some areas of Aotearoa experienced severe weather events in the summer of 2022/23. The Ministry led a science workstream in response, conducting a stocktake of available data and funding new science. These initiatives will help us better understand the issues and recommend mitigation options to support adaptation in future.

Our work will help to ensure that research funding delivers useful knowledge, tools and processes to enhance and protect our environment and climate, and to support the major natural resource sector reforms that are under way. We will continue to address the gaps identified in our environmental knowledge, and strengthen the knowledge ecosystem, in 2023/24.

The Ministry will continue to ensure that all decision-making is informed by the inclusion of science, evidence, te ao Māori and wider knowledge. This will strengthen our ability to protect, preserve and enhance Aotearoa New Zealand's environment.

# Our systems

We have undertaken numerous digital activities in the past year as part of our Digital Work Programme. These initiatives are directed by our Digital Strategy 2020–2023, with a focus on keeping our systems running smoothly and improving integration and security for our people.

We have set up virtual workspaces to align with our 'flexible by default' policy, and we have implemented a data warehouse to improve how the Ministry collates and analyses its data to make better evidence-based decisions.

The key drivers of the Ministry's digital strategy support the Digital Strategy for Aotearoa and the Strategy for a Digital Public Service. We are focused on the 'cloud first' policy, as outlined by the Government Chief Digital Officer. According to this policy, government organisations must adopt public cloud services on a case-by-case basis, following risk assessments.

We have undertaken a large programme of work this year to move many of our key systems, applications and IT infrastructure to the cloud. Moving to the cloud means we are less reliant on physical servers, which could be affected by things like earthquakes and flooding.

The recent severe weather events, and the ongoing disruption they have caused, have highlighted why we should prioritise a new, sustainable approach to IT. We want to offer innovative and accessible solutions that meet the diverse needs of our stakeholders and support our mahi to preserve te taiao for future generations.

Tools like open data, automation, machine learning, artificial intelligence and more sophisticated digital service design will enable current and new technology services to be more accessible, smarter, more efficient and more cost-effective.

This has influenced the development of our IT Service Strategy, which is a multi-year work programme that diversifies our approach to procuring and managing IT services, creating a more sustainable IT supplier model to support a more flexible way of working.

In the future, this work programme will continue to strengthen our ability to:

- provide greater opportunities for staff to improve collaborative working and workforce diversity
- collect, use and store data securely, while recognising te ao Māori views on data
- use modern analytical tools to drive efficiencies and deliver better insights and outcomes
- offer online portals that are secure and easy to use for our wide range of internal and external stakeholders
- find innovative ways to develop and implement policy
- develop better approaches to managing regulator and government agency engagement, so our partners receive services with greater transparency.

# Our relationships

The scope of the Ministry's work is evolving from being primarily policy development to taking on a greater role to support implementation of our work.

Accordingly, we have been working on how our relationships with our partners and stakeholders develop over the whole lifespan of initiatives, from initial thinking and ideas through to how we work with our communities to create positive outcomes when an initiative comes into effect.

As a society, we face unprecedented challenges in managing and protecting our environment, particularly around the impact of climate change. We know we must create stronger connections with those who are affected, especially those we may not have held direct relationships with before, such as disproportionately affected communities.

We have developed and implemented organisation-wide engagement principles and standards that provide a framework for best practice in our engagement approach, how we build and nurture our enduring relationships, and how we should be connecting with others. Development of these involved incorporating advice and research from leading engagement exemplars – particularly ensuring that our partnership with iwi and Māori is at the forefront of our work and that we meet our obligations as good Treaty partners.

Key achievements are outlined below.

- We have implemented the model for a consistent, best-practice approach to engagement with our partners and stakeholders, from initiation of programmes of work through to implementation.
- We have developed a data capture and analysis approach to assessing our engagement performance.
- We have enhanced the capacity and capability of our engagement expertise within the organisation.
- We have been adopting the customer-relationship management tool to better support and record our engagement.
- We have delivered a range of partnerships focusing on accelerating business capability and investment in action for nature, including our partnership with the Aotearoa Circle – collaborating with leading Aotearoa businesses to test the application of the emerging Taskforce for Nature-related Financial Disclosures framework. We have partnered with the Sustainable Business Network on a range of programmes to accelerate and scale business initiatives to reduce emissions, enable the circular economy transition and progress business participation in nature regeneration. Further partnerships have been confirmed to drive food waste reduction, aiming to reduce food waste by 10 per cent across target sectors.
- We have worked with the Ministers responsible for key Crown entities (the Environmental Protection Authority | Te Mana Rauhi Taiao and He Pou a Rangi | Climate Change Commission). In particular, we have continued to provide responsible Ministers with timely monitoring and appointments advice. Alongside core work, we also supported an independent review of the Ministry's advisory groups and governance boards. This snapshot of current practices will inform our future operating model and enable opportunities for efficiency gains and improved processes to be realised.
- We have delivered content via digital and traditional communication platforms to engage New Zealanders in environmental issues and consultations.

# Our sustainability

The Ministry aspires to lead the public service in operating sustainably, reducing emissions and managing our climate-related risk. Our Sustainability Strategy July 2022 – June 2025 holds us to account and ensures we lead by example.

We are committed to understanding and addressing the actual and potential effects of climate change on our operations, policy, strategy and financial plans to ensure we deliver in a changing climate.

In June 2022, Ministry for the Environment staff moved into our shared building with Stats NZ at 8 Willis Street, Wellington. Our new whare and workplace has been awarded 6 Green Star Certification. This shows that the building and its fit-out at 8 Willis Street meet sustainable design and the whare is built to a world leadership standard.

# Our ao Māori strategy

## Building on our strategy for stronger Māori–Crown relations

In July 2020, we launched Te Ao Hurihuri – Transformational Gains Strategy.

This was adapted from the 'Pae Ora – Healthier Futures' model, developed by Sir Mason Durie. The strategy's aim is to enable our people and organisation to be confident, competent and effective in working with our Treaty partners.

Te Ao Hurihuri sets out our approach for coordinated, long-term engagement with Māori, and for integrating Māori views and values into our programmes.

As the lead public agency working on environmental policy, we have a responsibility to incorporate Māori perspectives, rights and interests in the policy development process. We strive for excellence, but we acknowledge we have more work to do – this includes improving our capability in te ao Māori.

In 2020, the Secretary for the Environment committed to Whāinga Amorangi (the Māori–Crown Relations Capability Framework released by Te Arawhiti in 2019). This transformation framework seeks to “develop and maintain the capability of the public service to engage with Māori and to understand Māori perspectives”.

## Our progress on Te Ao Hurihuri – Transformational Gains Strategy

- From March 2020 to June 2023, 388 staff participated in Tiriti education workshops.
- We established Tōnui in July 2022, which was designed to lift our overall baseline Māori–Crown relations capability. To date, 733 staff have attended this one-day wānanga.
- We established Te Kākano – a team of specialists focused on lifting te ao Māori capability. We set up a project to develop Māori policy quality standards. This will form part of the toolkit for building capability and consistency in our policy advice.
- We incorporated our commitment to building our capacity to be better Treaty partners into our leadership expectations framework.
- Work continues on reviewing Ministry practices to ensure they enable people to bring te Tiriti and te ao Māori into their work every day. The review also includes whether the policies and practices will help us to be a better Treaty partner. This work will be completed in late 2023.

Whāinga Amorangi identifies te reo Māori as a core competency for staff capability-building across the public service. To support our commitment and work in this area, the Ministry employed a te reo Māori learning facilitator (Kaiako te ara reo Māori) to provide support, resources and learning opportunities to develop and strengthen our staff's capability in te reo Māori.

Activities included:

- developing Te Rautaki me te Mahere Reo Māori a te Manatū mō te Taiao – the Ministry's te reo Māori strategy – and delivering a te reo Māori learning plan
- creating language-learning opportunities through staff networks, team meetings and all-staff meetings (kotahitanga)
- supporting and coordinating events and activities to mark significant kaupapa, including Matariki and Te Wiki o te Reo Māori
- developing and distributing language resources for staff.

A focus on including te ao Māori in our recruitment process has been key to achieving transformational gains, as set out in Te Ao Hurihuri.

This has included updating the Ministry's careers website and position descriptions to include te reo translations. We are also focusing on mātauranga and Māori worldview knowledge as a priority skill to help us achieve our aspirations. Our talent team has reviewed recruitment and interview practices, and how best to attract the right talent to achieve the shifts we need. The way we recruit in a diverse talent market has been integral to transforming our people processes. We have developed a talent-pool management framework to increase Māori placement across the Ministry. We advertise on a range of platforms to specifically attract more Māori to the Ministry.

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## Whāinga Amorangi

For clarity and stronger alignment with the expectations of Te Arawhiti, Whāinga Amorangi is our guiding framework for Te Ao Hurihuri. The framework outlines six core competencies:

1. Aotearoa history / te Tiriti literacy
2. te reo Māori
3. tikanga/kawa
4. understanding racial equity and institutional racism
5. worldview knowledge
6. engagement with Māori.

The aim of Te Arawhiti is for all public servants to reach the 'comfortable' level in the six core competencies.

Te Ao Hurihuri is now in its third year. The strategy has evolved and grown as much as the Ministry has. As part of our commitment to continuous development, in 2022 we refreshed Te Ao Hurihuri to build the capabilities the Ministry needs.

We also launched the Tōnui programme.

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## Tōnui

We have developed Tōnui – a baseline cultural capability programme – to help our organisation reach the 'comfortable' level in the six individual core capabilities outlined in Whāinga Amorangi. The programme consists of a one-day workshop on the capability areas. The programme is tailored to the Ministry and our mahi.

The programme offers learning modules that employees complete at their own pace in order to reinforce each kaupapa. These are supported by online wānanga.

The programme roll-out started in late 2022 and, by mid-2023, 72 per cent of Ministry staff had attended Tōnui workshops.

Tōnui means to flourish, prosper and thrive. Our aspiration for this unique programme is for the Ministry to work more effectively on our collective commitment to te Tiriti and on strengthening the Māori–Crown relationship. Te Ao Hurihuri emphasises the 'what' and the 'why' of this mahi and its importance; Tōnui helps us to structure 'how' we do this.

Tōnui will enable us to rapidly lift the Ministry's baseline capability, and it will be part of our induction programme for all new employees from August 2023.

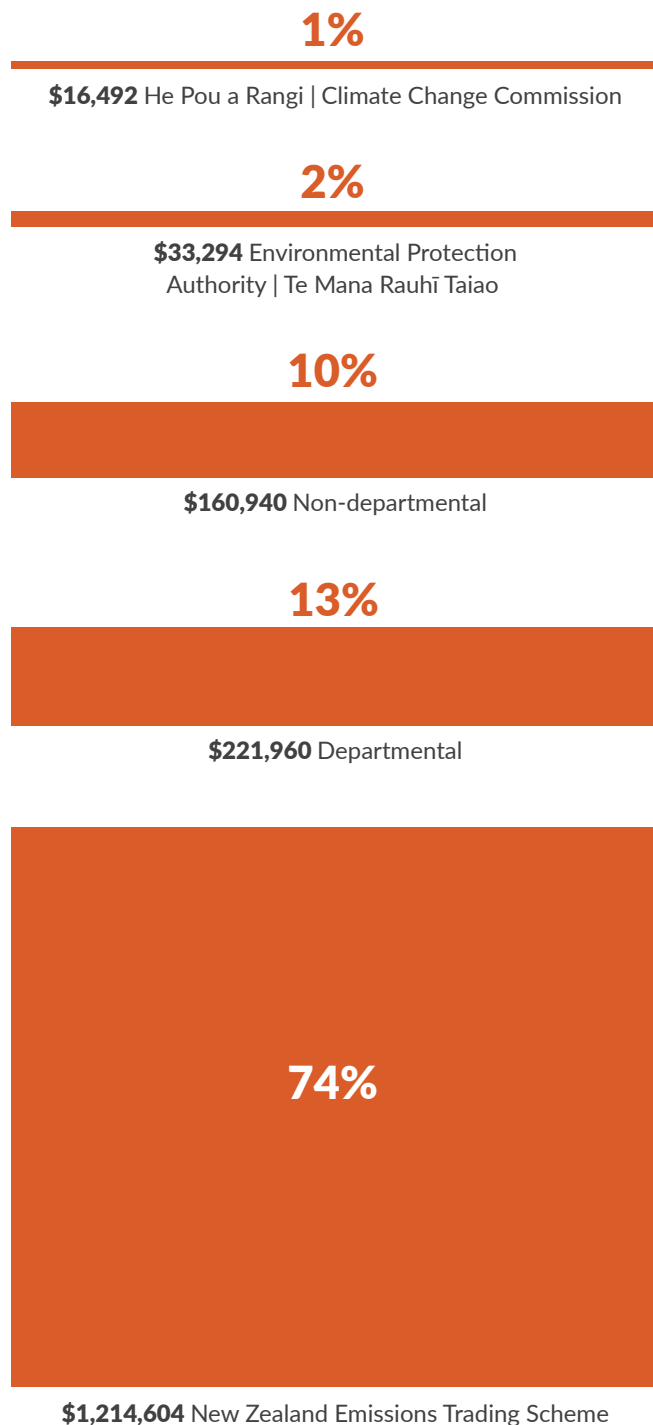
# Our funding and impact

## Vote Environment

Figure 4.8 shows the 2023/23 expenditure in Vote Environment. This is further divided into:

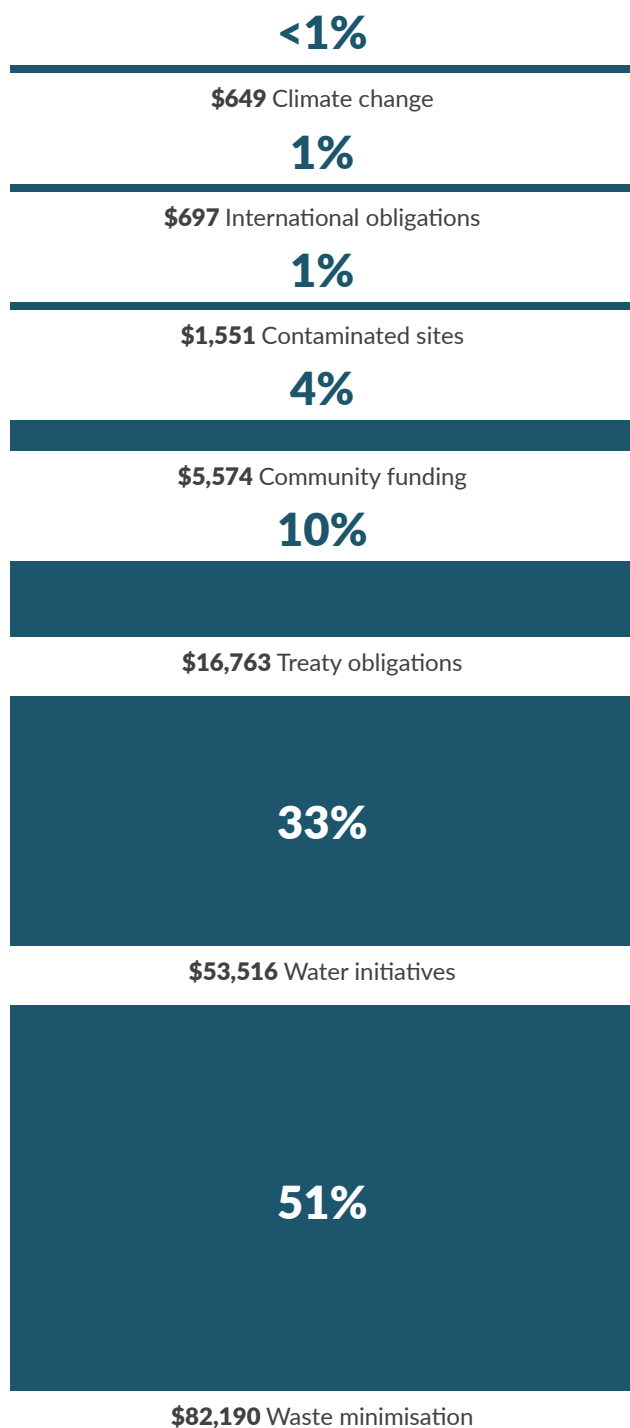
- figure 4.9, which shows non-departmental funding administered on behalf of Ministers and distributed externally (eg, for clean-up projects). The New Zealand Emissions Trading Scheme is not shown in this figure due to the scale of the appropriation
- figure 4.10, which shows departmental funding for our work programme. We show the types of funding separately, because of their size and significance.

FIGURE 4.8: VOTE ENVIRONMENT

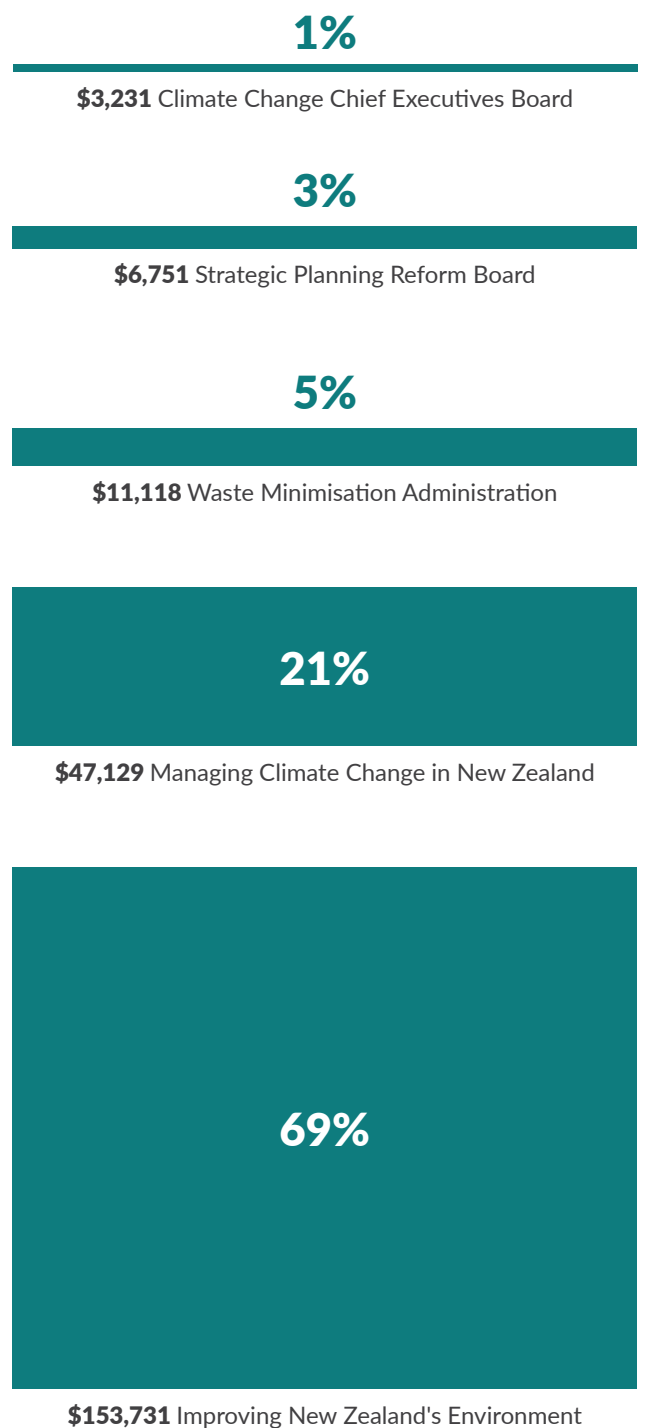




**FIGURE 4.9: NON-DEPARTMENTAL FUNDING**



**FIGURE 4.10: DEPARTMENTAL FUNDING**











# 5

## Our finances *Kōrero pūtea*

*The financial resources we have used to deliver our services.*

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# **Financial statements for the *Ministry for the Environment***

for the year ended 30 June 2023

## Performance indicators for the year ended 30 June 2023

	Unit	2022/23 Actual	2022/23 Revised budget*
<b>Operating results</b>			
Revenue: Crown	\$000	236,904	235,304
Revenue: Departmental and other	\$000	209	955
Output expenses	\$000	221,960	236,259
Gain on sale of assets	\$000	-	5
Net surplus	\$000	15,153	5
<b>Working capital</b>			
Net current assets	\$000	5,748	2,424
<b>Resource utilisation</b>			
<b>Plant and equipment</b>			
Plant and equipment at year end	\$000	4,724	5,056
Value per employee	\$000	4.68	4.22
Additions as % of plant and equipment	%	83.40	51.74
Plant and equipment as % of total assets	%	8.83	14.43
<b>Intangible assets</b>			
Intangible assets at year end	\$000	424	1,314
Value per employee	\$000	0.42	1.10
Additions as % of intangible assets	%	49.29	Nil
Intangible assets as % of total assets	%	0.79	3.75
<b>Taxpayers' funds</b>			
Level at year end	\$000	7,242	7,242
Level per employee	\$000	7.17	6.04
<b>Net cash flows</b>			
Surplus/(deficit) from operating activities	\$000	6,225	2,684
Surplus/(deficit) from investing activities	\$000	(3,842)	(795)
Surplus/(deficit) from financing activities	\$000	(3,931)	(5)
Net increase/(decrease) in cash held	\$000	(1,548)	1,884
<b>Human resources</b>			
Staff turnover	%	18.9	19.5
Average length of service	Years	2.9	3.0
Total staff (full-time equivalent)	No.	1,010.2	1,198.9

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

## Statement of comprehensive revenue and expense for the year ended 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Budget* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Revenue</b>					
Funding from the Crown		168,187	216,102	236,904	243,011
Other revenue	2	2,142	955	209	955
Gains		-	5	-	5
Total revenue		170,329	217,062	237,113	243,971
<b>Expenses</b>					
Personnel costs	3	99,910	119,345	128,360	153,024
Depreciation and amortisation expense	9, 10	1,541	1,567	1,363	2,664
Capital charge	4	362	362	362	362
Other expenses	6	64,585	95,783	91,875	87,896
Total expenses		166,398	217,057	221,960	243,946
<b>Net surplus and total comprehensive revenue and expense</b>		<b>3,931</b>	<b>5</b>	<b>15,153</b>	<b>25</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 19.

## Statement of financial position as at 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Budget* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	17,090	13,879	15,542	19,110
Receivables	8	16,643	16,203	31,439	16,203
Prepayments		504	300	1,375	1,000
<b>Total current assets</b>		<b>34,237</b>	<b>30,382</b>	<b>48,356</b>	<b>36,313</b>
<b>Non-current assets</b>					
Plant and equipment	9	1,827	4,184	4,724	3,050
Intangible assets	10	798	2,775	424	232
<b>Total non-current assets</b>		<b>2,625</b>	<b>6,959</b>	<b>5,148</b>	<b>3,282</b>
<b>Total assets</b>		<b>36,862</b>	<b>37,341</b>	<b>53,504</b>	<b>39,595</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	11	14,737	14,800	16,018	17,800
Return of operating surplus	12	3,931	5	15,153	25
Provisions	13	958	-	-	-
Lease incentive liability	6	-	-	564	-
Employee entitlements	14	8,442	11,000	11,437	11,438
<b>Total current liabilities</b>		<b>28,068</b>	<b>25,805</b>	<b>43,172</b>	<b>29,263</b>
<b>Non-current liabilities</b>					
Employee entitlements	14	1,552	1,596	3,090	3,090
<b>Total non-current liabilities</b>		<b>1,552</b>	<b>1,596</b>	<b>3,090</b>	<b>3,090</b>
<b>Total liabilities</b>		<b>29,620</b>	<b>27,401</b>	<b>46,262</b>	<b>32,353</b>
<b>Net assets</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>7,242</b>
<b>Equity</b>					
Taxpayers' funds		7,242	9,940	7,242	7,242
<b>Total equity</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>7,242</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit

Explanations of significant variances against budget are detailed in note 19.



## Statement of changes in equity for the year ended 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Budget* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Balance as at 1 July</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>9,940</b>
<b>Comprehensive revenue and expense</b>					
Surplus for the year		3,931	5	15,153	25
Return of operating surplus to the Crown	12	(3,931)	(5)	(15,153)	(25)
<b>Balance as at 30 June</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>9,940</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

## Statement of cash flows for the year ended 30 June 2023

	2021/22 Actual \$000	2022/23 Budget* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Cash flows from operating activities</b>				
Receipts from the Crown	168,187	216,102	221,904	258,011
Receipts from other revenue	2,674	955	563	1,042
Payments to suppliers	(61,977)	(96,741)	(91,669)	(87,535)
Payments to employees	(97,511)	(116,345)	(123,828)	(152,964)
Payments for capital charge	(362)	(362)	(362)	(362)
Goods and services tax (net)	197	-	(383)	1,324
Net cash flow from operating activities	11,208	3,609	6,225	19,516
<b>Cash flows from investing activities</b>				
Receipts from sale of plant and equipment	-	5	-	5
Purchase of plant and equipment	(1,809)	(2,900)	(3,855)	(300)
Purchase of intangible assets	18	(900)	13	(500)
Net cash flow from investing activities	(1,791)	(3,795)	(3,842)	(795)
<b>Cash flows from financing activities</b>				
Capital contribution received	-	-	-	-
Return of operating surplus	(5,215)	(5)	(3,931)	(15,153)
Net cash flow from financing activities	(5,215)	(186)	(3,931)	(15,153)
<b>Net increase/(decrease) in cash</b>	4,202	(191)	(1,548)	3,568
Cash at the beginning of the year	12,888	14,070	17,090	15,542
<b>Cash at the end of the year</b>	<b>17,090</b>	<b>13,879</b>	<b>15,542</b>	<b>19,110</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

## Statement of cash flows for the year ended 30 June 2023 (continued)

### Reconciliation of net surplus to net cash flow from operating activities

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Net surplus</b>	<b>3,931</b>	<b>15,153</b>
<b>Add/(less) non-cash items</b>		
Depreciation and amortisation expense	1,541	1,363
Net loss/(gain) on sale of fixed assets	640	4
Total non-cash items	2,181	1,367
<b>Add/(less) movements in statement of financial position items</b>		
(Increase)/decrease in receivables	(432)	(14,795)
(Increase)/decrease in prepayments	1,014	(871)
Increase/(decrease) in payables <sup>7</sup>	2,120	1,232
Increase/(decrease) in employee entitlements	2,394	4,533
Increase/(decrease) in provisions	-	(394)
Total net movement in working capital items	5,096	(10,295)
<b>Net cash flow from operating activities</b>	<b>11,208</b>	<b>6,225</b>

The accompanying accounting policies and notes form part of these financial statements.

<sup>7</sup> Creditors and accruals for capital expenditure are excluded when calculating this increase or decrease.

## Statement of commitments as at 30 June 2023

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of plant, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

### Non-cancellable operating lease commitments

The Ministry leases plant and equipment in the normal course of its business. The majority of these are for premises and photocopiers in Wellington, Christchurch and Auckland, which have a non-cancellable leasing period ranging from one to fifteen years.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. There are no restrictions placed on the Ministry by any of its leasing arrangements.

The total amount of future sub-lease payments expected to be received under non-cancellable sub-leases at the balance date are \$nil (2021/22: \$nil).

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Capital commitments</b>		
Intangible assets	-	
Total capital commitments	-	-
<b>Operating leases as lessee</b>		
<b>The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:</b>		
Not later than one year	3,474	4,403
Later than one year but not later than five years	14,731	17,764
Later than five years	39,659	31,866
Total non-cancellable operating lease commitments	57,698	54,033
<b>Total commitments</b>	<b>57,698</b>	<b>54,033</b>

## Statement of contingent liabilities and contingent assets as at 30 June 2023

### Contingent liabilities

#### Legal matters

There are 15 potential liabilities in relation to legal matters. Of these, ten proceedings may have potential liability of approximately \$535,000 as at 30 June 2023 (2021/22: seven potential liabilities in relation to legal matters at up to \$410,000). Potential liability for the other five proceedings is unquantifiable at this time.

#### Others

The Ministry has a potential liability of up to \$50,000 in relation to one employment matter.

Departmental contractual liability is not excluded under some contracts/ licences. The majority of these contracts are low value and/or low risk. When the contract is high value or the Ministry considers this as high risk a liability is capped.

### Contingent assets

There were no contingent assets as at 30 June 2023 (2021/22: \$nil).

# Notes to the financial statements

## 1. Statement of accounting policies for the year ended 30 June 2023

### Reporting entity

The Ministry for the Environment (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the Public Finance Act 1989, Public Service Act 2020, and the Environment Act 1986. The Ministry's ultimate parent is the New Zealand Crown.

In addition, the Ministry has reported on Crown activities that it administers. These accounts can be found in the non-departmental statements and schedules.

The primary objective of the Ministry is to provide advice to the Government on the New Zealand environment and international matters that affect the environment. The Ministry does not operate to make financial returns. Accordingly, the Ministry has designated itself as a public benefit entity (PBE) for the purpose of complying with generally accepted accounting practices (GAAP).

The financial statements of the Ministry are for the year ended 30 June 2023. The financial statements were authorised for issue by the Chief Executive of the Ministry on 29 September 2023.

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with the New Zealand GAAP and Treasury instructions. They comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for PBEs.

### Measurement base

The financial statements have been prepared on the basis of historical cost.

### Function and presentation of currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of the Ministry is New Zealand dollars.

## New or amended standards adopted

### *PBE IPSAS 41 Financial Instruments*

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Ministry has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard because the requirements are similar to those contained in PBE IFRS 9.

### *PBE FRS 48 Service Performance Reporting*

This Standard establishes new requirements for the selection and presentation of service performance information. The Ministry has adopted PBE FRS 48. The main change between PBE FRS 48 and PBE IPSAS 1 Presentation of Financial Statements is that PBE FRS 48 requires additional information to be disclosed on the judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information. This is disclosed in the sections '[Notes to strategic priorities](#)' and '[Notes to operating performance](#)'.

### *Other changes in accounting policies*

There have been no other changes in the Ministry's accounting policies since the date of the last audited financial statements.

## Standards issued and not yet effective and not early adopted

Standards and amendments that have been issued but are not yet effective and that have not been early adopted and that are relevant to the Ministry are:

### *2022 Omnibus Amendment to PBE Standards*

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- PBE IPSAS 16 Investment Property: The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- PBE IPSAS 17 Property, Plant and Equipment: The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- PBE IPSAS 30 Financial Instruments: Disclosures: The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

### *PBE IFRS 17 Insurance Contracts*

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

The Ministry has not yet assessed in detail the impact of these amendments and the new standard. These amendments and the new standard are not expected to have a significant impact.



## Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

### *Budgeting and forecasting figures*

The budget figures are those included in the Budget Economic and Fiscal Update (BEFU 2022) out-year 1 figures for the year ending 30 June 2023 and were published in the 2021/22 annual report.

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements and are based on PBE accounting standards.

The forecast figures for the year ending 30 June 2024 are the best estimate financial forecast information submitted to Treasury for the Pre-election Economic and Fiscal Update (PREFU).

The forecast figures are unaudited and have been prepared in accordance with the requirements of the Public Finance Act 1989 and comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities. They are to be used in the future for reporting historical general purpose financial statements.

The 30 June 2024 forecast figures have been prepared in accordance and comply with PBE FRS 42 Prospective Financial Statements.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures. The forecast financial statements were approved for issue by the Chief Executive on 7 August 2023.

Although the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2024 will not be published.

## Significant assumptions – forecast figures

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the year 2023/24. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2023/24 actual financial statements include changes to the baseline forecast through new initiatives, or technical adjustments.

The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the PREFU 2023 was finalised.

The main assumptions were:

- The Ministry's activities will remain substantially the same as the previous year, based on the Government's current priorities. These priorities include the major themes of resource management, climate change policy, waste minimisation, and water management.
- Personnel costs were based on 1,198 full-time equivalent staff, which takes into account staff turnover.
- Operating costs were based on historical experience and various other factors that were believed to be reasonable under the circumstances and are the Ministry's best estimates of future costs that will be incurred. Remuneration rates are based on current wages and salaries adjusted for anticipated remuneration changes.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.
- Estimated year-end information for 2022/23 was used as the opening position for the 2023/24 forecasts.

The actual financial results achieved for 30 June 2024 are likely to vary from the forecast information presented, and the variations might be material.

## Expenses

### *Cost allocation*

The Ministry derives the cost of outputs using a cost allocation system. Direct costs are charged directly to the Ministry's outputs. Indirect costs are charged to outputs based on a primary budgeted cost driver of salaried full-time equivalents.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be directly associated with a specific output.

There were no material changes to the cost allocation model since the date of the last audited financial statements.

### *Foreign currency*

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date. Foreign exchange gains or losses arising from translation of monetary assets and liabilities are recognised in the statement of comprehensive revenue and expense.

## Statement of cash flows

Cash means cash balances on hand and cash held in bank accounts.

Operating activities include cash received from all income sources of the Ministry and the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise capital injections by, or repayment of capital to, the Crown.

## Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except where otherwise stated. Receivables and payables in the statement of financial position are stated inclusive of GST. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense. The GST payable or receivable at balance date is included in payables or receivables in the statement of financial position.

The net GST paid to or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Income tax

The Ministry is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

### **Critical accounting estimates and assumptions**

The preparation of financial statements in conformity with PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the notes to the financial statements.

Note 10 provides the key assumptions used in determining the useful life of software.

Note 14 provides the key assumptions used in determining the estimates for long-service leave and retirement gratuities.

### **Commitments**

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into as at balance date. Information on non-cancellable capital and lease commitments are reported in the statement of commitments.

### **Contingencies**

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liability). Contingent liabilities, including unquantifiable liabilities, are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

### **Comparatives**

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current year.

## 2. Revenue

### Accounting policy

#### Revenue Crown

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved before balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

#### Revenue other

The Ministry derives revenue through the provision of services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

### Breakdown of other revenue

	2021/22 Actual \$000	2022/23 Actual \$000
Departmental	1,662	11
Other	480	198
<b>Total other revenue</b>	<b>2,142</b>	<b>209</b>

## 3. Personnel costs

### Accounting policy

#### Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

#### Superannuation schemes

##### Defined contribution schemes

Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

### Breakdown of personnel costs

	2021/22 Actual \$000	2022/23 Actual \$000
Salaries and wages	94,303	119,986
Employer contributions to defined contribution plans	2,837	3,625
ACC Levy	67	86
Net employee entitlements	2,553	4,428
Other	150	235
<b>Total personnel costs</b>	<b>99,910</b>	<b>128,360</b>

## 4. Capital charge

### Accounting policy

The capital charge is recognised as an expense in the financial year to which the charge relates.

### Further information

The Ministry pays a capital charge to the Crown on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2023 was 5 per cent (2021/22: 5 per cent).

## 5. Finance costs

The Ministry has not incurred any finance costs during the financial year ended 30 June 2023 (2021/22: nil).

## 6. Other expenses

### Accounting policy

#### Operating leases

An operating lease is a lease where the lessor does not transfer substantially all the risks and rewards of ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

#### Other expenses

Other expenses are recognised as goods and services are received. Recognition of contractors and consulting fees expenses aligns to the Public Service Commission guidelines.

### Breakdown of other expenses and further information

	2021/22 Actual \$000	2022/23 Actual \$000
Audit fees for the financial statement audit	328	326
Operating lease expenses*	5,713	5,225
Advertising and publicity	816	1,082
Contributions and sponsorship	4,034	17,881
External resources		
Contractors and consulting fees	28,622	37,136
Advisory groups	853	774
Legal advice	2,683	3,166
Annual outsourced specialist services	6,719	7,720
Services provided by other government agencies	5,202	6,565
General and administration	3,193	3,975
Other expenses	6,422	8,025
<b>Total other expenses</b>	<b>64,585</b>	<b>91,875</b>

\* Includes a \$564k lease incentive provision that is to be spread over the life of the 360 Lambton Quay lease.

## 7. Cash and cash equivalents

### Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. The Ministry is permitted to expend its cash and cash equivalents only within the scope and limits of its appropriations.

### Breakdown of cash and cash equivalents and further information

	2021/22 Actual \$000	2022/23 Actual \$000
Cash at bank and on hand	17,090	15,542

While cash and cash equivalents as at 30 June 2023 are subject to the expected credit loss requirements of PBE IFRS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

## 8. Receivables

### Accounting policy

Receivables are initially measured at their face value, less an allowance for expected credit losses (ECLs). The Ministry applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring ECLs, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are recorded at amount due, less an allowance for ECLs. The Ministry applies the simplified ECL model of recognising lifetime ECLs for short-term receivables.

In measuring ECLs, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Short-term receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of a recovery include the debtor being in liquidation or the receivable being more than one year overdue.

### Breakdown of receivables and further information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Receivables from non-exchange transactions</b>		
Debtor Crown	16,053	31,053
Total receivables from non-exchange transactions	16,053	31,053
<b>Receivables from exchange transactions</b>		
Debtors other	590	386
Total receivable from exchange transactions	590	386
<b>Total receivables</b>	<b>16,643</b>	<b>31,439</b>

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses is determined as follows:

30 June 2023	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount (\$000)	31,261	9	0	169	31,439
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

30 June 2022	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount (\$000)	16,482	98	32	31	16,643
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 9. Plant and equipment

### Accounting policy

Plant and equipment consists of furniture and fittings (including leasehold improvements), office equipment, and computer hardware. Plant and equipment are recognised and disclosed at cost less accumulated depreciation and impairment losses.

### Additions

The cost of an item of plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$1,500. The value of an individual asset that is less than \$1,500 and is part of a group of similar assets is capitalised.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in surplus or deficit. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to taxpayers' funds.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

The costs of day-to-day servicing of plant and equipment are recognised in surplus or deficit as they are incurred.



## Depreciation

Depreciation is provided on a straight-line basis on all plant and equipment, at a rate that will write off the cost (or valuation) of the assets, over their useful lives. The depreciation charge for each period is recognised in the statement of comprehensive revenue and expense. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset class	Useful life (years)	Depreciation rate (%)
Furniture and fittings	5–13	7.69–20.0
Office equipment	5	20.0
Computer hardware	3–4	25.0–33.33

Leasehold improvements (included in furniture and fittings) are capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter. Items classified as furniture and fittings but not deemed to be part of leasehold improvements are depreciated over their useful lives.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

## Impairment

Plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive revenue and expense for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Ministry would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount.

## Breakdown of plant and equipment and further information

	Furniture and fittings \$000	Office equipment \$000	Computer hardware \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2021	2,803	397	3,145	6,345
Additions	153	–	1,643	1,796
Add: Closing work in progress	79	–	–	79
Less: Opening work in progress	(66)	–	–	(66)
Disposals	–	–	(562)	(562)
<b>Balance as at 30 June 2022</b>	<b>2,969</b>	<b>397</b>	<b>4,226</b>	<b>7,592</b>
Balance as at 1 July 2022	2,969	397	4,226	7,592
Additions	53	3	611	667
Add: Closing work in progress	3,164	–	109	3,273
Less: Opening work in progress	(79)	–	–	(79)
Disposals	–	–	(8)	(8)
<b>Balance as at 30 June 2023</b>	<b>6,107</b>	<b>400</b>	<b>4,938</b>	<b>11,445</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance as at 1 July 2021	2,703	366	2,410	5,479
Depreciation expense	43	14	773	830
Elimination on disposal	–	–	(544)	(544)
<b>Balance as at 30 June 2022</b>	<b>2,746</b>	<b>380</b>	<b>2,639</b>	<b>5,765</b>
Balance as at 1 July 2022	2,746	380	2,639	5,765
Depreciation expense	40	15	905	960
Elimination on disposal	–	–	(4)	(4)
<b>Balance as at 30 June 2023</b>	<b>2,786</b>	<b>395</b>	<b>3,540</b>	<b>6,721</b>
<b>Carrying amounts</b>				
As at 1 July 2021	100	31	735	866
As at 30 June/1 July 2022	223	17	1,587	1,827
As at 30 June 2023	3,321	5	1,398	4724

### Restrictions

There are no restrictions over the title of the Ministry's plant and equipment, nor are any plant and equipment pledged as security for liabilities.

## 10. Intangible assets

### Accounting policy

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset.

Costs associated with staff training and the maintenance of computer software is recognised as an expense when incurred. Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense.

Typically, the estimated useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Asset class	Useful life (years)	Amortisation rate (%)
Acquired computer software	3–6	16.67–33.33
Developed computer software	3	33.33

#### Impairment

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive revenue and expense for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Ministry would, if deprived of the asset, replace its remaining future economic benefits or service potential.

An intangible asset that is not yet available for use at the balance date is tested for impairment annually.

### Critical accounting estimates and assumptions

#### Useful lives of software

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Ministry will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the Ministry, the useful life is based on historical experience with similar systems as well as anticipation of future events that may impact the useful life, such as changes in technology.

## Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

	Acquired software \$000	Acquired software licences \$000	Internally generated software (others) \$000	Internally generated software (LUCAS) \$000	Total \$000
<b>Cost</b>					
Balance as at 1 July 2021	5,999	25	1,429	1,843	9,296
Additions	207	-	-	-	207
Add: Closing work in progress	226	-	-	-	226
Less: Opening work in progress	(451)	-	-	-	(451)
Disposals	(914)	-	-	-	(914)
<b>Balance as at 30 June 2022</b>	<b>5067</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>8,364</b>
Balance as at 1 July 2022	5,067	25	1,429	1,843	8,364
Additions	209	-	-	-	209
Add: Closing work in progress	2	-	-	-	2
Less: Opening work in progress	(226)	-	-	-	(226)
Disposals	(1,745)	-	-	-	(1,745)
<b>Balance as at 30 June 2023</b>	<b>3,307</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,604</b>
<b>Accumulated amortisation and impairment losses</b>					
Balance as at 1 July 2021	3,890	25	1,389	1,843	7,147
Amortisation expense	671	-	40	-	711
Disposal	(292)	-	-	-	(292)
<b>Balance as at 30 June 2022</b>	<b>4,269</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>7,566</b>
Balance as at 1 July 2022	4,269	25	1,429	1,843	7,566
Amortisation expense	402	-	-	-	402
Disposals	(1,745)	-	-	-	(1,745)
Balance adjustment	(43)	-	-	-	(43)
<b>Balance as at 30 June 2023</b>	<b>2,883</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,180</b>
<b>Carrying amounts</b>					
As at 1 July 2021	2,109	-	40	-	2,149
As at 30 June/1 July 2022	798	-	-	-	798
As at 30 June 2023	424	-	-	-	424

## Restrictions

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

## 11. Payables

### Accounting policy

Creditors and other payables are non-interest bearing and are normally settled within 30 days; therefore payables are recorded at the amount payable.

### Breakdown of payables and further information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Payables under exchange transactions</b>		
Creditors	1,355	5,686
Accrued expenses	12,574	9,907
Total payables under exchange transactions	13,929	15,593
<b>Payables under non-exchange transactions</b>		
GST payable	808	425
<b>Total payables</b>	<b>14,737</b>	<b>16,018</b>

## 12. Return of operating surplus

	2021/22 Actual \$000	2022/23 Actual \$000
Net surplus	3,931	15,153
<b>Total return of operating surplus</b>	<b>3,931</b>	<b>15,153</b>

## 13. Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for net deficits from future operating activities.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate based on market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated timing of the future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs' (see note 5).

## Breakdown of provisions and further information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Current portion</b>		
Restoration costs	958	-
<b>Total current portion</b>	<b>958</b>	<b>-</b>
<b>Non-current portion</b>		
Restoration costs	-	-
<b>Total provisions</b>	<b>958</b>	<b>-</b>

Movements for each class of provision are as follows:

	Restoration costs \$000
<b>Balance as at 1 July 2021</b>	<b>958</b>
Additional provisions made	-
Amounts used	-
Unused amounts reversed	-
<b>Balance as at 30 June 2022</b>	<b>958</b>
<b>Balance as at 1 July 2022</b>	<b>958</b>
Additional provisions made (note 5)	-
Amounts used	958
Unused amounts reversed	-
<b>Balance as at 30 June 2023</b>	<b>-</b>

Provisions represents restoration costs in respect of the Ministry's leased premises. The Ministry is required at the expiry of the lease term to make good any damage caused to the premises and to remove any signage, fixtures, and fittings installed by the Ministry.

## 14. Employee entitlements

### Accounting policy

#### Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long-service leave, and retirement gratuities expected to be settled within 12 months.

#### Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long-service leave and retirement gratuities, are calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information
- the present value of the estimated future cash flows.

#### Presentation of employee entitlements

Salaries and wages accrued, annual leave, vested long-service leave, non-vested long-service leave, and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### Superannuation schemes

Obligations for contributions to defined contribution schemes such as the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

### Critical accounting estimates and assumptions

#### Long-service leave and retirement gratuities

The measurement of the long-service leave and retirement gratuities obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The rates used range from 4.84 per cent to 5.43 per cent (2021/22: 3.34 per cent to 4.29 per cent) and a long-term salary growth of 3.35 per cent (2021/22: 3.10 per cent) were used. The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$373,000 higher/lower.

If the salary inflation factor were to differ by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$336,000 higher/lower.



## Breakdown of employee entitlements

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Current portion</b>		
Salary accruals	2,268	3,623
Annual leave	5,648	7,205
Long-service leave and retirement gratuities	526	609
Total current portion	8,442	11,437
<b>Non-current portion</b>		
Long-service leave and retirement gratuities	1,552	3,090
<b>Total employee entitlements</b>	<b>9,994</b>	<b>14,527</b>

## 15. Capital management

### Accounting policy

The Ministry's capital is its equity, which comprise taxpayers' funds and is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and compliance with government budget processes, Treasury instructions, and the Public Finance Act.

The objective of managing the Ministry's equity is to ensure that the Ministry effectively achieves its goals and objectives for which it has been established while remaining a going concern.

## 16. Related party transactions

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances.

The Ministry enters into transactions with government departments, Crown entities, and state-owned enterprises on an arm's length basis. Transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

## Key management personnel compensation

	2021/22 Actual	2022/23 Actual
<b>Executive leadership team, including the Chief Executive</b>		
Remuneration	\$3,268,197	\$2,901,539
Full-time equivalent staff	10.6	8.9

The above key management personnel compensation excludes the remuneration and other benefits received by the Minister for the Environment and the Minister of Climate Change. The Ministers' remuneration and other benefits are not received only for their role as a member of key management personnel of the Ministry. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by the Ministry.

## 17. Events after the balance sheet date

The Ministry is currently consulting on a proposal to redesign its operating model in line with reducing Crown funding in outyears. As this is in the early stages of consultation, an estimation of the financial effect cannot reasonably be made.

There have been no other significant events after the balance date.

## 18. Financial instruments

### Financial instrument categories

The carrying amounts of financial assets and financial liabilities in each of the categories are as follows:

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	17,090	15,542
Receivables	16,643	31,439
<b>Total financial assets measured at amortised cost</b>	<b>33,733</b>	<b>46,981</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	13,929	15,593

### Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Ministry has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market risk

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Ministry makes purchases of goods and services overseas that require it to enter into transactions denominated in foreign currencies and as a result, exposure to currency risk arises. This is considered to be immaterial and accordingly, no sensitivity analysis has been completed.

##### Fair value interest rate risk

Interest rate risk is the risk that the return on invested funds will fluctuate due to changes in market interest rates. The Ministry has no significant exposure to interest rate risk because it has no interest-bearing financial instruments.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, credit risk arises from receivables and deposits with banks.

The Ministry is permitted to deposit funds only with Westpac, a registered bank. Westpac has a high credit rating of AA- (Standard and Poor's credit rating). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, and receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Cash and cash equivalents (note 7) and receivables (note 8) are subject to the expected credit loss model prescribed by PBE IFRS 41. The notes for these items provide relevant information on impairment.

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

As part of meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements

#### Contractual maturity analysis of financial liabilities

The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6 months - 1 year \$000	1-5 years \$000	More than 5 years \$000
<b>2023</b>						
Payables (note 11)	15,593	15,593	15,593	-	-	-
<b>2022</b>						
Payables (note 11)	13,929	13,929	13,929	-	-	-

## 19. Explanations of major variances against budget

Explanations for major variances from the Ministry's original 2022/23 budget figures are:

### (i) Statement of comprehensive income

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Variance \$000
Revenue Crown	236,904	216,102	(20,802)
Revenue other	209	955	746
Personnel costs	128,360	119,345	(9,015)
Contribution and sponsorship	17,881	10,561	(7,320)
External resources	59,366	50,480	(8,886)
Other operating costs	8,025	7,678	(347)

**Revenue Crown:** The actual Crown revenue was higher than budget mainly due to:

- a drawdown of tranche one from the resource-management-tagged contingency for upholding Treaty settlements
- an expense transfer from 2021/22 in relation to resource-management and freshwater-related reforms
- a drawdown of tranche one from the Ministry's wage-pressure-tagged contingency
- additional funding allocated in relation to various climate-change-related work programmes.

**Revenue other:** The actual other revenue was lower than budget primarily due to less than expected revenue received from other agencies for staff secondments, and other services provided by the Ministry.

**Personnel:** The actual expense was higher than budget resulting from larger staff numbers to deliver increased Ministry work programmes.

**Contribution and sponsorship:** The actual expense was higher than budget due to evolving engagement and partnership funding models with Ministry stakeholders.

**External resources:** The actual expense was higher than budget to reflect the increased work programme of the Ministry mentioned above, requiring specialist external resources.

## (ii) Statement of financial position

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Variance \$000
Cash and cash equivalents	15,542	13,879	(1,663)
Receivables	31,439	16,203	(15,236)
Payables	16,018	14,800	(1,218)

**Cash and cash equivalents:** The Ministry drew more funding from the Crown in anticipation of payments due to creditors. This has resulted in higher than the forecast cash and cash equivalents.

**Receivables:** The higher level of receivables primarily relates to amounts receivable from the Crown. Funds drawn down by the Ministry during the year differed from budget, leaving an increased amount receivable at year-end.

**Payables:** The actual payables were higher than budget due to higher-than-expected year-end accruals.

## (iii) Statement of cash flows

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Variance \$000
Receipts from the Crown	221,904	216,102	5,802
Receipts from revenue other	563	955	(392)
Payments to suppliers	91,669	96,741	(5,702)
Payments to employees	123,828	116,345	7,438

Explanations for variances in the statement of cash flows are explained above.

## 20. Strategic Planning Reform Board

In April 2021, the Strategic Planning Reform Board (the Board) was established as an interdepartmental executive board. Its purpose is to lead the policy development of the Spatial Planning Act as part of the Government's resource management reforms. Operating funding of 6.8 million in 2022/23 was approved for the new Spatial Planning Act appropriation.

The Ministry administers the Spatial Planning Act appropriation under Vote Environment and the revenues, expenditures, assets and liabilities relating to the Board are consolidated in the Ministry's financial statements. The Board's annual report is provided in the '[Interdepartmental executive board annual report 2022/23](#)' section.

### Strategic Planning Reform Board financial information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Revenue</b>		
Funding from the Crown	5,000	6,812
<b>Expenses</b>		
Personnel	708	2,119
Contractors and consultants	1,591	2,316
Other operating costs	2,617	2,316
<b>Total costs</b>	<b>4,916</b>	<b>6,751</b>
<b>Assets</b>		
Cash and cash equivalents	84	61
<b>Liabilities</b>		
Provision for repayment of surplus	84	61

### 21. Climate Change Chief Executives Board

The Climate Change Chief Executives Board (CCCEB) was established as an interdepartmental executive board on 29 July 2022 to provide oversight of the Government's response to climate change. Operating funding of \$4.1 million in 2022/23 was approved for the new appropriation.

The Ministry administers the CCCEB appropriation under Vote Environment and the revenues, expenditures, assets and liabilities relating to the Board are consolidated in the Ministry's financial statements. The CCCEB annual report is provided in the '[Interdepartmental executive board annual report 2022/23](#)' section.

### Climate Change Chief Executives Board financial information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Revenue</b>		
Funding from the Crown	-	4,171
<b>Expenses</b>		
Personnel	-	1,363
Contractors and consultants	-	846
Other operating costs	-	1,022
<b>Total costs</b>	<b>-</b>	<b>3,231</b>
<b>Assets</b>		
Cash and cash equivalents	-	940
<b>Liabilities</b>		
Provision for repayment of surplus	-	940

# Non-departmental statements and schedules

for the year ended 30 June 2023

*The following non-departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, and contingent assets the Ministry manages on behalf of the Crown.*

## Schedule of non-departmental revenue for the year ended 30 June 2023

	2021/22 Actual \$000	2022/23 Mains forecast* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Revenue</b>				
Royalties	527	750	89	750
Levies	77,604	155,500	119,756	217,500
Emissions trading	3,065,668	3,253,058	1,643,408	3,043,068
Emissions Trading Scheme penalty revenue	1,482	-	464	-
Grants refund	25	-	21	-
Net changes in carbon price of New Zealand Units	-	-	5,797,778	-
<b>Total non-departmental revenue</b>	<b>3,145,306</b>	<b>3,409,308</b>	<b>7,561,516</b>	<b>3,261,318</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 8.

## Schedule of non-departmental capital receipts for the year ended 30 June 2023

The Ministry on behalf of the Crown has no capital receipts (2021/22: \$nil).



## Schedule of non-departmental expenses for the year ended 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Mains forecast* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Expenses</b>					
Grants and settlements		96,224	285,966	102,913	221,324
Promotions		800	800	786	800
Subscriptions and contributions to international forums		1,118	1,215	1,169	1,373
Crown entity funding		39,156	44,968	47,026	53,269
Levy disbursement		34,968	75,000	54,397	105,000
Allocation of New Zealand Units		1,497,992	1,586,462	1,112,842	1,278,172
Net changes in carbon price of New Zealand Units	5	4,968,303	-	-	2,727,058
Loss on sale of New Zealand Units		42,416	-	101,762	7,351
GST input expense		22,518	56,255	29,972	56,510
Other		9,842	1,677	1,592	1,677
<b>Total non-departmental expenses</b>		<b>6,713,337</b>	<b>2,052,343</b>	<b>1,452,459</b>	<b>4,452,534</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 8.

The accompanying accounting policies and notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2023.

## Schedule of non-departmental assets as at 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Mains forecast* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		19,337	18,344	20,470	24,512
Receivables	2	19,465	19,750	26,297	33,500
Total current assets		38,802	38,094	46,767	58,012
<b>Non-current assets</b>					
		-	-	-	-
<b>Total non-departmental assets</b>		<b>38,802</b>	<b>38,094</b>	<b>46,767</b>	<b>58,012</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 8.

In addition, the Ministry monitors two Crown entities: the Environmental Protection Authority | Te Mana Rauhi Taiao and He Pou a Rangi | Climate Change Commission. The investments in these entities are recorded within the Financial Statements of the Government on a line-by-line basis. The investment in those entities is not included in this schedule.

The accompanying accounting policies and notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2023.

## Schedule of non-departmental liabilities as at 30 June 2023

	Notes	2021/22 Actual \$000	2022/23 Mains forecast* \$000	2022/23 Actual \$000	2023/24 Forecast* \$000
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	3	92,459	83,331	113,968	105,967
Provisions	5	11,692,346	11,268,200	6,325,260	8,625,643
<b>Total current liabilities</b>		<b>11,784,805</b>	<b>11,351,531</b>	<b>6,439,228</b>	<b>8,731,610</b>
<b>Non-current liabilities</b>					
Payables	3	93,484	87,404	65,615	62,510
<b>Total non-current liabilities</b>		<b>93,484</b>	<b>87,404</b>	<b>65,615</b>	<b>62,510</b>
<b>Total non-departmental liabilities</b>		<b>11,878,289</b>	<b>11,438,935</b>	<b>6,504,843</b>	<b>8,794,120</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 8.

## Schedule of non-departmental commitments as at 30 June 2023

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2021/22: \$nil).

The accompanying accounting policies and notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2023.

# Schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2023

## Unquantifiable contingent liabilities and contingent assets

### Environmental liabilities

Under common law and various statutes, the Crown may have responsibility to remedy adverse effects on the environment arising from Crown activities.

Liabilities for contaminated sites are recognised in accordance with PBE IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets. Obligations for the clean up of contaminated sites expressed in announcements or legislation are not recognised where they are executory in nature or have not created a valid expectation in other parties that the Crown will discharge the obligation.

## New Zealand Emissions Trading Scheme

### Post-1989 forest land

Owners of post-1989 forest land (or those with a registered interest in the forest on the land) may voluntarily become participants in the New Zealand Emissions Trading Scheme (NZ ETS), and in so doing are entitled to receive New Zealand Units (NZUs) for the increase in carbon stock in their forests.

Those landowners who have not registered their post-1989 forest land or who have deregistered from the scheme have until the end of 2025 (a one-off shortened 'mini-Mandatory Emissions Reporting Period beginning 1 January 2023 to 31 December 2025) to decide whether to re-register post-1989 forest land and receive NZUs for the period beginning from 1 January 2023. If they re-register, they can claim NZUs for all the carbon stored in their forest from 1 January 2023, subject to review and approval of their applications.

Participants also have various legal obligations including the surrender of units if the carbon stocks in their registered forest areas fall below a previously reported level (eg, due to harvesting or fire). However, the surrender liability is capped at the amount of units previously received by the participant for that area of forest land (if any).

Assets and liabilities relating to the post-1989 forestry sector have only been recognised in these non-departmental statements and schedules to the extent that participants have registered in the scheme at 30 June 2023.

### Pre-1990 forest land

Pre-1990 forest land is an area that was forest land on 31 December 1989 and that on 31 December 2007 is still forest land and is covered by predominantly exotic forest species.

Subject to various exemptions, if an area of more than two hectares of pre-1990 forest land is deforested in any five-year period from 1 January 2008, the landowner becomes a mandatory participant in the NZ ETS. The landowner must submit an emissions return and either surrender units or pay cash at a rate of \$25 per NZU for emissions resulting from deforestation occurred up to 2019 and \$35 per unit for emissions resulting from deforestation in 2020.

At 30 June 2023, there may be some deforestation which has not yet been reported to the Crown.

### Reimbursement of excess New Zealand Units surrendered to the Crown

There may be potential liability of reimbursing NZUs to participants who have surrendered units in excess of their obligations. The extent of potential liability is unknown and unquantifiable at this time.

## Quantifiable contingent liabilities

### Sand royalties

Customary marine title holders under the Marine Coastal Area (Takutai Moana) Act 2011 could have payments issued to them retrospectively with regard to sand and shingle royalties if the royalty is taken in the customary marine title area. The amount could be between \$500,000 and \$2 million (2021/22: Between \$500,000 and \$2 million).

The Ministry on behalf of the Crown has no other contingent liability or assets (2021/22: \$nil).

# Notes to the non-departmental statements and schedules

## 1. Statement of accounting policies for the year ended 30 June 2023

### Reporting entity

These non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2023. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the Government for the year ended 30 June 2023.

### Basis of preparation

These non-departmental statements and schedules have been prepared in accordance with the Government's accounting policies as set out in the consolidated Financial Statements of the Government, and in accordance with relevant Treasury instructions and Treasury circulars.

Measurements and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

### Function and presentation of currency

The non-departmental statements and schedules are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of the Ministry is New Zealand dollars.

### New or amended standards adopted

#### *PBE IPSAS 41 Financial Instruments*

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Ministry has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9.

### Other changes in accounting policies

There have been no other changes in the Ministry's accounting policies since the date of the last audited financial statements.

### Standard issued and not yet effective and not early adopted

Standards and amendments that have been issued but are not yet effective and that have not been early adopted and that are relevant to the Ministry are:

## 2022 Omnibus Amendment to PBE Standards

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- PBE IPSAS 16 Investment Property: The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- PBE IPSAS 17 Property, Plant and Equipment: The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- PBE IPSAS 30 Financial Instruments: Disclosures: The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

### *PBE IFRS 17 Insurance Contracts*

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

The Ministry has not yet assessed in detail the impact of these amendments and the new standard. These amendments and the new standard are not expected to have a significant impact.

## Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accrual basis of accounting has been used unless otherwise stated.

## Budgeting and forecasting figures

### **Basis of the budget and forecast figures**

The 2023 budget figures are for the year ended 30 June 2023 and were published in the 2021/22 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2022/23.

The budget figures used in these statements and schedules for the NZ ETS surrender of units and allocation of NZUs were valued using market prices per carbon unit at the time of BEFU 2022 forecast. Similarly, the liability provision for the NZ ETS was valued using market price per carbon unit at the time of budget forecast. Budget (mains forecast and the revised forecast) figure for the appropriation of Allocation of New Zealand Units is based on NZ\$100 per carbon unit to mitigate the risk of breaching the appropriation.

The 2024 forecast figures are for the year ending 30 June 2024, which are consistent with the best estimate financial forecast information submitted to the Treasury for the Pre-Election Economic and Fiscal Update (PREFU) for the year ending 2023/24.

The forecast figures used in these statements and schedules for the NZ ETS surrender of units and allocation of NZUs were valued using market prices per carbon unit at the time of PREFU 2023 forecast. Similarly, the liability provision for the NZ ETS was valued using market price per carbon unit at the time of PREFU forecast. PREFU forecast figure for the appropriation of Allocation of New Zealand Units is based on NZ\$100 per carbon unit to mitigate the risk of breaching the appropriation.



The budget and forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these statements and schedules and are based on PBE standards.

The budget and forecast figures are unaudited and have been prepared in accordance with the requirements of the Public Finance Act 1989 and comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities. They are to be used in the future for reporting historical general purpose financial statements.

The forecast figures contained in these financial statements reflects the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the year 2023/24. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2023/24 actual financial statements include changes to the baseline forecast through new initiatives, or technical adjustments.

## **New Zealand Emissions Trading Scheme**

The New Zealand Emissions Trading Scheme (NZ ETS) is New Zealand's primary response to global climate change. It puts a price on greenhouse gases to provide an incentive to reduce emissions, invest in energy efficiency, and plant trees.

The purpose of the scheme is to help reduce New Zealand's emissions to below business-as-usual levels and help New Zealand meet its international obligations under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. This is achieved by establishing a price on emissions, which creates a financial incentive for emitters to reduce their emissions.

In operation since 2008, the mandatory NZ ETS currently covers emissions from forestry, stationary energy, industrial processes, and liquid fossil fuels, which are collectively responsible for roughly 50 per cent of New Zealand's emissions. Emissions from waste are covered by the NZ ETS from 2013, while emissions from synthetic gases are covered by the NZ ETS or a levy from 2013. Since 1 January 2012, the agricultural sector has had mandatory reporting obligations under the NZ ETS.

The NZ ETS is the system in which NZUs are traded. Under the NZ ETS, certain sectors are required to acquire and surrender NZUs or other eligible emission units to account for their direct greenhouse gas emissions or the emissions associated with their products.

The Ministry collects forecast information in relation to the allocation and surrender of units from different agencies:

- The Ministry for Primary Industries provides information on post-1989 and Permanent Forest Sink Initiative allocation, deforestation, and deregistration forecast.
- The Ministry of Business, Innovation and Employment provides information for surrender of units for Liquid fossil fuels and Stationary energy and industrial processes.
- The Environmental Protection Authority | Te Mana Rauhi Taiao provides information on allocation of units to industrial sectors and other removable activities.
- The Ministry for the Environment provides surrender forecast for Synthetic Greenhouse Gases (SGG) and the Waste sectors; and allocation forecast for SGG, Waste sectors, and the Negotiated Greenhouse Agreements.

The Climate Change Response (Emission Trading Reform) Amendment Act 2020 introduced auctioning in the NZ ETS to align the supply of units in the scheme with New Zealand's emission reduction targets. The first auction took place in March 2021, with auctions occurring on a quarterly basis. The units allocated to the market through the auctioning process increases the overall ETS provision in line with the general ETS accounting treatment. Further information on the auctioning process can be found on the Ministry's website.

## Revenue

The Ministry collects revenue on behalf of the Crown. This revenue includes the Waste Disposal Levy which is legislated under the Waste Minimisation Act 2008, the Synthetic Greenhouse Gas Levy under the Climate Change Response Act 2002, and the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013, and from the surrender of units under the NZ ETS.

The Waste Disposal Levy revenue is recognised in the month when waste is disposed at landfill.

The Synthetic Greenhouse Gas Levy revenue is recognised in the month when it is collected by Waka Kotahi NZ Transport Agency.

Revenue (including accruals) arising from the NZ ETS is recognised when a participant makes emissions or a liability to the Crown is incurred.

## Expenses

### Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry has no obligation to award on receipt of the grant application.

For discretionary grants without substantive conditions, the total committed funding over the life of the funding agreement is recognised as expenditure when the grant is approved by the relevant committee or body and the approval has been communicated to the applicant – for example, Environmental Legal Assistance.

Grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when the grants conditions have been satisfied.

### Allocation of New Zealand Units under the NZ ETS

Expenses (including accruals) arising from the allocation of NZUs under the NZ ETS are recognised as follows:

- For NZUs issued as one-off compensation (such as the pre-1990 forestry allocation), expenditure is recognised at the point that the participant has provided all relevant information to the Government to show they have met the criteria and rules for the issue of NZUs and are entitled to them under the NZ ETS.
- For NZUs issued for carbon sequestration (such as post-1989 forestry) or as annual compensation for NZ ETS costs (such as the industrial allocation), expenditure is recognised when the carbon is sequestered (based on forecasts of sequestration for registered participants in the scheme at each reporting date) or as the emissions compensated by the industrial allocation occur.

The methodology used to approximate the price at the date of each transaction is the lower of the monthly average NZU price and the spot NZU price at the end of each month

### Levy disbursement

Expenses arising from waste levy disbursements are recognised in the month the waste is disposed at landfill. Under the Waste Minimisation Act 2008, 50 per cent of the levy collected must be distributed to territorial local authorities.

### Settlement expenditure

An expense and an associated provision are recognised for settlement agreements with Waikato River iwi and other iwi on the initialling of the deeds of settlement by the Crown and the relevant iwi.

**Foreign exchange**

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental revenue or expenses.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash in transit, and funds held in bank accounts administered by the Ministry. All cash held in bank accounts is held in on demand accounts and no interest is payable to the Ministry.

**Goods and Services Tax**

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with the Treasury instructions, GST is returned on revenue received on the behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

**Commitments**

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into as at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

**Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

**Critical accounting estimates and assumptions**

The preparation of financial statements in conformity with PBE accounting standards requires judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the notes to the financial statements.

Note 5 provides the key assumptions used in determining the provision for the allocation of NZUs.

## 2. Receivables

### Accounting policy

Receivables are initially measured at their face value, less an allowance for expected credit losses. The Ministry applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

### Breakdown of receivables and further information

	2021/22 Actual \$000	2022/23 Actual \$000
Receivables	13,167	14,356
Fines and penalties receivable	347	346
Accrued revenue	5,951	11,595
<b>Total receivables - non-exchange</b>	<b>19,465</b>	<b>26,297</b>

The expected credit loss rates for receivables as at 30 June 2023 and 30 June 2022 are based on the payment profile of revenue on credit over the prior 12 months at the measurement date and the corresponding historical credit losses experienced for that period. Judgement is also applied to determine whether historical loss rates are expected to continue, and any adjustment to the loss rates due to current and forward-looking macroeconomic factors that might affect the recoverability of receivables.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses as at 30 June 2023 and 30 June 2022 was determined as follows:

30 June 2023	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount (\$000)	25,951	0	0	346	26,297
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>

30 June 2022	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	99.6%	-
Gross carrying amount (\$000)	19,431	0	0	8,597	28,028
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,563</b>	<b>8,563</b>

The movement in the allowance for credit losses is as follows:

	2021/22 Actual \$000	2022/23 Actual \$000
Allowance for credit losses as at 1 July calculated under PBE IPSAS 29	-	-
PBE IFRS 9 expected credit loss adjustment	-	-
Opening allowance for credit losses as at 1 July	-	-
Increase in loss allowance made during the year	8,563	-
Receivables written off during the year	(8,563)	-
<b>Balance as at 30 June</b>	<b>-</b>	<b>-</b>

### 3. Payables

#### Accounting policy

Short-term payables are recorded at the amount payable.

#### Breakdown of payables and further information

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Current payables are represented by:</b>		
Waikato River Co-management*	5,711	34,000
Waikato River Clean-up Fund	6,908	6,911
Te Pou Tupua	590	590
Transitional Support for Local Government and Iwi	3,759	2,859
GST payable	988	1,778
Other payables	74,503	67,830
Total current portion	92,459	113,968
<b>Non-current payables are represented by:</b>		
Waikato River Co-management	24,968	-
Waikato River Clean-up Fund	66,984	64,188
Te Pou Tupua	1,532	1,427
Total non-current portion	93,484	65,615
<b>Total payables – non-exchange</b>	<b>185,943</b>	<b>179,583</b>

The carrying value of payables approximates their fair value.

Payables are non-interest bearing and are normally settled within 30 days except for the Waikato River Co-management and the Waikato River Clean-up Fund. These payments are settled on the due dates.

\* Increase in payables relating to Waikato River Co-management funding is due to the decision to pay remaining payments as advance lump sums following requests from iwi. The Ministry has recognised the remaining amount of funding as an expense in 2022/23.

### Recognition of future discounted cash flows for the Waikato River Funds

	Payables			Total
	2023-24 \$000	2025-29 \$000	2030-34 \$000	\$000
<b>Co-management</b>				
Nominal	34,000	-	-	34,000
Discount	-	-	-	-
<b>Recognised</b>	<b>34,000</b>	<b>-</b>	<b>-</b>	<b>34,000</b>
<b>Clean-up</b>				
Nominal	7,333	36,665	36,665	110,004
Discount	(422)	(7,576)	(14,930)	(38,905)
<b>Recognised</b>	<b>6,911</b>	<b>29,089</b>	<b>21,735</b>	<b>71,099</b>

The table above reconciles the cash outflows that will occur over the next 15 years.

### Recognition of future discounted cash flows for the Whanganui River Funds

	Payables			Total
	2023-24 \$000	2025-29 \$000	2030-34 \$000	\$000
<b>Te Pou Tupua</b>				
Nominal	600	1,000	1,000	2,600
Discount	(10)	(191)	(382)	(583)
<b>Recognised</b>	<b>590</b>	<b>809</b>	<b>618</b>	<b>2,017</b>

The table above reconciles the cash outflows that will occur over the next 11 years.

## 4. Financial instruments

The carrying amounts of financial assets and financial liabilities in each of the categories are as follows:

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	19,337	20,470
Receivables (excludes fines and penalties receivable)	19,118	25,951
Total financial assets measured at amortised cost	38,455	46,421
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	184,955	177,805

## Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from deposits with banks and receivables.

The Ministry is permitted to deposit funds only with Westpac, a registered bank. Westpac has a high credit rating of AA- (Standard and Poor's credit rating). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac, there are no significant concentrations of credit risk.

Cash and cash equivalents as at 30 June 2023 and receivables (note 2) are subject to the expected credit loss model prescribed by PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial. The notes for these items provide relevant information on impairment.

## 5. Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

The provision for the allocation of NZ Units is remeasured using the current spot price at each reporting date.

	2021/22 Actual \$000	2022/23 Actual \$000
<b>Current portion</b>		
Allocation of New Zealand Units	11,692,346	6,325,260
<b>Total current portion</b>	<b>11,692,346</b>	<b>6,325,260</b>
<b>Non-current portion</b>	-	-
<b>Total provisions</b>	<b>11,692,346</b>	<b>6,325,260</b>

	<b>Allocation of New Zealand Units \$000</b>
<b>Balance as at 1 July 2021</b>	<b>6,053,023</b>
Additional provisions made	3,656,019
Amounts used	(3,027,415)
(Gains)/losses	5,010,719
<b>Balance as at 30 June 2022</b>	<b>11,692,346</b>
<b>Balance as at 1 July 2022</b>	<b>11,692,346</b>
Additional provisions made	1,906,119
Amounts used	(1,577,189)
(Gains)/losses	(5,696,016)
<b>Balance as at 30 June 2023</b>	<b>6,325,260</b>

#### Provision for NZ ETS credits

	<b>2021/22 Units in millions</b>	<b>2021/22 Amount in \$millions</b>	<b>2022/23 Units in millions</b>	<b>2022/23 Amount in \$millions</b>
Opening provision	139.3	6,053	153.9	11,692
Auctioned units	33.2	2,158	9.7	793
Use of fixed price option	1.0	30	2.2	66
Allocated units	20.5	1,498	22.6	1,113
Surrendered units	(40.2)	(3,066)	(37.0)	(1,643)
(Gains)/losses	-	5,011	-	(5,696)
Other adjustments	0.1	8	-	-
<b>Closing provision</b>	<b>153.9</b>	<b>11,692</b>	<b>151.5</b>	<b>6,325</b>

The revenue and expenses reported under the NZ ETS are as follows:

	<b>Revenue: Units surrendered</b>				<b>Expenses: Units allocated</b>			
	<b>2021/22</b>		<b>2022/23</b>		<b>2021/22</b>		<b>2022/23</b>	
	<b>Units in millions</b>	<b>\$ millions</b>	<b>Units in millions</b>	<b>\$ millions</b>	<b>Units in millions</b>	<b>\$ millions</b>	<b>Units in millions</b>	<b>\$ millions</b>
Liquid Fossil Fuels	18.4	1,400	12.8	567	-	-	-	-
Stationery Energy and Industrial Processes	18.8	1,433	20.0	890	8.5	620	7.7	733
Waste	0.9	71	0.5	22	-	-	-	-
Forestry	2.1	162	3.7	164	12.0	878	14.9	380
<b>Total</b>	<b>40.2</b>	<b>3,066</b>	<b>37.0</b>	<b>1,643</b>	<b>20.5</b>	<b>1,498</b>	<b>22.6</b>	<b>1,113</b>



## Allocation of New Zealand Units

The NZ ETS was established to encourage a reduction in greenhouse gas emissions. The NZ ETS creates a limited number of tradable units (NZUs) which the Government can allocate freely or sell to entities. The allocation of NZUs (including auctioned units) creates a provision. An expense is recognised in relation to the allocation of free units. The provision is reduced, and revenue recognised, as NZUs are surrendered to the Crown by emitters. Emitters can also use the fixed price option of \$25 per unit for emissions occurred up to 2019 and \$35 per unit for emissions occurred in 2020 to settle their emission obligation.

The Ministry has classified the provision for allocation of NZUs as a current liability because it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Based on forecasts of NZ ETS activity, recovery/settlement is expected to occur as follows:

- within 12 months: \$3,043.068 million (2021/22: \$3,285.480 million)
- after more than 12 months: \$3,282.192 million (2021/22: \$8,406.866 million).

The carbon price of NZ\$41.75 at 30 June 2023 (2021/22: NZ\$76 at 30 June 2022) has been used to value NZUs. This price is determined based on the current quoted NZU spot price at the end of the reporting date published by Jarden Securities Limited and reported on their Jarden CommTrade carbon website.

## New Zealand's 2012 target under the Kyoto Protocol

New Zealand fully complied with its first commitment period (CP1) commitments under the Kyoto Protocol, including its 2012 emissions reduction target.

## New Zealand's 2020 target under the United Nations Framework Convention on Climate Change

Although New Zealand chose to take its 2020 emissions reduction target under the United Nations Framework Convention on Climate Change (UNFCCC) rather than the Kyoto Protocol, we decided to apply the Kyoto Protocol rules to account for it. This is to ensure transparency and consistency with our previous target.

New Zealand's 2020 target is to reduce gross greenhouse gas emissions to 5 per cent below 1990 levels for the period 2013 to 2020. Progress towards meeting our international emissions reduction targets is kept track of by updating our net position each year. The latest net position update is based on New Zealand's Greenhouse Gas Inventory (1990-2020) (the 2022 Inventory), which covers the period from 1990 to 2020. This means we have inventory data and unit information to work out whether we will meet our 2020 target.

Based on the 2022 Inventory:

- New Zealand's gross emissions for the 2013–20 period were 639.6 million tonnes carbon dioxide equivalent (Mt CO<sub>2</sub>-e)
- forestry activities removed 123.3 Mt CO<sub>2</sub>-e from the atmosphere over the 2013–20 period
- New Zealand's net emissions are 1.03 per cent higher than the carbon budget available after accounting for forestry activities.

The difference required to meet the 2020 target will be made up of 6.5 million international units retained from CP1. This will leave a surplus of 21.5 million CP1 units.

Note: The 2022 inventory submission has undergone the formal UNFCCC expert review process. The UNFCCC process for finalising 2020 targets is currently underway. This involves reporting internationally and cancelling the 6.5 million international units, that are held by the Crown, to meet the target.

## New Zealand's 2030 target under the Paris Agreement

New Zealand's first Nationally Determined Contribution (NDC1) under the Paris Agreement is for the period 2021–30. Our NDC1 was updated in 2021 to take account of new information and advice the Minister of Climate Change received from He Pou a Rangi | Climate Change Commission. The new NDC1 is to reduce gross greenhouse gas emissions by 50 per cent below 2005 levels by 2030.

New Zealand will formally confirm details of the 2021–30 emissions budget calculations together with the accounting rules it will apply as part of the first biennial transparency report to be submitted under the Paris Agreement in 2024.

## 6. Events after the balance sheet date

On 25 July 2023, the Government announced changes to unit limits and price control settings for the NZ ETS. These included raising auction price floor settings, introducing a higher two-tier cost containment reserve trigger price and reducing the overall limit in carbon units (sometimes called the cap on emissions) so that there will be fewer NZUs auctioned in the future.

The price of the NZU has increased to \$70.50 per carbon unit as at 31 August 2023. This increase has effect on the Allocation of New Zealand Units provision which has increased to \$10,681 million from \$6,325 million.

There have been no other significant events after the balance date.

## 7. Memorandum account for the Waste Minimisation Fund

	<b>2021/22 Actual \$000</b>	<b>2022/23 Actual \$000</b>
Provision for statutory information		
Balance as at 1 July	42,933	57,713
Revenue from waste levy collection	70,101	108,812
Expenses	(55,321)	(76,282)
<b>Balance as at 30 June</b>	<b>57,713</b>	<b>90,243</b>

The memorandum account records the Waste Disposal Levy collected which has not been spent to date. As at 30 June 2023, the Waste Minimisation Fund has approximately \$15 million in commitments to be paid on delivery of projects. The revenue represents the levy that is collected by waste disposal facilities. The expenses represent the disbursement of the received levy to territorial authorities, the Waste Minimisation Fund, and the administration cost incurred by the Ministry. The disbursements of the levy to territorial authorities and the Waste Minimisation Fund are included as part of the non-departmental schedules of revenue and expenses.

## 8. Explanations of major variances against mains forecast

Explanations for major variances from the Ministry's non-departmental mains forecast figures are as follows:

### (i) Schedule of non-departmental revenue

	2022/23 Actual \$000	2022/23 Mains forecast \$000	2022/23 Variance \$000
Levies	119,756	155,500	(35,744)
Emissions trading	1,643,408	3,253,058	(1,609,650)
Net changes in carbon price of New Zealand Units	5,797,778	-	5,797,778

**Levies:** Levies include the revenue collected from the waste disposal landfill facility operators and the Synthetic Greenhouse Gas Levy collected by Waka Kotahi NZ Transport Agency.

The revenue collected from the Waste Disposal Levy was lower than mains forecast due to lower numbers of Class 2 landfills than anticipated.

**Emissions trading:** The actual revenue from surrendering units under the NZ ETS from emitters was lower than mains forecast primarily due to decrease in the price of NZUs. In addition to the above, lower than forecast units surrendered by the industrial and forestry sectors.

**Net changes in carbon price of New Zealand Units:** The actual revenue recognised is in relation to changes in carbon price of NZUs. This is due to decrease in the price of NZUs, thereby reducing the NZ ETS provision at year end. These changes are considered as a remeasurement under the Public Finance Act 1989 and do not require appropriation.

**(ii) Schedule of non-departmental expenses**

	<b>2022/23 Actual \$000</b>	<b>2022/23 Mains forecast \$000</b>	<b>2022/23 Variance \$000</b>
Grants and settlements	102,913	285,966	(183,053)
Allocation of New Zealand Units	1,112,842	1,586,462	(473,620)
Disbursements to Territorial Local Authorities	54,397	75,000	(20,603)
Loss on sale of New Zealand Units	101,762	-	101,762

**Grants and settlements:** Expenditure on grants and settlements were lower than mains forecast primarily due to the following:

- **Climate Emergency Response Fund – Waste Initiatives:** Expenditure was lower than mains forecast because of the fund being in its first year of operation. This fund is expected to be fully committed and the drawdown and payments to happen overtime, as deeds are signed, and milestones delivered.
- **Contestable Waste Minimisation Fund:** Expenditure was lower than mains forecast due to projects experiencing delays. Further, each year there is a time lag between the Waste Disposal Levy and the funding round opening. Baseline updates are used to match expected spend over the forecast period.
- **Contaminated Sites Remediation Fund:** Expenditure was lower than mains forecast due to the process of negotiating contracts for projects taking longer time than anticipated. An expense transfer of funding to 2023/24 and outyears is sought to ensure each project has sufficient funds to complete their programme of work.
- **Fresh Start for Fresh Water:** Rotorua Te Arawa Lakes Programme: No expenditure was incurred in this appropriation against the mains forecast because actual deliverables for the project were lower than anticipated for the 2022/23 financial year.
- **Freshwater Improvement Fund:** Expenditure was lower than mains forecast due to extended timeline for approval of projects. These delays impacted the expected start dates and therefore rephasing of funds to 2023/24 and outyears.
- **Waste Minimisation and Resource Recovery Initiatives:** Expenditure was lower than mains forecast due to the termination of one of the large contracts. Further underspends were due to projects experiencing delays. An expense transfer of funding to 2023/24 is sought to ensure each project has sufficient funds to complete their programme of work.
- **Kaipara Moana Remediation:** Expenditure was lower than mains forecast due project experiencing significant delays by supply chains, resourcing, and engagement activities (including landowner meetings and sediment assessments on properties).

**Allocation of New Zealand Units:** Expenditure for Allocation of New Zealand Units was lower than mains forecast primarily due to decrease in the price of NZUs. In addition to the above, lower than forecast units allocated to post-1989, industrial and other removal sectors.

**Disbursements to Territorial Local Authorities:** Expenditure was lower than mains forecast. This is because the disbursement to territorial authorities is dependent on the Waste Disposal Levy collected under the Waste Minimisation Act 2008 during the year. Fifty per cent of the Waste Disposal Levy collected is distributed to territorial authorities.

**Loss on sale of New Zealand Units:** The actual expenditure was higher than mains forecast due to the majority of forestry participants using the fixed price option for surrendering units.

**(iii) Schedule of non-departmental assets**

	2022/23 Actual \$000	2022/23 Mains forecast \$000	2022/23 Variance \$000
Receivables	26,297	19,750	6,547

**Receivables:** The higher level of receivables primarily relates to the Waste Disposal Levy to be received from the landfill facility operators. This is due to the regulatory changes relating to the expansion and increase of the levy.

**(iv) Schedule of non-departmental liabilities**

	2022/23 Actual \$000	2022/23 Mains forecast \$000	2022/23 Variance \$000
Payables	179,583	170,735	8,848
Provisions	6,325,260	11,268,200	(4,942,940)

**Payables:** The actual payables were higher than mains forecast due to higher than anticipated accruals for both grants and settlements.

**Provisions:** Provisions relate to NZUs. This was lower than mains forecast mainly due to decrease in the price of NZUs. The market price of the unit decreased to \$41.75 at 30 June 2023 from \$76 at 30 June 2022. Further, lower than expected units were sold through the auction and lower than forecast units were surrendered by the industrial and forestry sectors.

# Appropriation statements

*The following statements report information about the expenses and capital expenditure incurred against each appropriation that the Ministry administers for the year ended 30 June 2023. They are prepared on a GST-exclusive basis.*

## Statement of budgeted and actual expenses and capital expenditure incurred against appropriations for the year ended 30 June 2023

### Annual and permanent appropriations for Vote Environment

	2021/22 Expenditure \$000	2022/23 Budget* \$000	2022/23 Revised budget* <sup>8</sup> \$000	2022/23 Expenditure <sup>9</sup> \$000	2023/24 Forecast* \$000	Location of end-of-year performance information <sup>10</sup>
<b>Departmental output expenses</b>						
Climate Change						
Chief Executives Board	-	4,171	4,171	3,231	4,171	1
Improving New Zealand's Environment	123,669	154,825	162,935	153,731	170,407	1
Managing Climate Change in New Zealand	28,751	48,455	51,846	47,129	49,573	1
Strategic Planning Reform	4,916	3,700	6,812	6,751	-	1
Spatial Planning Board	-	-	-	-	6,812	-
<b>Total departmental output expenses</b>	<b>157,336</b>	<b>211,151</b>	<b>225,764</b>	<b>210,842</b>	<b>230,924</b>	
<b>Departmental capital expenditure</b>						
Capital Expenditure – Permanent Legislative Authority under section 24(1) of the Public Finance Act 1989	1,793	3,800	5,250	3,848	800	1
<b>Total departmental capital expenditure</b>	<b>1,793</b>	<b>3,800</b>	<b>5,250</b>	<b>3,848</b>	<b>800</b>	
<b>Non-departmental output expenses</b>						
Administration of New Zealand Units held on Trust	177	177	177	177	177	5
Climate Change Commission Advisory and Monitoring Function	12,486	15,532	15,532	15,532	18,433	3
Contaminated Sites Remediation Fund	5,234	8,630	2,990	1,551	4,084	2
Emissions Trading Scheme	6,515	7,021	7,021	7,021	6,837	4
Environmental Protection Authority Functions	20,155	22,415	24,473	24,473	27,999	4
Environmental Training Programmes	1,900	1,900	1,900	1,900	1,900	5

8 This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

9 Departmental appropriations amounts exclude remeasurement of \$412,792 (2021/22: \$311,494).

10 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

- The Ministry's annual report.
- To be reported by the Minister for the Environment in a report appended to this annual report.
- To be reported by He Pou a Rangī | Climate Change Commission in its annual report.
- To be reported by the Environmental Protection Authority | Te Mana Rauhi Taiao in its annual report.
- No reporting due to an exemption obtained under section 15D of the Public Finance Act.

	2021/22 Expenditure \$000	2022/23 Budget* \$000	2022/23 Revised budget** \$000	2022/23 Expenditure <sup>9</sup> \$000	2023/24 Forecast* \$000	Location of end-of-year performance information <sup>10</sup>
Iwi/hapū management planning	-	-	-	-	425	5
National Māori Entity	-	-	-	-	3,446	-
Promotion of Sustainable Land Management	800	800	800	800	800	5
Water science and economics	1,170	1,500	2,164	1,482	1,500	5
<b>Total non-departmental output expenses</b>	<b>48,437</b>	<b>57,975</b>	<b>55,312</b>	<b>52,936</b>	<b>65,601</b>	
<b>Non-departmental other expenses</b>						
Allocation of New Zealand Units	1,497,992	2,090,200	3,039,300	1,112,842	2,139,200	2
Climate Change Development Fund	300	300	300	300	300	5
Environmental Legal Assistance	600	600	600	595	600	5
Exclusive Economic Zone Major Prosecutions Fund	-	-	500	-	-	4
Framework Convention on Climate Change	153	170	185	172	185	5
Fresh Start for Fresh Water: Waikato River Clean-up Fund	4,736	4,540	4,540	4,540	4,341	5
Impairment of Debt relating to Climate Change Activities	8,563	147,000	147,000	-	147,000	5
Impairment of Debt relating to Environment Activities	-	1,500	1,500	-	1,500	5
International Subscriptions	133	152	165	126	165	5
Loss on Sale of New Zealand Units	42,416	50,000	649,000	101,762	500,000	5
Te Pou Tupua	101	95	95	95	89	5
Transitional Support for Local Government and Iwi	996	-	2,897	2,897	-	5
United Nations Environment Programme	532	593	723	571	723	5
Waikato River Co-governance	910	910	910	910	910	5
Waikato River Co-management	2,201	1,822	8,322	8,321	-	5
<b>Total non-departmental other expenses</b>	<b>1,559,453</b>	<b>2,297,882</b>	<b>3,859,537</b>	<b>1,233,131</b>	<b>2,798,513</b>	
<b>Non-departmental capital expenditure</b>						
Capital Contribution to the Environmental Protection Authority	268	1,800	1,800	1,800	600	4
Climate Change Commission: Capital Contribution	-	960	960	960	600	3
<b>Total non-departmental capital expenditure</b>	<b>268</b>	<b>2,760</b>	<b>2,760</b>	<b>2,760</b>	<b>1,200</b>	



	2021/22 Expenditure \$000	2022/23 Budget* \$000	2022/23 Revised budget* <sup>8</sup> \$000	2022/23 Expenditure <sup>9</sup> \$000	2023/24 Forecast* \$000	Location of end-of-year performance information <sup>10</sup>
<b>Multi-category appropriations (MCA)</b>						
<b>Waste Minimisation MCA</b>	<b>55,321</b>	<b>162,933</b>	<b>101,786</b>	<b>76,283</b>	<b>170,000</b>	
<b>Departmental output expenses</b>						
Waste Minimisation Administration	9,062	5,906	12,095	11,118	13,042	1
<b>Non-departmental output expenses</b>						
Contestable Waste Minimisation Fund	11,291	82,027	29,691	10,768	51,958	2
<b>Non-departmental other expenses</b>						
Waste Disposal Levy Disbursements to Territorial Local Authorities	34,968	75,000	60,000	54,397	105,000	2
<b>Waste and Resource Recovery (MCA)</b>	<b>19,764</b>	<b>45,000</b>	<b>19,341</b>	<b>14,919</b>	<b>9,792</b>	
<b>Non-departmental output expenses</b>						
Waste Minimisation and Resource Recovery Initiatives	19,764	44,990	19,331	14,919	9,782	2
<b>Non-departmental other expenses</b>						
Fair value write-down of loans	-	10	10	-	10	
<b>Total multi-category appropriations</b>	<b>75,085</b>	<b>207,933</b>	<b>121,127</b>	<b>91,202</b>	<b>179,792</b>	
<b>Total annual and permanent appropriations</b>	<b>1,842,372</b>	<b>2,781,501</b>	<b>4,269,750</b>	<b>1,594,719</b>	<b>3,276,830</b>	

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

## Remeasurement

In 2022/23, the Crown has reported a remeasurement gain of \$5,798 million in relation to the provision of the allocation of NZUs under the NZ ETS (2021/22: a remeasurement loss of \$4,968 million).

The remeasurement of the provisions takes account of the revisions in the price of emission units. In accordance with section 4(2)(a) of Part One of the Public Finance Amendment Act 2004, changes in assets and liabilities due to remeasurements do not require appropriations.

## Details of multi-year appropriations

### Community Environment Fund

On 1 July 2020, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense for strengthening partnerships, raising environmental awareness and encouraging participation in environmental initiatives in the community. This appropriation expires on 30 June 2025.

	<b>2022/23 Revised budget* \$000</b>	<b>2022/23 Actual \$000</b>
<b>Appropriation for non-departmental output expenses:</b>		
<b>Community Environment Fund</b>		
Cumulative expenses to 1 July	5,269	5,269
Current year expenses	2,672	2,279
Cumulative expenses to 30 June	7,941	7,548
Remaining appropriation	3,707	4,100
<b>Total appropriation</b>	<b>11,648</b>	<b>11,648</b>

### Climate Emergency Response Fund – Waste Initiatives\*\*

On 1 July 2022, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense to support feasibility projects, infrastructure and other assets, and enabling systems that will improve Aotearoa New Zealand's ability to reduce emissions from waste. This appropriation expires on 30 June 2027.

	<b>2022/23 Revised budget* \$000</b>	<b>2022/23 Actual \$000</b>
<b>Appropriation for non-departmental output expenses:</b>		
<b>Climate Emergency Response Fund – Waste Initiatives</b>		
Cumulative expenses to 1 July	-	-
Current year expenses	3,000	2,106
Cumulative expenses to 30 June	3,000	2,106
Remaining appropriation	72,000	72,894
<b>Total appropriation</b>	<b>75,000</b>	<b>75,000</b>

### Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme\*\*

On 1 July 2020, this multi-year appropriation was established in Vote Environment. This is a non-departmental output expense from the Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme that expired on 30 June 2020. This appropriation is established for maintaining and improving the water quality of the Rotorua Lakes. This appropriation expires on 30 June 2025.

	2022/23 Revised budget* \$000	2022/23 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme		
Cumulative expenses to 1 July	1,000	1,000
Current year expenses	5,430	-
Cumulative expenses to 30 June	6,430	1,000
Remaining appropriation	10,797	16,227
<b>Total appropriation</b>	<b>17,227</b>	<b>17,227</b>

### Freshwater Improvement Fund\*\*

On 1 July 2020, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense for initiatives that contribute to managing Aotearoa New Zealand's freshwater bodies within environmental limits. This appropriation expires on 30 June 2025.

	2022/23 Revised budget* \$000	2022/23 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Freshwater Improvement Fund		
Cumulative expenses to 1 July	63,543	63,543
Current year expenses	36,640	39,791
Cumulative expenses to 30 June	100,183	103,334
Remaining appropriation	194,598	191,447
<b>Total appropriation</b>	<b>294,781</b>	<b>294,781</b>

### Kaipara Moana Remediation\*\*

On 1 July 2020, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense for remediating Kaipara Moana by halting degradation and working towards more productive, sustainable, and high value use of land within the Kaipara catchment. This appropriation expires on 30 June 2025.

	2022/23 Revised budget* \$000	2022/23 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Kaipara Moana Remediation		
Cumulative expenses to 1 July	9,688	9,688
Current year expenses	7,000	2,187
Cumulative expenses to 30 June	16,688	11,875
Remaining appropriation	83,312	88,125
<b>Total appropriation</b>	<b>100,000</b>	<b>100,000</b>

### Te Mana o te Wai\*\*

On 1 July 2020, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense for helping Māori improve the quality of freshwater bodies whose health is integral to the social, cultural, economic and environmental wellbeing of communities. This appropriation expires on 30 June 2025.

	2022/23 Revised budget* \$000	2022/23 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Te Mana o te Wai		
Cumulative expenses to 1 July	6,062	6,062
Current year expenses	10,500	10,056
Cumulative expenses to 30 June	16,562	16,118
Remaining appropriation	13,438	13,882
<b>Total appropriation</b>	<b>30,000</b>	<b>30,000</b>

### Climate Resilience for Māori

On 1 July 2022, this multi-year appropriation was established in Vote Environment. It is a non-departmental output expense for contributing towards the equitable transitions for communities through Aotearoa New Zealand's climate response. This appropriation expires on 30 June 2026.

	2022/23 Revised budget* \$000	2022/23 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Supporting Equitable Transitions and Climate Resilience for Māori		
Cumulative expenses to 1 July	-	-
Current year expenses	1,000	-
Cumulative expenses to 30 June	1,000	-
Remaining appropriation	-	1,000
<b>Total appropriation</b>	<b>1,000</b>	<b>1,000</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

\*\* The year-end information for the above multi-year appropriation is reported by the Minister for the Environment in a report appended to this annual report.

## **Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority for the year ended 30 June 2023**

In the 2022/23 financial year, there were no instances of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority (2021/22: \$nil).

## **Statement of expenses and capital expenditure incurred outside of scope of an appropriation and without other authority for the year ended 30 June 2023**

In the 2022/23 financial year, there were no instances of expenses and capital expenditure incurred outside of the scope of an appropriation and without other authority (2021/22: \$nil).

All other expenses in relation to the activities of, or appropriations administered by, the Ministry during 2022/23 were within appropriation.

## **Statement of departmental capital injections for the year ended 30 June 2023**

The Ministry has not received any capital injection for the year ended 30 June 2023 (2021/22: \$nil).

## **Statement of departmental capital injections without, or in excess of, authority for the year ended 30 June 2023**

The Ministry has not received any capital injections during the year without, or in excess of, authority.

# Statement of responsibility

I am responsible, as Chief Executive of the Ministry for the Environment (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in this annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Ministry;
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2023 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2024 and its operations for the year ending on that date.



James Palmer  
Secretary for the Environment

29 September 2023

# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## *To the readers of Ministry for the Environment's annual report for the year ended 30 June 2023*

The Auditor-General is the auditor of Ministry for the Environment (the Ministry). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 126 to 153 and 184, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information for the appropriations administered by the Ministry for the year ended 30 June 2023 on pages 30 to 91;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2023 on pages 176 to 183; and
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 154 to 175 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023;
  - the schedules of expenses; and revenue for the year ended 30 June 2023; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### **Opinion**

In our opinion:

- the financial statements of the Ministry:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information for the appropriations administered by the Ministry for the year ended 30 June 2023:
  - presents fairly, in all material respects:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry are presented, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023; and
  - expenses; and revenue for the year ended 30 June 2023.

Our audit was completed on 29 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions**

The Ministry has chosen to include a measure of New Zealand's greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Environmental outcome 1: Greenhouse gas emissions decrease on pages 56, 57 and 58 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Chief Executive for the information to be audited**

The Chief Executive is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.



For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent 2020-2025, the relevant Estimates and Supplementary Estimates of Appropriations 2022/23, and the 2022/23 forecast financial figures included in the Ministry's 2021/22 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information for the appropriations administered by the Ministry.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 216, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2023 and subsequently, the External Chair of the Quality of Policy Advice Panel of the Ministry is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Ministry.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Ministry.



**Rehan Badar**  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# Our emissions reporting

## Emissions by category

**TABLE 5.1: EMISSIONS PROFILE BY SCOPE AND TOTAL ANNUAL EMISSIONS (tCO<sub>2</sub>e), 2017/18–2022/23**

Category	Scope	2017/18 tCO <sub>2</sub> e	2018/19 tCO <sub>2</sub> e	2019/20 tCO <sub>2</sub> e	2020/21 tCO <sub>2</sub> e	2021/22 tCO <sub>2</sub> e	2022/23 tCO <sub>2</sub> e
1 Direct emissions	Scope 1	13.31	3.49	10.45	0.00	0.00	0.00
2 Indirect emissions from imported energy	Scope 2	71.78	51.94	52.23	64.29	60.29	60.89
3 Indirect emissions from transportation	Scope 3	1,239.03	1,231.90	597.63	299.68	360.36	652.34
4 Indirect emissions from products and services used by the organisation		0.00	0.00	0.00	3.50	22.32	39.10
5 Indirect emissions associated with the use of products and services from the organisation		0.00	0.00	0.00	0.00	0.00	0.00
6 Indirect emissions from other sources		0.00	0.00	0.00	0.00	0.00	0.00
<b>Total gross emissions</b> (all measured emissions) in tCO <sub>2</sub> e		<b>1324.12</b>	<b>1,287.33</b>	<b>660.31</b>	<b>367.46</b>	<b>442.97</b>	<b>752.33</b>
<b>Change in gross emissions</b> (all categories) from previous financial year			-2.78%	-48.71%	-44.35%	+20.55%	+69.84%
<b>Change in gross emissions</b> <b>(all categories) since base year</b>			<b>-2.78%</b>	<b>-50.13%</b>	<b>-72.25%</b>	<b>-66.55%</b>	<b>-43.18%</b>

## Emissions by source

Table 5.2 shows all the Ministry's measured and reported emissions sources, from largest to smallest.

**TABLE 5.2: TOTAL GROSS EMISSIONS BY SOURCE, 2022/23**

Activity	2021/22 tCO <sub>2</sub> e
Air travel domestic (medium aircraft)	148.40
Air travel domestic (large aircraft)	148.40
Air travel long haul (business)	100.34
Air travel long haul (econ+)	81.97
Electricity	60.89
Electricity	37.69
Air travel long haul (economy)	26.91
Accommodation – New Zealand	25.74
Private car average (fuel type unknown)	20.76
Wastewater for treatment plants (average)	17.55
Air travel domestic (small aircraft)	16.52
Air travel short haul business class fare (b/f) class	10.03
Air travel short haul (econ)	10.00
Electricity distributed transmission and distribution losses	8.53
Waste landfilled landfill gas recovery mixed waste	6.06
Rental car, medium (petrol 1600–2000cc)	4.72
Rental car, small (petrol 1350–1600cc)	3.34
Helicopter Squirrel (AS 350B3)	3.09
Paper use – default	3.05
Rental car, large (petrol 2000–2999cc)	2.36
Taxi (regular)	1.78
Water supply	1.56
Waste landfilled landfill gas recovery mixed Mixed waste	1.44
Accommodation – Caribbean region	1.34
Freight air travel domestic (average)	1.31
Freight road rigid truck (3.5–7t)	1.06
Waste landfilled landfill gas recovery mixed Mixed waste	0.84
Accommodation – Germany	0.82
Rental car, medium hybrid – post-2015	0.75
Freight road van (average)	0.65
Rental car, large (diesel 2000–2999cc)	0.62
Accommodation – Switzerland	0.50
Rental car XL (petrol over 3000cc)	0.47
Accommodation – Australia	0.39
Accommodation – Japan	0.33

Activity	2021/22 tCO <sub>2</sub> e
Freight road all trucks (average)	0.30
Accommodation – France	0.29
Accommodation – Singapore	0.23
Accommodation – United Arab Emirates	0.19
Freight rail	0.19
Accommodation – Canada	0.17
Accommodation – Portugal	0.16
Freight road van (average)	0.14
Bus travel (city)	0.13
Freight shipping ro-ro ferry (freight, average)	0.10
Freight road articulated truck (3.5-33t)	0.10
<b>Total</b>	<b>752.33</b>

**TABLE 5.3: DIRECT CATEGORY EMISSIONS BY GREENHOUSE GASES IN TONNES OF CO<sub>2</sub>E, 2022/23**

Mobile combustion	Category 1 emissions
CO <sub>2</sub> (tCO <sub>2</sub> )	0
CH <sub>4</sub> (tCO <sub>2</sub> e)	0
N <sub>2</sub> O (tCO <sub>2</sub> e)	0
NF <sub>3</sub> (tCO <sub>2</sub> e)	0
SF <sub>6</sub> (tCO <sub>2</sub> e)	0
HFC (tCO <sub>2</sub> e)	0
PFC (tCO <sub>2</sub> e)	0
Desflurane (tCO <sub>2</sub> e)	0
Sevoflurane (tCO <sub>2</sub> e)	0
Isoflurane (tCO <sub>2</sub> e)	0

**TABLE 5.4: KEY PERFORMANCE INDICATORS (KPI) FOR FULL-TIME EQUIVALENTS (FTE) AND EXPENDITURE BY FINANCIAL YEAR**

KPI	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
FTE	360	414	504	659	828	978*
Expenditure (\$m)	70.39	77.46	95.54	123.96	170.33	237.11
Total gross emissions per FTE (tCO <sub>2</sub> e)	3.7	3.1	1.3	0.6	0.5	0.77
<b>Total gross emissions per \$1 million of expenditure (tCO<sub>2</sub>e)</b>	<b>18.81</b>	<b>16.62</b>	<b>6.91</b>	<b>2.96</b>	<b>2.60</b>	<b>3.17</b>

\*FTE annual average was calculated by averaging monthly totals.

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## **Independent verification**

The Ministry's greenhouse gas emissions measurement (emissions data and calculations) has been independently verified by Toitū Envirocare (Enviro-Mark Solutions Limited).

We have been certified as a Toitū carbonreduce organisation. This means we are measuring, managing and reducing our emissions according to ISO 14064-1:2018 and Toitū requirements.

A copy of our Toitū carbonreduce certification disclosure can be viewed on the Toitū website.

Our emissions results align with the Ministry's 2023 measuring emissions guidance, which uses the 100-year Global Warming Potentials (GWPs) in the IPCC Fifth Assessment Report (AR5). The 2023 measuring emissions guidance was updated to align with AR5 GWPs as we enter the reporting period for the Paris Agreement.









# 6

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## **Non-departmental performance reports**

*Ngā pūrongo  
whakatutuki  
kore-tari*

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194 Minister of Climate Change's report on  
non-departmental appropriations 2022/23

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196 Minister for the Environment's report on  
non-departmental appropriations 2022/23

# Minister of Climate Change's report on non-departmental appropriations 2022/23

## Non-departmental other expense

### Allocation of New Zealand Units

This appropriation is intended to achieve compensation of eligible participants of the New Zealand Emissions Trading Scheme who face increased costs as a result of the scheme.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of applicants deemed to be eligible to receive units to compensate for increased costs resulting from the Emissions Trading Scheme, receive an allocation of units within either set timeframes (20 working days) or extensions agreed with participants.	100%	100%	92%
<b>2022/23 commentary:</b> Applicants who participate in eligible activities are able to apply for an industrial allocation between 1 January and 30 April each year. Participation was 92%.			
Percentage of emission returns lodged by forestry participants with a net entitlement for units, which resulted in a direction sent to the Register to transfer units to the participant within either legislated timeframes or extensions as approved.	95.3%	80%	99.5%
<p><b>2022/23 commentary:</b> This is done once a year, after the end of the government financial year (30 June 2023) by the Environmental Protection Authority   Te Mana Rauhi Taiao and Te Uru Rakau   New Zealand Forest Service (Ministry for Primary Industries). Note that, with the mandatory emissions period and number of participants, the target was challenging to achieve.</p> <p>Between 1 July 2022 and 30 June 2023, Te Uru Rākau received 13 provisional emissions returns (PERs) and 2,714 final emissions returns (FERs) that contain an assessment of the participant's entitlement to receive units. Of the total 2,727 returns, 2,713 (99.5%) were processed within the legislated timeframes or extensions as approved. The other 14 (0.5%) were processed outside of these timeframes.</p> <p>A note on return types: Prior to 1 January 2023, PERs were known as 'voluntary emissions returns (VERs)' and FERs as 'mandatory emissions returns (MERs)'.</p>			



<b>Expenses</b>	<b>2021/22 Actual \$000</b>	<b>2022/23 Estimates \$000</b>	<b>2022/23 Supplementary Estimates \$000</b>	<b>2022/23 Actual \$000</b>
Total appropriation	1,497,992	2,090,200	3,039,300	1,112,842

### **Comment on variance**

The variance between the Supplementary Estimates appropriation and actuals recognised for 2022/23 is primarily due to the difference in carbon price adopted for appropriation purposes. The appropriation is based on \$100 per carbon unit, and the actuals are recognised using the monthly average price per carbon unit. In addition to the above, fewer units were allocated to post-1989 forestry, industrial and other removal activity sectors than forecast at Supplementary Estimates.

# Minister for the Environment's report on non-departmental appropriations 2022/23

## Non-departmental output expense

### Contaminated Sites Remediation Fund

This appropriation is intended to achieve a reduction in the risks from contaminated sites.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of completed contaminated sites projects that achieve stated objectives.	NA	100%	100%
<b>2022/23 commentary:</b> 100% of projects are on track to meeting their agreed project objectives.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	5,324	8,630	2,990	1,551

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$1.439 million. This is due to the process of negotiating contracts for projects taking longer than anticipated. An expense transfer of funding from 2022/23 to 2023/24 is sought to ensure each programme of work has sufficient funds to be completed.

## Water Science and Economics

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of projects that have achieved a minimum of 80% of the stated objectives.	New measure	80%	94%
<b>2022/23 commentary:</b> 15 of the 16 projects funded by the Water Science and Economics Fund are on track to achieve, or have achieved, their stated milestones/objectives.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	1,170	1,500	2,164	1,482

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.682 million. This is due to some projects experiencing delays because of significant weather events, data availability from third parties (eg, modelling projects) and staff resourcing. An expense transfer of funding from 2022/23 to 2023/24 is sought to ensure each programme of work has sufficient funds to be completed.

## Non-departmental output expense (multi-year appropriations)

### Climate Emergency Response Fund (CERF) – Waste Initiatives

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Number of applications awarded.	New measure	No standard	9
<b>2022/23 commentary:</b> 9 applications awarded for CERF with a combined total funding awarded of \$3,259,338.			
Number of projects funded.	New measure	No standard	7
<b>2022/23 commentary:</b> Of the nine applications awarded, seven of these projects are now in progress for CERF. A combined total funding of \$2,698,558 now executed into deed.			
Forecasted additional tonnes of organic waste diverted from landfill.	New measure	No standard	7,475 tonnes per annum
<b>2022/23 commentary:</b> This measure provides the forecast additional tonnes of organic waste diversion for the seven CERF projects that are now in progress.			
Forecasted emissions reduced due to organic waste diversion from landfill.	New measure	No standard	3,589 tCO <sub>2</sub> e per annum
<b>2022/23 commentary:</b> This measure provides the forecast emissions reduced due to organic waste diversion from landfill for the seven CERF projects that are now in progress.			

Note 1: These new performance indicators were selected as they are lead indicators that reflect the focus of the Budget 2022 initiative Climate Emergency Response Fund – Waste Initiatives to reduce emissions from waste in landfills by investing in projects that increase Aotearoa New Zealand's ability to recover and process organic waste. No standard has been included for these measures as the Fund is in its establishment phase. We plan to establish a benchmark for the diversion and emissions reduction measures in 2023/24.

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	-	25,000	3,000	2,106

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.894 million. This is due to the fund being in its first year of operation. This fund is expected to be fully committed and the drawdown and payments to happen over time, as deeds are signed and milestones delivered. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

## Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme

This appropriation is intended to achieve improved and sustained water quality by targeted interventions in the Rotorua lakes.

Performance measure	2020/21 Performance	2021/22 Target	2021/22 Performance
Percentage of deed funded lakes showing a decrease in their three-year average Trophic Level Index from the previous year.	75%	50%	25%
<b>2021/22 commentary:</b> One of four lakes showed a decreasing three-year average trophic level index (TLI). The TLI indicates the health of lakes in Aotearoa; generally, the higher the number, the worse the water quality. This report compares 2021/22 data with 2020/21 as the 2022/23 data is not yet available.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	-	3,630	5,430	-

### Comment on variance

The actual expenditure was \$nil against the Supplementary Estimates budget. This is because actual deliverables for the project were lower than anticipated for the financial year 2022/23. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

## Freshwater Improvement Fund

This appropriation is intended to achieve improvements in the water quality of Aotearoa New Zealand's freshwater bodies in partnership with others.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of Freshwater Improvement Fund projects that are reasonably on track to achieve their stated objectives.	94%	80%	90%
<b>2022/23 commentary:</b> 45 of the 50 projects funded by the Freshwater Improvement Fund in 2022/23 are on track to achieve, or have achieved, their stated objectives.			
Percentage of Public Waterways and Ecosystem Restoration Fund projects reasonably on track to achieve stated objectives.	88%	80%	95%
<b>2022/23 commentary:</b> 21 of the 22 projects funded by the Public Waterways and Ecosystem Restoration Fund in 2022/23 are on track to achieve, or have achieved, their stated objectives.			
Percentage of At-Risk Catchment projects reasonably on track to achieve stated objectives.	N/A	80%	100%
<b>2022/23 commentary:</b> Both projects funded by the At-Risk-Catchment Fund in 2022/23 are on track to achieve, or have achieved, their stated objectives.			
Percentage of Essential Freshwater Fund projects that are reasonably on track to achieve their stated objectives.	100%	80%	100%
<b>2022/23 commentary:</b> All 29 projects funded by the Essential Freshwater Fund in 2022/23 are on track to achieve their stated objectives.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	39,820	70,140	36,640	39,791

### Comment on variance

The actual expenditure was higher than the Supplementary Estimates by \$3.151 million. This is because actual deliverables for the projects were slightly higher than anticipated for the financial year 2022/23. As this is a multi-year appropriation total expenditure will be managed over the five-year period.

## Kaipara Moana Remediation

This appropriation is intended to achieve the remediation of the Kaipara Moana by halting degradation and working towards more productive, sustainable and high-value use of land within the Kaipara catchment.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of Kaipara Moana Remediation Programme projects that are reasonably on track to achieve their stated objectives.	0%	80%	100%
<b>2022/23 commentary:</b> The Kaipara Moana Remediation Programme is on to track to achieve its stated objectives.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	50	30,000	7,000	2,187

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$4.813 million. This is due to some projects experiencing significant delays by supply chains, resourcing, and engagement activities (including landowner meetings and sediment assessments on properties). As this is a multi-year appropriation total expenditure will be managed over the five-year period.

## Te Mana o te Wai Fund

Te Mana o te Wai Fund was established to support Māori to improve freshwater quality. Its key objectives are to:

- help Māori improve the health of freshwater bodies of importance to them
- create nature-based employment opportunities
- build capacity and capability for Māori to participate in and make decisions for freshwater management, including in the implementation of Essential Freshwater reforms.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of completed Te Mana o te Wai Fund projects that are reasonably on track to achieve their stated objectives.	100%	80%	82%
<b>2022/23 commentary:</b> 28 of the 34 projects funded by the Te Mana o Te Wai Fund in 2022/23 are on track to achieve their stated objectives.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	6,062	8,000	10,500	10,056

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.444 million. This is because actual deliverables for the project were slightly lower than anticipated for the financial year 2022/23. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

## Non-departmental other expenses

### Waikato River Co-management

This appropriation is intended to achieve Waikato and Waipa iwi and hapū being consistently enabled to give effect to kaitiakitanga.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Payments are made on time and in accordance with the relevant deeds of agreement with the Crown for funding Waikato River iwi as part of their co-management arrangements.	New measure	Achieved	Achieved
<b>2022/23 commentary:</b> A new performance indicator to reflect the decision to move funding forward into 2022/23. This is to allow for the schedule of payments to change if agreed to as part of the co-management arrangements by relevant Ministers and Waikato River iwi.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	2,201	1,822	8,322	8,321



## Waste Minimisation Fund (multi-category appropriation)

### Non-departmental output expense

#### Contestable Waste Minimisation Fund

This category is intended to boost Aotearoa New Zealand's performance in waste minimisation through grants for waste minimisation initiatives.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of completed Waste Minimisation Fund projects that have achieved a minimum of 80% of their stated objectives.	90%	80%	90%
<b>2022/23 commentary:</b> 25 projects were completed this financial year. 17 projects achieved 100% of their stated objectives.			
Percentage of completed Plastics Innovation Fund projects that have achieved a minimum of 80% of the stated objectives (see note 1).	New measure	80%	Not available
<b>2022/23 commentary:</b> No Plastics Innovation Fund projects were completed this year.			

Note 1: The performance measures for 2022/23 are refined and updated as they better represent our activities in relation to this appropriation.

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	11,291	82,027	29,691	10,768

#### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$18.923 million. This is due to a few projects experiencing delays because of significant weather events. Further, each year there is a time lag between the Waste Disposal Levy and the funding round opening. Baseline updates are used to match expected spend over the forecast period once it is known following the funding round.

## Non-departmental other expense

### Waste Disposal Levy Disbursements to Territorial Local Authorities

This category is intended to provide territorial local authorities their proportion of the Waste Disposal Levy as prescribed under the Waste Minimisation Act 2008.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of levy payments withheld under section 33 of the Waste Minimisation Act 2008 due to territorial authorities not meeting their requirements.	100%	100%	100%
<b>2022/23 commentary:</b> No levy payments were required to be withheld; therefore the target has been met of ensuring all were retained where they needed to be. All councils achieved compliance and were eligible to receive their payments.			
Percentage of levy payments to qualifying territorial authorities paid on time.	100%	100%	100%
<b>2022/23 commentary:</b> All levy payments were approved via memo signout on a quarterly basis and paid in accordance with the legislation.			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	34,968	75,000	60,000	54,397

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$5,603 million. This is because the disbursement to territorial authorities is dependent on the Waste Disposal Levy collected under the Waste Minimisation Act 2008 during the year. Fifty per cent of the Waste Disposal Levy collected is distributed to territorial authorities.

Funding available through the Waste Disposal Levy revenue is affected by the amount of waste disposed of at levied facilities each year. This can be influenced by variables including economic, climate, large roading and/or construction projects and compliance activities.

## Non-departmental output expense

### Waste Minimisation and Resource Recovery Initiative

This category is intended to achieve a resilient system for reducing, recycling and managing Aotearoa New Zealand's waste responsibly by supporting research and development, innovation and commercialisation opportunities, information and education, regulatory activities (including compliance, monitoring and enforcement), data, evidence, and evaluation and resource recovery infrastructure by improving Aotearoa New Zealand's capacity to recycle and recover materials.

Performance measure	2021/22 Performance	2022/23 Target	2022/23 Performance
Percentage of completed COVID-19 Response and Recovery Fund (CRRF) projects that have achieved a minimum of 80% of their stated milestone deliverables.	N/A	80%	89%
<p><b>2022/23 commentary:</b> 10 CRRF projects were completed this financial year. 7 achieved 100% of their stated milestones deliverables. 2 achieved 50% deliverables and one achieved 87%. 2 CRRF projects were terminated within the reporting period: one due to failure to get resource consent and the second due to a reprioritisation to build a larger facility. Because no funds were paid out, these projects are not included in this result.</p>			

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total appropriation	19,674	44,990	19,331	14,919

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$4.412 million. This is due to some projects experiencing delays. An expense transfer of funding from 2022/23 to 2023/24 is sought to ensure each programme of work has sufficient funds to be completed.









# 7

## **Interdepartmental executive board annual reports 2022/23**

*Ngā pūrongo ā-tau  
poari whakahaere  
whakawhiti tari*

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Annual Report 2022/23**

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Annual Report 2022/23**

# Climate Change Chief Executives Board Annual Report 2022/23

## Introduction

Mitigating and adapting to the effects of climate change is a classic 'wicked problem'. It requires collective action across government, the private sector, and civil society, and addressing it requires steady commitment. I am proud to chair the Climate Change Chief Executives Board (the CCCE Board) – the highest officials-level body tasked with collectively governing the New Zealand Government's response to climate change.

The first year of operations for the CCCE Board was 2022/23. As a group, we must make the most of our time together; we are therefore focused on the things only we can do. As a new board, we have focused our first 12 months on establishing ourselves and defining our governance role and strategic focus areas across climate mitigation and adaptation. Our members' remit was formally expanded in August 2022 to include adaptation, and we welcomed two new members in April 2023 as a result: the Secretary for Internal Affairs and the Chief Executive of the National Emergency Management Agency.

The Board's current membership is:

- Te Hēkeretari mō te Taiao – Secretary for the Environment (Chairperson of the Board)
- Te Hēkeretari mō Te Tai Ōhanga – Secretary to the Treasury
- Te Tumu Whakarae mō Te Papa Atawhai – Director-General of Conservation
- Te Tumu Whakarae mō Manatū Ahu Matua – Director-General of Primary Industries
- Te Hēkeretari mō Hikina Whakatutuki – Secretary for Business, Innovation and Employment
- Te Hēkeretari mō Te Manatū Waka – Secretary for Transport
- Te Hēkeretari mō Te Tari Taiwhenua – Secretary for Internal Affairs
- Tāhūhū Rangapū mō Te Rākau Whakamarumarū – Chief Executive of the National Emergency Management Agency

I am pleased to say that the CCCE Board has:

- identified priority areas we are focusing on across both mitigation and adaptation
- delivered advice to Ministers on the emissions reduction plan, including progress on and risks to achieving our emissions budgets
- advised on climate priorities for Budget 2023
- supported a range of cross-agency policy work to give effect to our climate goals.

Looking ahead, our focus is firmly on supporting the incoming Government to deliver its climate change goals and ensuring the second emissions reduction plan supports a stable and credible path to achieving our future emissions budgets.

A further priority is to ensure that Aotearoa New Zealand's adaptation response quickly addresses this rapidly growing challenge in a way that provides greater resilience, consistency and predictability over time.

## Background

The CCCE Board was legally established as an interdepartmental executive board on 29 July 2022 to provide oversight of the Government's response to climate change.

Climate change requires all-of-government action. The CCCE Board's collective governance and advice on this response is a way to address the complex policy issues that have impacts and policy levers across a range of portfolios and that cannot be solved by a single agency.

Meeting Aotearoa New Zealand's current climate change commitments and preparing our economy for a low-emissions, climate-resilient future is a major challenge. The CCCE Board provides formalised governance and accountability to ensure successful delivery of the emissions reduction plan and the national adaptation plan. We also provide collective advice to Ministers – advice that prioritises action and presents trade-offs and system-level implications, risks and opportunities.

The CCCE Board reports to the Prime Minister as the Appropriation Minister for the Board.

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## Our CCCE Board members

The CCCE Board is chaired by James Palmer and comprises eight members, supported by the Deputy Solicitor-General as an independent legal advisor.

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## Structure and resourcing

The CCCE Board is supported by a secretariat (the Unit) currently made up of around 11 full-time equivalent staff – growing over the past year from three full-time staff. The Unit is hosted by the Ministry for the Environment (the Ministry) as servicing agency. The Unit reports directly to the Board with the task of facilitating cross-agency interaction and providing governance support and monitoring and strategic advice to the Board from across agencies.

The Unit is managed by an Executive Director. It provides secretariat support to the CCCE Board and advice on the Board's priorities and leads on engagement with responsible agencies. The Board typically meets monthly, and the Unit has a key role in enabling the Board to undertake our governance function well. The Unit's work programme includes:

- leading the process to monitor and report progress across the emissions reduction plan and national adaptation plan
- advising the Board on how to perform our adaptive management role, respond to risks and seize opportunities in delivering these plans
- improving the availability of data to measure progress towards our climate goals
- engaging with key stakeholders to understand different perspectives and challenge thinking
- undertaking interdependency mapping across different plan actions and strategies
- developing strategic agendas and supporting briefings for Board meetings.

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## CCCE Board performance

On 28 February 2023, the CCCE Board delivered our first report on progress across the emissions reduction plan to the Climate Change Response Ministers Group.

The CCCE Board is on track to deliver our second report, which will also include progress across the national adaptation plan, on 30 August 2023.\*

## Strategic intentions

Each agency is responsible for implementing its own actions in the emissions reduction plan. The CCCE Board's role is to support the successful implementation of the emissions reduction plan by taking a cross-agency view and providing collective advice to Ministers that prioritises action and presents trade-offs, as well as system-level implications, risks and opportunities.

The CCCE Board's strategic intentions through to 2027 are to:

- build cross-government understanding and strategic approach that aligns with and combines the Government's overall economic wellbeing strategy with its climate change response
- support Aotearoa to meet our first three emissions budgets and deliver the national adaptation plan by coordinating an all-of-government approach to climate policy, including:
  - monitoring and reporting against the emissions reduction plan, emissions budgets, and national adaptation plan
  - advising on adaptive management, to provide for any necessary 'course correction' and to seize new opportunities
  - connecting with groups that have a broad interest in climate, to focus on identifying barriers and opportunities across the system, or where a system-level response is needed to enable action.

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\* This performance measure relates to the Climate Change Chief Executives Board appropriation which is included in the 'Our operating performance' section.

To support these strategic intentions, the CCCE Board will:

- coordinate the implementation of cross-agency actions and strategies in the emissions reduction plan and national adaptation plan
- monitor and report on overall progress towards delivering the emissions reduction plan and national adaptation plan
- advise on how to respond to results of monitoring and reporting, including how to manage 'overs and unders' across sectors in achieving emissions budgets, and where changes to our adaptation response may be required
- publish monitoring reports on plans, sub-targets and implementation.
- The CCCE Board's work programme, designed to achieve the strategic intentions, will focus on three key questions.
  - How are we tracking on the most important interventions for achieving the first three emissions budgets?
  - Are the expected emissions reductions being delivered, and do we need to change course?
  - Are there gaps in our approach, new economic dynamics that are accelerating or preventing emissions reductions, or significant barriers or opportunities?

### Summary of progress

The CCCE Board's first year of operations has been focused on establishing the Board as a collective governance group, including identifying our top priority areas of focus. Highlights from this time include:

- providing two quarterly reports on the Prime Minister's priority areas in the emissions reduction plan
- delivering the first six-monthly report on progress across the emissions reduction plan
- providing updated advice to the Climate Ministers Response Group on the sufficiency of existing actions to achieve the first three emissions budgets
- advising on Budget 2023 climate priorities and developing a framework to guide priorities for Budget 2024
- building a secretariat to support the Board, which leads engagement with agencies and develops collective advice for the Board's consideration.

### Detailed results

The CCCE Board's performance measure for 2022/23 is that reporting on the emissions reductions plan and national adaptation plan is always delivered to Ministers on time.

In February 2023, the CCCE Board completed and delivered on time, the first progress report on the emissions reduction plan for the period of July to December 2022 to the Climate Response Ministers Group.



## Organisational health and capability

Reporting requirements are included as part of Ministry reporting (eg, inclusion, diversity).

## Financial performance

The CCCE Board has a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this annual report. Financial information about the Board operation can be found in the Ministry for the Environment's Annual Report, as the servicing department. The Climate Change Chief Executives Board appropriation, which supports the CCCE Board, is administered by the Ministry. As the administrator, the Ministry reports performance information for the appropriation in the Ministry for the Environment Annual Report.

The appropriation for the CCCE Board in 2022/23 was \$4.171 million, of which \$3.231 million was spent in the financial year.

## Statement of responsibility

The CCCE Board is responsible for ensuring the accuracy of any end-of-year performance information it prepares, whether or not that information is included in this annual report.

In the opinion of the CCCE Board, the annual report fairly reflects our operations, progress and organisational health and capability.




**James Palmer**  
Te Hēkeretari mō te Taiao  
– Secretary for the  
Environment / Chairperson  
of the CCCE Board



**Caralee McLiesh**  
Te Hēkeretari mō Te Tai  
Ōhanga – Secretary to the  
Treasury / Vice Chairperson  
of the CCCE Board



**Ray Smith**  
Te Tumu Whakarae  
mō Manatū Ahu Matua  
– Director-General of  
Primary Industries



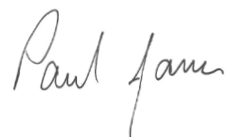
**Carolyn Tremain**  
Te Hēkeretari mō Hīkina  
Whakatutuki – Secretary  
for Business, Innovation  
and Employment



**Penny Nelson**  
Te Tumu Whakarae mō  
Te Papa Atawhai – Director-  
General of Conservation



**Audrey Sonerson**  
Te Hēkeretari  
mō Te Manatū Waka –  
Secretary for Transport



**Paul James**  
Te Hēkeretari mō Te Tari  
Taiwhenua – Secretary for  
Internal Affairs



**David Gawn**  
Tāhūhū rangapū mō  
Te Rākau Whakamarumarū  
– Chief Executive of  
the National Emergency  
Management Agency

# Strategic Planning Reform Board Annual Report 2022/23

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## Introduction

The Strategic Planning Reform Board (SPR Board) was established in April 2021 as an interdepartmental executive board to lead the policy development of the Spatial Planning Act (SP Act). By mid-2023 – our second year of operation – policy development for the legislation was complete, and the Spatial Planning Bill (SP Bill) was progressing through the final stages of the select committee process.

Building on the collaborative cross-agency relationships already established at board and deputy chief executive level, SPR Board members and remit agencies have continued to work together to bring an all-of-government perspective to this significant legislative reform.

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## About the SPR Board

The SP Act will help to integrate decision-making under several statutory frameworks that directly affect a range of portfolios administered by the following agencies:

- Ministry of Business, Innovation and Employment
- Department of Conservation
- Ministry for Culture and Heritage
- Ministry for the Environment
- Ministry of Housing and Urban Development
- Department of Internal Affairs
- Ministry for Primary Industries
- the Office for Māori Crown Relations – Te Arawhiti
- Te Puni Kōkiri
- Ministry of Transport
- the Treasury.

The Public Service Commissioner draws from these remit agencies to select the SPR Board's chairperson and members. Current Board members are the chief executives of the Ministry for the Environment, the Ministry of Housing and Urban Development, the Ministry of Transport, the Department of Internal Affairs, the Department of Conservation, and the Treasury. The chairperson is the Secretary for the Environment, James Palmer. Chief executives from Te Arawhiti and Te Puni Kōkiri are invited to attend meetings as advisors.

The SPR Board members are jointly responsible to the Minister for the Environment for the Board's operation and performance.

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## Structure and resourcing

The SPR Board is serviced by the Ministry for the Environment (the Ministry) and supported by a policy unit led by an executive director. Staff of the unit are drawn from the Ministry and other agencies within the Board's remit and funded from the Board's appropriation. The size of the unit has averaged around 21 full-time equivalent staff over the 12 months to 30 June 2023. The policy unit works closely with the wider resource management reform team within the Ministry.

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## Strategic intentions and performance reporting

The SPR Board supports the wider Ministry strategic intention to reform the environmental management system through repeal and replacement of the Resource Management Act 1991.

The Ministry's annual performance report on progress against strategic intentions includes an update on new resource management legislation, including the SP Act. The relevant performance measures\* are as follows.

- New planning and environmental legislation is introduced to Parliament.
- The Government has a robust basis for reform and policy change, informed by evidence-based advice.
- Central and local government can access technical support and capacity to support planning and decision-making, including the transition to the future system.

The SPR Board's performance against the measure of 'draft Bills to be introduced to the House'\*\* is included under the Ministry's **'Estimates performance'** section.

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## SPR Board performance

During the SPR Board's second full year of operation, we focused on supporting the introduction and progress of the SP Bill through the select committee process, and on preparing for the Bill's enactment and for implementation of central government's role in spatial planning.

### Supporting the Spatial Planning Bill

The SP Bill was introduced to Parliament on 15 November 2022 and had its first reading on 22 November 2022. Public submissions opened on 23 November 2022 and closed in February 2023.

More than 400 submissions that referred to the SP Bill were received. Oral hearings followed in February and March 2023. In response to submissions, the SPR Board provided the select committee with advice on refinements to the Bill, which were accepted. A revised version of the Bill was presented to the select committee in May 2023.

The SPR Board took a close interest in reform programme engagement with local government, iwi and Māori and key sector groups, when the Bill was introduced and during the select committee process, to build understanding of the reforms among key stakeholders.

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\* The Ministry and the SPR Board both contribute to these performance measures. The results are included in the **'Our strategic priorities'** section.

\*\* This performance measure relates to the Strategic Planning Reform appropriation which is included in the **'Our operating performance'** section.

## Preparing for implementation of the Spatial Planning Act

As well as ensuring Ministers and stakeholders were well prepared in the lead-up to the Bill's introduction and select committee process, the SPR Board has increasingly focused on preparing for implementation of the SP Act.

During the year, the Government approved the repurposing of the current SPR Board as the Spatial Planning Board (SP Board), effective from 1 July 2023. The SP Board will govern the implementation of the SP Act and will have ongoing stewardship, oversight and monitoring responsibility for the Act.

The SP Board will coordinate central government's input into regional spatial planning and will support central government members of regional planning committees. We will also monitor, evaluate and report on the effectiveness of the SP Act.

These core functions will be introduced over time, and the workload will increase significantly as more regions transition into the system. Ministers have approved the future drawdown of the contingency funding set aside in Budget 2022, to provide certainty of ongoing funding for the work of the SP Board and for central government members of committees.

The SP Board will be supported to carry out these new functions by a dedicated Spatial Planning Policy Office. The Office will work with central government agencies to coordinate input to regional spatial planning and will work with the central government members of regional planning committees.

The SPR Board has continued to oversee progress for the wider resource management reform. We have seen maintaining governance in a connected way across the SP Bill development, the Natural and Built Environment Bill development and the drafting of an initial National Policy Framework as important because the SP Act will work in tandem with the Natural and Built Environment Act to set up a framework for using, developing and protecting the environment. Key areas of interest have been ensuring:

- that both environmental and development outcomes are achieved
- that the system will work in practice
- increased awareness of the reforms and what they will mean for the role of Māori in the resource management system.

### **Operating as an interdepartmental executive board**

A further year of Board operation has reinforced the value of the interdepartmental executive board as an effective way of working to deliver major cross-portfolio change. The SPR Board achieved a level of commitment and success that could not be attained through individual portfolio accountabilities and informal ways of working across agencies.

The SPR Board's approach has:

- helped agencies to identify and prioritise important elements in their work programme
- built understanding of, trust in, and commitment to a cross-government view of resource management reform
- lifted the quality of advice to Ministers, reflecting the broad range of agency perspectives
- enabled early identification and resolution of differences, as well as identifying opportunities to advance multiple objectives.

The success of the joint accountability interdepartmental executive board model is evident in the low incidence of conflicting advice to Ministers throughout an extensive and, at times, challenging policy development process, and through board joint statements in support of key policy advice.

By continuing the role of the SPR Board, as the SP Board, in the implementation of the SP Act, central government will be well positioned to coordinate agencies involved in regional spatial planning. This will ensure we have well-functioning communities, along with adequate housing and infrastructure while working towards a healthy, sustainable environment.

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### **Financial performance**

The SPR Board has a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this annual report. Financial information about the Board operation can be found in the Ministry for the Environment's Annual Report, as the servicing department. The Strategic Planning Reform appropriation, which supports the SPR Board, is administered by the Ministry. As the administrator, the Ministry reports performance information for the appropriation in the Ministry for the Environment Annual Report.

The appropriation for the SPR Board in 2022/23 was \$6.812 million, of which \$6.751 million was spent in the financial year.

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## Statement of responsibility

In the opinion of the Strategic Planning Reform Board, this annual report fairly reflects the operations, progress and organisational health and capability of the SPR Board.



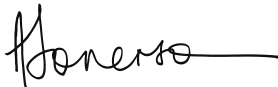
**James Palmer**  
Te Hēkeretari mō te  
Taiao – Secretary for the  
Environment (Chairperson  
of the Board)



**Andrew Crisp**  
Te Tumu Whakarae mō  
Te Tūāpapa Kura Kāinga –  
Ministry of Housing and  
Urban Development



**Caralee McLiesh**  
Te Hēkeretari mō  
Te Tai Ōhanga – Secretary  
to the Treasury



**Audrey Sonerson**  
Te Hēkeretari mō  
Te Manatū Waka –  
Secretary for Transport



**Paul James**  
Te Hēkeretari mō Te Tari  
Taiwhenua – Secretary for  
Internal Affairs



**Penny Nelson**  
Te Tumu Whakarae mō  
Te Papa Atawhai – Director-  
General of Conservation







Ministry for the  
**Environment**  
*Manatū Mō Te Taiao*



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**Auditor**

Audit New Zealand  
Wellington  
New Zealand  
(on behalf of the Auditor-General)

**Bankers**

Westpac