Ministry for the Environment
Manatū Mō Te Taiao

Annual Report
Pūrongo ā-Tau

2025/26

Presented to the House of Representatives
under section 44 of the Public Finance Act 1989

Published in October 2026 by the
Ministry for Cities, Environment, Regions and Transport
PO Box 10362, Wellington 6143, New Zealand

Publication number: MCERT 9

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The authors of this report used generative AI to help write and edit some of its content and verified all points of fact in the AI-generated material.

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1. Introduction
Kupu whakataki

Overview of the Ministry for the Environment and the role we played as Aotearoa New Zealand's lead advisor on the environment and climate in 2025/26

Message from the Chief Executive for the Ministry for Cities, Environment, Regions and Transport and Secretary for the Environment

I am pleased to present the final Annual Report of the Ministry for the Environment | Manatū mō te Taiao (the Ministry) for the year ended 30 June 2026.

This report marks the end of an important chapter in New Zealand's public service. On 1 July 2026, the Ministry became part of the Ministry for Cities, Environment, Regions and Transport (MCERT). While the organisation has changed, the responsibilities it carried and the purpose that drove its work continue.

As Chief Executive for MCERT and Secretary for the Environment, I think it is important to pause and reflect on the Ministry's contribution over the past 40 years.

Since its establishment in 1986, the Ministry has helped shape the way New Zealand understands, manages and protects its environment. It played a central role in developing the environmental management systems that have guided decisions about our natural and built environments for a generation. It helped establish New Zealand's approach to addressing climate change, helped the country respond to some of its most significant environmental challenges, and strengthened the evidence, reporting and policy frameworks that support informed environmental decision-making across government.

These contributions have influenced how New Zealand balances environmental stewardship, economic development and community wellbeing. They are a legacy of the Ministry and of the people who have served within it.

The Ministry's final year was no less significant than those that came before it.

The Government's reform of New Zealand's planning system reached a major milestone, with the introduction of the Planning Bill and Natural Environment Bill in December 2025. Implementing the new system will be a substantial, multi-year programme involving new legislation, digital platforms and data infrastructure, national direction, monitoring arrangements, and close partnership with local government and the planning sector.

During 2025/26, the Ministry provided more than $10 million to support 23 Māori-led climate projects through the Māori Climate Platform. It also released *Our Marine Environment 2025*, bringing together evidence on the climate-related changes affecting New Zealand's coasts and oceans, and *Our Freshwater 2026*, which looked at the most pressing issues in our groundwater, lakes and rivers.

In delivering its achievements, the Ministry has never worked on its own. Its impact has depended on strong partnerships with local government and other government agencies, iwi Māori, businesses, community organisations, researchers and others who share responsibility for environmental outcomes.

The Māori Climate Platform and joint work programme with Pou Take Āhuarangi are good examples of what can be achieved through partnership, supporting practical responses to climate change, including water infrastructure, renewable energy and coastal resilience projects.

Another highlight during the year was Adaptation Futures 2025, which brought together more than 2,000 participants from over 80 countries to advance climate adaptation and resilience, with a strong emphasis on Indigenous and Pacific leadership.

The Ministry also continued its partnership with the New Zealand Farm Environment Trust, supporting collaboration across the primary sector and practical conversations about environmental stewardship.

Looking ahead, MCERT will continue the work of supporting implementation of the new planning system, advancing the Government's climate adaptation priorities, maintaining key partnerships, and delivering the functions previously carried out by the Ministry for the Environment.

Although this is the Ministry's final annual report, those responsibilities continue. As Secretary for the Environment, I am responsible for ensuring these functions remain well supported, visible and effective. Future MCERT annual reports will describe how those functions have been performed and how environmental considerations continue to be reflected in the organisation's advice and decision-making. I look forward to being able to report that MCERT has consistently reflected environmental considerations in its decisions and advice.

Before closing, I want to acknowledge the people of the Ministry for the Environment across its history. Over four decades, thousands of public servants have contributed their expertise, judgement and commitment to improving environmental outcomes for New Zealand. They have helped governments navigate complex challenges, supported communities and partners across the country, and built an institution whose influence extends far beyond its size.

The Ministry's final year was marked by significant change, yet its people continued to deliver with professionalism, integrity and purpose. On behalf of New Zealanders, I thank them for their service and for the legacy they have left. That legacy will continue through the work of MCERT and through the generations of public servants who carry it forward.

I invite you to read about the Ministry's final year as a stand-alone department, and the contribution it has made to New Zealand.

Nāku noa, nā



Jeremy Lightfoot
Chief Executive for the Ministry for Cities, Environment, Regions and Transport
and Secretary for the Environment

Statement of responsibility

I am responsible, as Chief Executive for the Ministry for Cities, Environment, Regions and Transport (MCERT), for:[1]

- the preparation of the Ministry for the Environment's (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; and
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2026 and its operations for the year ended on that date.



Jeremy Lightfoot
Chief Executive for the Ministry for Cities, Environment, Regions and Transport
and Secretary for the Environment

30 September 2026

[1] The Ministry for the Environment was disestablished with effect from 1 July 2026 as part of the establishment of the Ministry for Cities, Environment, Regions and Transport (MCERT). The Ministry for the Environment ceased to exist as a standalone department on that date, and responsibility for reporting on the Ministry's activities and performance for the year ended 30 June 2026 has transferred to the Chief Executive of MCERT. Pursuant to section 45J of the Public Finance Act 1989, responsibility for providing the Ministry for the Environment's final annual report has been transferred to the Chief Executive for MCERT. Accordingly, this Statement of Responsibility is signed by the Chief Executive for MCERT on behalf of the former Ministry for the Environment.

A selection of milestones from 2025/26

July 2025

- Interactive map released to make information about waste minimisation projects easier to access.
- Independent climate adaptation report released, to support development of the National Adaptation Framework.
- $6.4 million of funding confirmed for catchment groups to support freshwater quality and environmental outcomes through extended existing contracts.

October 2025

- *Our Marine Environment 2025* released, providing evidence on the state of New Zealand's oceans, seas, coastlines and estuaries to support informed decision-making.
- National Adaptation Framework released, setting out New Zealand's approach to preparing for rising risks from natural hazards.
- Updated official emissions projections to 2050 indicated New Zealand is projected to meet its first and second emissions budgets.
- Te Pūtea Whakamauru Para – the Waste Minimisation Fund re-opened, with funding to support waste minimisation projects.

December 2025

- Legislation passed to reset the 2050 biogenic methane target.
- Planning Bill and Natural Environment Bill introduced to Parliament as part of the multi-year programme to reform New Zealand's planning system.
- Legislation developed to modernise how New Zealand manages waste and litter.
- Advice provided on plans to enable carbon dioxide storage in naturally forming geological formations.
- Nationwide farm plastics recycling scheme announced to manage collection and recycling of agrichemicals and farm plastics.
- Regulations gazetted to manage space vehicle launch debris.

February 2026

- Second stage of Māori Climate Platform funding delivered. This fund provided more than $10 million for 23 Māori-led climate projects at 70 marae in the 2025/26 financial year.
- Work undertaken and consultation held on space launch debris regulations to support growth in the space and advanced aviation sectors.

May 2026

- Guidance and tools published to support participation in New Zealand's voluntary nature and carbon markets, including good practice information for market participants.
- Changes to the National Environmental Standards for Electricity Transmission Activities introduced standards for national electric vehicle charging.
- New supplier appointed to run New Zealand Emissions Trading Scheme auctions following an open procurement process at the end of the existing contract term.

August 2025

- New Zealand Emissions Trading Scheme settings and regulations updated to support alignment with domestic emissions reduction targets.
- Amendments to the Severe Weather Emergency Recovery (Hawke's Bay Flood Protection Works) Order 2024 expanded the area in Wairoa where flood protection works were eligible for the streamlined resource consent process.

November 2025

- New Zealand attended the United Nations climate change conference, COP30.
- *Building New Zealand's Resilience to Hazards* published, providing long-term evidence and insights to support decision-making on natural hazard resilience.
- Investigative report on proposed development regulation completed, and public consultation undertaken on changes to Eden Park planning rules.

January 2026

- *Jobs for Nature Final Programme Review* reported on five years of work by ministers, agencies, funding recipients and workers.
- Ten new or amended national direction instruments under the Resource Management Act 1991 came into force, following Ministry-led public consultation in mid-2025, including new National Policy Statements for Infrastructure, Detached Minor Residential Units, and Natural Hazards.
- Amended second emissions reduction plan published, reflecting New Zealand's updated approach to agricultural emissions.

April 2026

- *Our Freshwater 2026* released, providing evidence on the state of New Zealand's groundwater, lakes and rivers to support informed decision-making.
- New Zealand's Greenhouse Gas Inventory released, outlining emissions and removals of greenhouse gases.

June 2026

- 49 Fast-track project application referral decisions supported between July 2025 and June 2026.
- Amendments to the National Environmental Standards for Marine Aquaculture and the National Environmental Standards for Commercial Forestry came into force.
- National Environmental Standards for Papakāinga introduced.
- The Ministry for the Environment was disestablished, becoming part of the Ministry for Cities, Environment, Regions and Transport on 1 July 2026.

Our Ministers

During 2025/26, we served five Ministers and one Under-Secretary.

Hon Nicola Grigg
Minister for the Environment

Hon Chris Bishop
Minister for Infrastructure and Minister Responsible for RMA Reform

Hon Simon Watts
Minister of Climate Change

Hon Andrew Hoggard
Associate Minister for the Environment

Hon Penny Simmonds
(Previous) Minister for the Environment

Simon Court
Parliamentary Under-Secretary for Infrastructure and RMA Reform

Te Pūrengi – Our leadership team

Te Pūrengi was accountable for setting and achieving the Ministry's overarching organisational and policy strategies and monitoring the impact of our work throughout the 2025/26 financial year.

James Palmer
(Previous) Secretary for the Environment and Chief Executive, July 2025 – February 2026

Sam Buckle
(Acting) Secretary for the Environment and Chief Executive, March–June 2026

Deputy Secretary, Climate Change Mitigation and Resource Efficiency

Laura Dixon
Chief Operating Officer / Deputy Secretary, Business Transformation Services

Anne Haira
Deputy Secretary, Partnerships, Investments and Enablement

Nadeine Dommisse
Deputy Secretary, Environmental Management and Adaptation

Gina Rangi
Deputy Secretary, Tūmatakōkiri (Māori Strategy and Performance)

Natasha Lewis
Deputy Secretary, Strategy, Stewardship and Performance

Becky Prebble
(Acting) Deputy Secretary, Climate Change Mitigation and Resource Efficiency, March–June 2026

Martin Workman
Chief of Staff

2. Our performance
Ā mātou whakatutukinga

An assessment of our 2025/26 performance in relation to the strategic intentions and year-end results against appropriations

Progress on our strategic intentions

The strategic framework for the Ministry for the Environment (the Ministry) provided the whetū – the guiding star – that gave direction and united our staff around a shared purpose. This was set out in our *Strategic Intentions 2025–2029*, which guided our work for the financial year 2025/26 as Aotearoa New Zealand's lead advisor on the environment and climate.

The Ministry's work for the year was steered by three strategic outcomes that reflected our obligations under the Environment Act 1986, as well as the interconnectedness of people, the economy and the environment.

1. Our natural and built environments can provide for the values, needs and wellbeing of current and future generations.
2. Decision-makers at all levels take full and balanced account of environmental, social and economic costs and benefits.
3. Te Tiriti o Waitangi (the Treaty of Waitangi) is upheld, and the Māori–Crown relationship is strong.

The five strategic priorities identified in the *Strategic Intentions 2025–2029* reflected the Government's objectives and areas where the Ministry could have the most impact. These priorities guided our work programme and provided a clear line of sight between our actions and the outcomes we sought.

Our five strategic priorities were as follows.

1. Improve the resource management system to be more efficient and effective.
2. Strengthen the resilience of communities, businesses and places to climate change and natural hazards.
3. Support the transition to a competitive low-emission, resource-efficient economy.
4. Improve the quality and accessibility of evidence for all decision-makers.
5. Ensure our investments, partnerships and relationships enable others to achieve impactful solutions.

This report reflects the Ministry's final year of reporting against our *Strategic Intentions 2025–2029*. On 1 July 2026, the Ministry for the Environment ceased to be a standalone agency and became part of the Ministry for Cities, Environment, Regions and Transport (MCERT). Updated strategic intentions have been developed to support the delivery of the Government's priorities under MCERT and, by the time of publication of this report, will be published on the MCERT website.

The Ministry for the Environment's performance reporting has been prepared in accordance with generally accepted accounting practice (GAAP) and the *Service Performance Reporting Standard (PBE FRS 48)*.

Strategic priority 1: Improve the resource management system to be more efficient and effective

Over the last financial year, the Ministry continued to reform the planning system and to implement government policy, and it achieved significant milestones in the transition to the new system. In December 2025, the Planning Bill and the Natural Environment Bill were introduced to Parliament. This marked the start of a multi-year transformation programme.

- The Planning Bill contains the rules for how land can be used and developed.
- The Natural Environment Bill provides the framework for managing natural resources and protecting the environment.

Alongside the new Bills, the Government is investing in the rollout of data and digital foundations and of national instruments, which provide a nationally consistent approach to managing natural resources. This investment is intended to create a single, integrated system that is easier to access and use, supports more consistent decision-making and reduces duplication across regions.

These initiatives form part of the work to develop and implement the new planning system for New Zealanders.

How we measure progress

How we make a difference	2025/26[2] performance and achievements
Deliver Resource Management Act 1991 (RMA) legislative amendments consistent with government priorities, objectives and timeframes	The Resource Management (Consenting and Other System Changes) Amendment Act passed into law on 20 August 2025.
Deliver RMA national direction consistent with government priorities, objectives and timeframes	Fourteen new or amended national direction instruments have been gazetted since December 2025. For detailed information, see the Ministry's RMA National Direction updated webpage.
Deliver legislation to replace the RMA within the 2025 calendar year, consistent with government priorities, objectives and timeframes	The Planning Bill and Natural Environment Bill were introduced to Parliament on 9 December 2025. For updates on the progress of each Bill, see the Parliament website.
Plan for the implementation, performance monitoring and digitisation of the future resource management system	A programme business case was reported to Cabinet in December 2025. Funding was announced as part of Budget 2026. A detailed business case is currently under development.

[2] The multi-year reform programme continues at pace beyond the 2025/26 financial year.

Strategic priority 2: Strengthen the resilience of communities, businesses and places to climate change and natural hazards

The climate is changing, and we are increasingly experiencing the impacts of that change, with severe weather events placing pressure on communities, infrastructure and ecosystems. As the lead agency for the natural hazards and climate regulatory systems in 2025/26, the Ministry had to ensure these systems remained fit for purpose.

Integrating the management of natural hazard risk and climate adaptation to build community resilience remains a key part of planning system reform. We continued to monitor and adapt our policy settings and instruments, providing decision-makers with robust advice, information, data and evidence on how to strengthen New Zealand's response to climate change and natural hazard risks.

The 2025/26 financial year saw significant progress in strengthening New Zealand's approach to climate adaptation and natural hazard resilience. This included advancing key adaptation initiatives and projects (including those under the Māori Climate Platform), developing nationally consistent flood hazard information and supporting improvements to the natural hazards regulatory system. Together, these actions contributed to a more resilient system in which communities, businesses and places are better able to manage, mitigate and adapt to changing climate and natural hazard risks.

How we measure progress

How we make a difference	2025/26 performance and achievements
Deliver national direction and legislation to strengthen natural hazard management and climate adaptation, consistent with Government priorities, objectives and timeframes	The Resource Management (Consenting and Other System Changes) Amendment Act passed into law on 20 August 2025. The Act includes natural hazard provisions that clarify and strengthen councils' ability to decline land-use consents or impose relevant conditions where there is significant natural hazard risk. The National Policy Statement for Natural Hazards came into force on 15 January 2026. In October 2025, the Government released its plan for the National Adaptation Framework. This included an announcement of 16 initial actions, which form the foundation of the Framework. One of those actions is amending the Climate Change Response Act 2002 (CCRA) to clarify requirements for local government – specifically, it will require them to develop adaptation plans for priority areas. The Climate Change Response Amendment Bill was introduced in July 2026. The Parliament website provides updates on its progress.
Support central and local governments to respond to major natural hazard events as required	Parliament passed changes to emergency provisions under the RMA, including by introducing a regulation-making power for the Minister for the Environment to use in the event of an emergency, to assist with response and recovery efforts. The Ministry was the lead advisor on these changes, which came into force on 20 August 2025 as part of the Resource Management (Consenting and Other System Changes) Amendment Act.

How we make a difference	2025/26 performance and achievements
	In August 2025, the Severe Weather Emergency Recovery (Hawke's Bay Flood Protection Works) Order 2024 was amended to support the implementation of flood protection works in Wairoa as part of the recovery from Cyclone Gabrielle.
Lead/facilitate implementation of hazard management system improvements and monitoring of system performance	The Natural Hazards Risk Reduction Forum was established to provide governance of national natural hazard risks on the National Risk Register. The Forum comprises chief executives from across central government. The Ministry chaired and convened the first meeting in March 2026. Stage one of the New Zealand Flood Map has been completed. More information is available on the Ministry's New Zealand Flood Map webpage. Stage two is now in procurement. When complete, it will provide credible, nationally consistent information on flood hazards across the country. New Zealand's first national adaptation plan is currently being implemented. The Climate Change Chief Executives Board monitors the plan's progress and reports on it annually.

Strategic priority 3: Support the transition to a competitive low-emission, resource-efficient economy

The Ministry continued to lead and support New Zealand's transition to a low-emissions, resource-efficient economy. This included implementing emissions reduction plans to achieve emissions budgets and provide a pathway to achieving New Zealand's legislated 2050 emissions reduction targets, while advancing initiatives to improve resource efficiency. Together, these efforts help reduce emissions, improve environmental outcomes and support sustainable economic growth.

The Ministry also progressed implementation of the Government's Waste and Resource Efficiency Strategy, supporting efforts to reduce waste, increase resource recovery and minimise environmental harm from waste and litter.

The Ministry maintained stewardship of the New Zealand Emissions Trading Scheme (NZ ETS), the Government's primary tool for reducing greenhouse gas emissions, ensuring its settings remained aligned with emissions budgets and long-term climate targets. In addition, it supported New Zealand's international climate change obligations under the Paris Agreement. This work included monitoring and reporting progress towards the country's Nationally Determined Contribution (NDC) under the Paris Agreement to reduce net greenhouse gas emissions to 50 percent below gross 2005 levels by 2030.

How we measure progress

How we make a difference	2025/26 performance and achievements
On track[3] to meet New Zealand's 2050 net zero[4] climate change targets with total net emissions[5] of no more than 290 megatonnes from 2022–25 and 305 megatonnes from 2026–30.[6] This measure is one of the nine Government targets. For more information, see the Ministry's Government Target 9 quarterly reporting webpage or the Government Targets Quarterly Reports webpage from the Department of the Prime Minister and Cabinet (DPMC). *See note 1*	With the implementation of policies from New Zealand's second emissions reduction plan 2026–30 (ERP2), the greenhouse gas emissions projections published in January 2026 indicate that New Zealand is projected to achieve both the first (2022–25) and the second (2026–30) emissions budgets.[7] The projections also show there is a gap to achieving the third (2031–35) emissions budget, which will need to be considered in the near term. Our key deliverables supporting the transition to a competitive and low-emissions economy included the following. • The target for reductions required in biogenic methane emissions by 2050 was reset. • We supported the Government to update the NZ ETS settings to reduce risks to meeting emissions budgets and to ensure New Zealand has a credible market. (The number of units available from the Government's primary auctions between 2026 and 2030 was maintained at 17 million units, considerably reducing the risk to meeting budgets that the surplus stockpile units in the scheme presented.) • We published the Removals Framework to assess when and how non-forest removals can be formally recognised in the NZ ETS or through other mechanisms. This will encourage recognition and reward for removal activities and support high-integrity carbon markets. The Removals Framework opened for applications in May 2026.

3 Progress is tracked using New Zealand's annual emissions projections out to 2050. The latest projections indicate that New Zealand is projected to meet its first and second emissions budgets and can meet the 2050 net zero target for long-lived gases and the 2050 biogenic methane target. For further detail, see the Ministry's webpage: Target 9 technical annex for quarter ending 31 March 2026.

4 'Net zero' refers to achieving a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed or offset. By 2050, New Zealand commits to net zero emissions of all greenhouse gases except biogenic methane. For biogenic methane, the target is a reduction of 14 to 24 percent below 2017 levels by 2050.

5 Net emissions represent:

(a) gross emissions from all sectors of the New Zealand economy as the result of all human activities, except for the land use, land-use change and forestry (LULUCF) sector, less

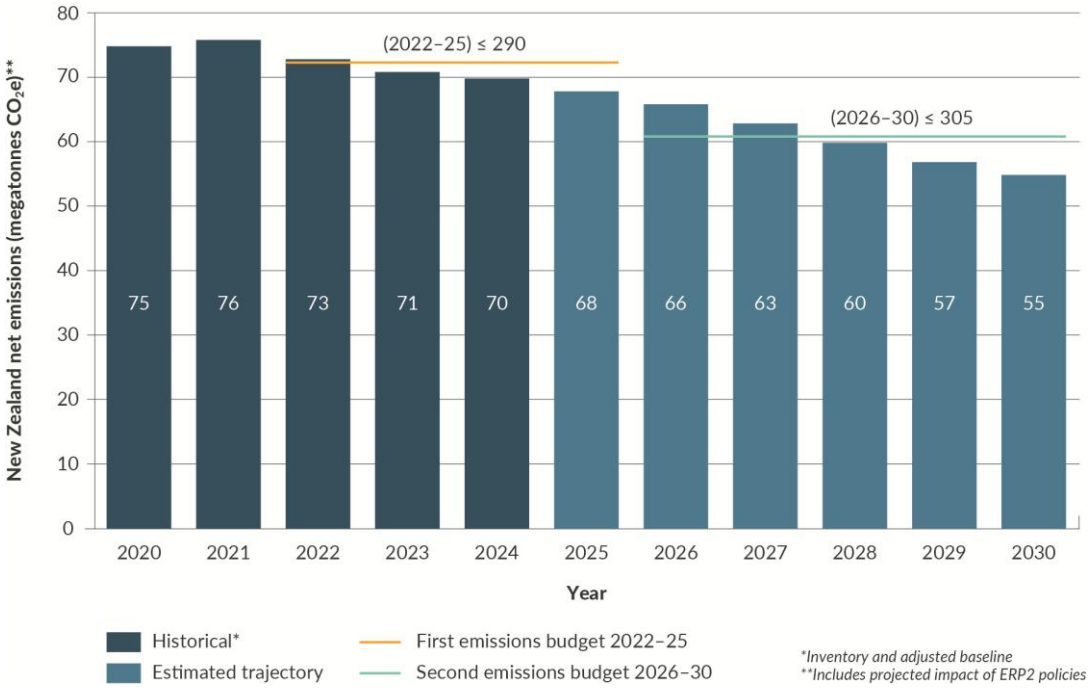
(b) net emissions from a subset of the emissions and removals in the LULUCF sector, as accounting rules are applied to the LULUCF sector for meeting targets.

6 The measure is based on meeting New Zealand's domestic emissions budgets, which act as stepping stones to guide New Zealand towards the 2050 targets set under the CCRA. We applied a country-specific approach to estimating the historical and projected net emissions that count towards meeting New Zealand's domestic emissions budgets. The approach was based on a combination of guidelines agreed under the Paris Agreement and methods developed by the Intergovernmental Panel on Climate Change, with modifications that took account of New Zealand's national circumstances.

7 Projections are inherently uncertain and require careful judgements of key assumptions. They are based on the best information at hand to understand progress. To account for this uncertainty, there is active monitoring of key indicators to help identify risks and, if necessary, provide advice on corrective action to keep New Zealand on track to meet its targets.

How we make a difference	2025/26 performance and achievements
	• We published updated voluntary carbon market guidance. • We supported drafting of the Climate Change Response Amendment Bill, which is designed to support the efficient and effective operation of the CCRA and the NZ ETS. • We updated target progress tracking alongside the annual release of new greenhouse gas emissions projections. Historical and projected net emissions were estimated to be 7.7 megatonnes under the first emissions budget and 3.6 megatonnes under the second (figure 1). New projections will be released by the end of 2026.

Figure 1: Progress against the first and second emissions budgets, 2020–30



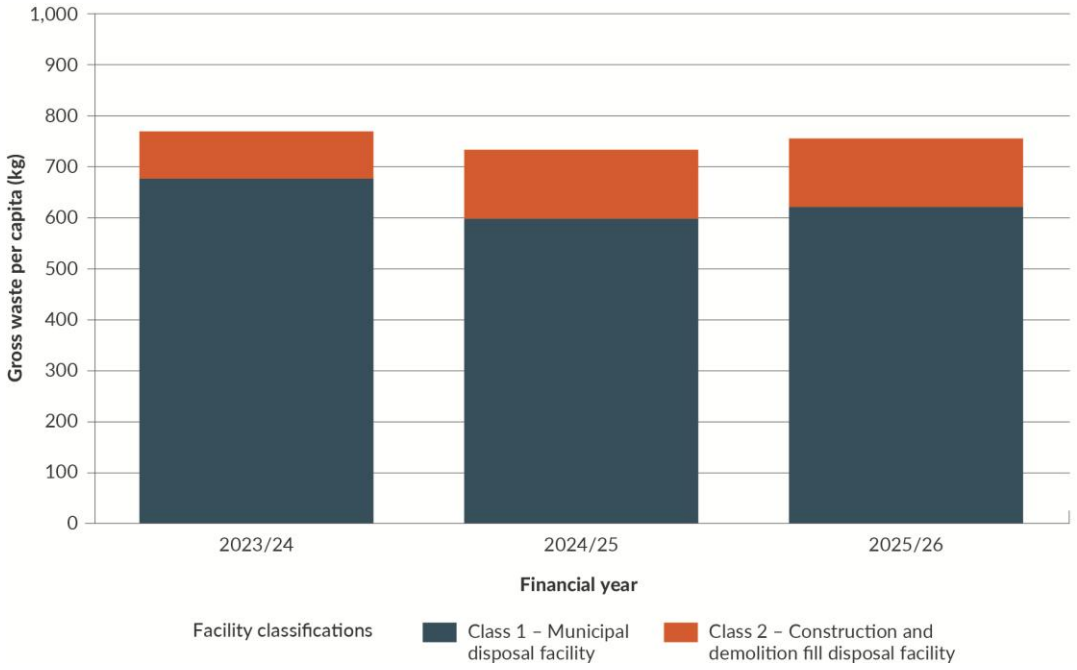
Note: The information in this graph is based on the Ministry projections as published on 29 January 2026. The estimated trajectory uses the central estimates from the 'with additional measures' scenario, including the impact of policies in ERP2. Projections are uncertain and are based on the best information available at the time.

Waste tonnage per person decreases (based on annual data) *See note 2*	Waste tonnage going to Class 1 and 2 landfills per person in 2025/26 increased 3.0% from 2024/25 (figure 2). A range of factors may have contributed to the increase. The factors will be further examined to better understand the causes. Further, the reported decrease of 5.1% in 2024/25 of waste tonnage to Class 1 and 2 landfills per person has now been revised to a decrease of 4.6%, due to an update of the Stats NZ resident population estimates for historical quarters.[8] Our key deliverables that supported the transition to a resource-efficient economy and reduced impacts from waste include the following. • We obtained Cabinet approval for policy proposals to amend the Waste Minimisation Act 2008 and Litter Act 1979, including approval for the Parliamentary Counsel Office (PCO) to start drafting the Bill. The legislation is intended to create fit-for-purpose, modern waste legislation that provides more options and flexibility to reduce and manage waste effectively and efficiently. Officials are working with

[8] For more information, see the Ministry's Waste statistics and Waste facilities and disposal webpages.

How we make a difference	2025/26 performance and achievements
	the PCO on drafting the new waste legislation. The Cabinet paper and summary of submissions from public consultation on the policy proposals were proactively released on 16 December 2025. • We continued to leverage the Waste Minimisation Fund (WMF) to support investment in resource recovery systems and infrastructure. • We provided a tool and supporting resources to regional councils and unitary authorities to identify and assess landfills vulnerable to the effects of climate change in their regions. • We continued implementation of the Tyrewise Regulated Product Stewardship scheme. We also progressed other schemes to implementation, including the scheme for agrichemicals, their containers and farm plastics, and the schemes for refrigerants and other synthetic greenhouse gases. For more information, see Product Stewardship multi-category appropriation. • We worked with key stakeholders to support a more effective and efficient recycling system, including through providing secretariat support to the cross-sector Recycling Leadership Forum. • We participated in ongoing United Nations negotiations towards a legally binding global plastics agreement, working with key stakeholders to reduce greenhouse gas emissions from organic waste and improve landfill gas capture. This is part of the action the Government has committed to in ERP2. • We delivered a regulated product stewardship scheme for synthetic refrigerants to minimise leakage in heating, ventilation, air-conditioning and refrigeration equipment and reduce emissions. • We continued working with key stakeholders to identify ways to reduce the quantity of surplus soils going to landfill, and to reuse this resource.

Figure 2: Waste disposed of at landfills subject to a waste disposal levy, 2023/24–2025/26



Note: Class 2 facilities began reporting January 2022.

Strategic priority 4: Improve the quality and accessibility of evidence for all decision-makers

To achieve the best outcomes for the environment and New Zealanders, our advice and decisions must be grounded in robust evidence, including from science, mātauranga Māori and economics. Evidence helps us understand our environment today and anticipate future challenges, enabling us to provide trusted advice to decision-makers and develop effective policy and guidance.

As the evidence base continues to evolve, we must stay ahead of emerging issues and trends to deepen our understanding of the natural and built environments, and to help communities to thrive now and in the future. Information must be not only robust, but also relevant, accessible and tailored to different audiences, so people can understand what the evidence means for them and make informed decisions.

In 2025/26, the Ministry delivered a comprehensive work programme that strengthened our ability to provide trusted, evidence-based advice. Alongside our statutory environmental and climate reporting programmes, we continued to invest in nationally significant datasets, monitoring systems and evidence infrastructure that enabled decision-makers to better understand environmental challenges, assess risks and identify effective solutions.

The Ministry's evidence priorities informed our contribution to the Government's science, innovation and technology reforms, helping ensure environmental and climate evidence needs are reflected in future investment priorities and system settings. Together with the data and digital initiatives supporting planning system reform described under strategic priority 1, this work is strengthening the foundations for a more connected and accessible environmental information system, enabling better long-term decision-making for New Zealand.

How we measure progress

How we make a difference

The Ministry's ability to provide trusted, evidence-based advice has depended on the strength of the information, data and partnerships that underpin it.

The following case studies highlight two examples of how targeted investment has delivered practical benefits for communities and the environment. They demonstrate how high-quality evidence – delivered through strong partnerships and accessible information – supported better decisions, improved environmental outcomes and provided long-term value for New Zealanders.

Environmental and climate reporting

Objective of investment

To support decision-makers and everyday New Zealanders to make choices informed by independent, transparent, evidence-based statutory reporting. Environmental and climate reporting provides visibility of the state of New Zealand's environment and how the country is tracking towards meeting climate obligations, including the Government's Target 9 priority – reducing net greenhouse gas emissions.

What we invested in

- The environmental reporting programme reports on different environmental domains across a three-year cycle, delivering two state of the environment reports each year. Over the 2025/26 financial year, we delivered *Our Marine Environment 2025* and *Our Freshwater 2026.* Scientific knowledge and mātauranga Māori were interwoven in this reporting, to provide a comprehensive understanding of environmental interconnections and long-term change.

How we make a difference

- The climate reporting programme delivered the latest updates to New Zealand's Greenhouse Gas Inventory 1990–2024 (Greenhouse Gas Inventory), available on the Ministry's webpage New Zealand's Greenhouse Gas Inventory. We also began work on *New Zealand's Second Biennial Transparency Report*, to support New Zealand to meet domestic and international obligations in tracking and reducing greenhouse gas emissions.
- We contributed to global climate transparency by:
  - hosting a delegation of officials from eight Caribbean countries to share New Zealand's expertise in greenhouse gas inventory and climate reporting and in this way to strengthen capability in other nations
  - hosting the United Nations–facilitated international expert review of *New Zealand's First Biennial Transparency Report* and the previous 2024 updates to the Greenhouse Gas Inventory, and then participating in the international accountability meetings, where other nations acknowledged New Zealand's strengths in transparent climate reporting.

Impact of investment

Regular environmental reporting provides New Zealanders with an authoritative picture of environmental change and the pressures affecting our natural systems. These reports have significant public reach. For example, media coverage of *Our Freshwater 2026* reached a potential audience of 1.14 million, based on the combined audiences of media outlets that reported on the release. The companion report, *Our Water, Our Lives: The Stories Behind the Numbers*, also broadened public awareness of the environmental challenges related to freshwater and highlighted how individuals, whānau, iwi, communities, organisations and decision-makers can contribute to positive environmental outcomes.

Climate reporting enables New Zealand to measure progress against emissions budgets and climate targets, and informs effective policy. By providing transparent and credible information, climate reporting helps build trust in New Zealand internationally, supports economic and trade interests, and enables meaningful contributions to global climate action.

Light Detection and Ranging (LiDAR)

Objective of investment

To establish complete, up-to-date and nationally consistent 3D mapping of natural and built environments across New Zealand. This will provide the baseline data for a range of initiatives, including planning system transformation and the New Zealand Flood Map, to help answer some of the hardest questions we face.

- Where should we develop property and infrastructure?
- How will coastlines respond to sea-level rise?
- Which land carries the greatest risk of erosion, landslides and flooding?

What we invested in

The Ministry invested in partnerships with regional councils and Land Information New Zealand (LINZ) to produce high-quality 3D mapping across several regions, and to make this information available through combined national elevation datasets. These investments included:

- $1.4 million in regional council co-funding for LiDAR acquisition in the Otago, Manawatū-Whanganui and Southland regions to address remaining gaps in national LiDAR coverage
- $0.5 million in funding for LINZ to refresh old and low-resolution LiDAR coverage in Canterbury and Marlborough
- $1.8 million in funding for LINZ to expand 3D coastal mapping to include lagoons and river mouths associated with significant coastal hazards.

Impact of investment

Highly accurate and nationally consistent 3D mapping supports better decisions by:

- helping decision-makers identify what land is at risk from flooding, erosion, landslides and coastal hazards, through accurate modelling of terrain and elevation
- enabling decision-makers to plan with greater confidence by providing evidence on where to develop property and infrastructure
- enhancing environmental and greenhouse gas emissions reporting, natural resource management and land-use analysis through nationally consistent information on terrain and vegetation
- enabling central and local government, iwi, researchers and the private sector to work from a shared, high-quality evidence base, reducing duplication and improving efficiency
- increasing public access to critical environmental information through open data, which in turn supports innovation, research, planning and economic development.

Strategic priority 5: Ensure our investments, partnerships and relationships enable others to achieve impactful solutions

To deliver the best outcomes for New Zealand, we needed strong partnerships and collaborative relationships, as well as to identify investment opportunities that maximise value for New Zealand. Lasting and meaningful outcomes are achieved by drawing on the deep local knowledge and expertise of our partners, ensuring solutions are well informed, effective and enduring. Strong connections to the people and places of New Zealand helped us identify where investment can have the greatest impact – whether through partnerships with iwi and Māori, or through public and private investment.

Over the past year, we announced additional projects to be funded through stage two of the Ministry-administered Māori Climate Platform. Stage one provided $3.58 million in funding for five pilot projects, benefiting 13 marae. Stage two will fund 18 projects that will benefit 57 marae across 11 regions. The platform was established to support Māori communities to lead climate adaptation, mitigation and resilience initiatives. Pou Take Āhuarangi, the Climate Pou for the National Iwi Chairs Forum, supports its ongoing delivery and independent evaluation.

The Ministry also administered funding across a wide range of projects and funds, including freshwater and waste minimisation initiatives, such as:

- emergency waste funding,[9] which supports local authorities to act quickly in response to emergency events that pose waste-related risks to people's health and the environment
- the Contaminated Sites and Vulnerable Landfills Fund (CSVLF),[9] which supports the investigation and remediation of legacy contaminated sites and vulnerable landfills
- the WMF, which met its 2025/26 target of awarding $30 million to new projects. The fund focuses on boosting New Zealand's performance in waste minimisation by reducing waste and increasing the recovery of useful resources. Since 2022 the biggest area of investment for the WMF has been in diverting organic waste away from landfills to support our second emissions reduction plan. Emissions reduction from its projects is forecast to be 167,855 tonnes of carbon dioxide equivalent (t CO_2e) per year.

[9] Included in the Environmental Investment Fund category of the Waste Minimisation multi-category appropriation.

How we measure progress

How we make a difference	2025/26 performance and achievements
Targeted value-for-money evaluations of government funds show increasing positive return on investment	We prioritised evaluation activity across the investment portfolio using a consistent set of criteria aligned to Organisation of Economic Co-operation and Development best practice. These criteria consider factors such as the scale of public investment, strategic importance, programme maturity, and where evaluation will best inform real decisions. Our evaluation effort was proportionate and targeted. It focused on the funds, considering where they will add the most value, rather than applying them uniformly each year. Value-for-money assessment is one component of evaluation, and whether it is included will depend on the fund, the available evidence and what the evaluation is designed to support. As a result, the nature, scope and timing of evaluation activities will vary across funds and from year to year. We completed a number of evaluations in 2025. Two published in October 2025 were: • *Jobs for Nature: 2025 Q4 impact assessment* – prepared by MartinJenkins • *Investing in Minimising Waste: An impact assessment* – prepared by MartinJenkins.

How we make a difference
The following case studies highlight the difference our investments, partnerships and relationships have made for people, communities and the environment. They demonstrate how working collaboratively with others enables impactful solutions and delivers meaningful outcomes for New Zealand.

Remediating a contaminated coastal site: Te Raekaihau Point, Wellington

Objective of investment

To protect people and the environment at Te Raekaihau Point by:

- investigating historical contaminated fill at this popular coastal recreation area
- implementing a long-term solution that reduces the risk of contaminants spreading through erosion, storm surges and coastal inundation.

What we invested in

The CSVLF supported a detailed site investigation, remedial planning and full remediation of the site. Greater Wellington Regional Council received funding from the Ministry for a detailed site investigation to identify the extent of the contamination and suggest remedial options, and Wellington City Council then took responsibility for the remediation work.

Impact of investment

The Wellington City Council moved from temporary management to full removal of contaminated material, reducing risks to human health, the coastline and the nearby marine environment, including Taputeranga Marine Reserve. Combining co-funding with early action helped to avoid higher ongoing management costs, as well as protecting public access and important environmental and cultural values – including the marine reserve and the site's significance to Taranaki Whānui. Further, it strengthened collaboration between councils, Taranaki Whānui and delivery partners.

How we make a difference

Improving New Zealand's plastics recycling capacity: Marley New Zealand / Plastics Recycling NZ

Objective of investment

To create a practical national system to collect and recycle these plastics and turn them back into useful products. To date, construction and demolition plastics such as polyvinyl chloride (PVC), high-density polyethylene (HDPE) and polyethylene (PE) have had limited recycling options in New Zealand, with large volumes going to landfill.

What we invested in

Beginning in 2022, the Plastics Innovation Fund supported Marley New Zealand and its partners to establish a joint venture and build a nationwide collection and consolidation system for waste PVC, HDPE and PE, along with recycling plants to wash, shred and process the plastic for reuse in manufacturing. The Plastics Innovation Fund contributed about $4.5 million towards the project's total cost of about $11.1 million.

Impact of investment

This project created New Zealand's first dedicated PVC recycling line and national infrastructure to collect and recycle PVC and HDPE plastic at scale, helping move hard-to-recycle building plastics from landfill into reuse. It is on track to divert 2,000 to 3,000 tonnes of plastic from landfill, has created at least 16 new jobs and has increased the use of recycled material in new products. The project represents good long-term value, because public funding helped unlock larger private investment, built lasting recycling infrastructure and created a local market for plastic waste that previously had limited reuse options.

Notes to progress on our strategic priorities

Preparing performance information to demonstrate the Ministry's progress towards our strategic intentions involved making several key judgements about:

- the aspects of performance to report against
- the selection of appropriate and meaningful performance measures
- how to measure performance and/or targets.

We selected performance measures based on the Ministry's purpose, strategic outcomes and strategic priorities, as provided in the *Strategic Intentions 2025–2029*. We also considered the areas of the Ministry's performance most likely to interest the public and the Government.

The following notes provide further information about the performance information reported here.

Note 1: Reduction of greenhouse gas emissions

The following points relate to the performance measure under strategic priority 3 that seeks to demonstrate progress in achieving the long-term outcome of reducing greenhouse gas emissions. The data outlined in this note inform the reporting on Target 9; for more detail on this target, see the Ministry's Government Target 9 quarterly reporting webpage.

As in previous years, we estimated historical greenhouse gas emissions when compiling the Greenhouse Gas Inventory. We then used these estimates to develop projections that helped us understand how New Zealand is tracking towards its emissions reduction targets.

The latest greenhouse gas emissions projections indicate that New Zealand is projected to meet its first and second emissions budgets. The first emissions budget is for no more than 290 megatonnes of carbon dioxide equivalent (Mt CO_2e) from 2022–25 (ending on 31 December 2025), which New Zealand is projected to meet with a 7.7 Mt CO_2e buffer. The second emissions budget is for no more than 305 Mt CO_2e from 2026–30 (starting on 1 January 2026), which New Zealand is projected to meet with a 3.6 Mt CO_2e buffer.

The Greenhouse Gas Inventory is the official report that tracks all human-induced greenhouse gas emissions and removals in New Zealand since 1990. It contains full disclosure on New Zealand's greenhouse gas emissions estimates, including inventory uncertainties, methodologies and assumptions used in the calculations. New Zealand submits its Greenhouse Gas Inventory annually under the Paris Agreement and the United Nations Framework Convention on Climate Change. In April of each year, New Zealand's updated inventory has been published on the Ministry's New Zealand's Greenhouse Gas Inventory webpage, while projections have been submitted biennially under the Paris Agreement via biennial transparency reports.

Under the Paris Agreement, the Greenhouse Gas Inventory is subject to a United Nations–facilitated biennial technical expert review of biennial transparency reports, which also assesses how well the inventory aligns with international reporting requirements. A team of qualified subject-matter experts drawn from other parties to the Paris Agreement conducts this in-depth review.

The most recent technical expert review (and addendum), completed and published in February 2026, is available on the United Nations webpage, Report on the technical expert review of the first biennial transparency report of New Zealand. The review examined the level

of consistency of *New Zealand's First Biennial Transparency Report* with reporting requirements, the implementation and achievement of New Zealand's NDC to the Paris Agreement and New Zealand's support provided to developing countries during the reporting period. While identifying areas for improvement, the technical expert review did not identify any significant issues of non-compliance with reporting requirements. The review found data available were insufficient to assess New Zealand's progress towards its target for 2030 (that is, New Zealand's first NDC), as it is early in the implementation period.

Each year, the Ministry has published projections estimating greenhouse gas emissions, which are available on its webpage, New Zealand's projected greenhouse gas emissions to 2050. The latest projections, updated in January 2026, track both international and domestic emissions reduction targets; for details, see the Ministry's webpage, Emissions budgets and the emissions reduction plan.

Quantifying greenhouse gas emissions is inherently uncertain. However, the scientific knowledge and methodologies used and processes for calculating or estimating quantities of greenhouse gas emissions sources and sinks are continually improving. When the methodology or underlying data change, the whole inventory time series from the base year to the latest year is recalculated. The changes often occur because of improvements in activity data, emissions factors, and methodologies, or because previously unreported emission sources are included. The greenhouse gas emissions estimates are up to date in the latest Greenhouse Gas Inventory, and previous inventories are not useful for comparison.

The above limitations also apply to projections of greenhouse gas emissions, with the added inherent uncertainty involved in forecasting greenhouse gas emissions across a diverse economy. It is challenging to account for the future actions of businesses and households, as well as for the future impacts of policies, and the further the projections extend over time, the greater the uncertainty becomes. However, modelling continues to improve, and our projections represent the best current understanding of New Zealand's overall future emissions.

For the projections of greenhouse gas emissions used to assess future progress towards New Zealand's 2050 climate change targets, some key underlying assumptions are:

- economic and population growth
- the price of emissions in the NZ ETS
- technological advancement
- the extent to which the weather will support generating hydroelectricity.

For further detail on uncertainties related to greenhouse gas emissions projections, see *Our journey towards net zero: New Zealand's second emissions reduction plan 2026–30: Technical annex*.

Monitoring by the Climate Change Commission

The Climate Change Commission (the Commission) is an independent Crown entity established by the CCRA. Section 5ZK of the CCRA provides that one of the Commission's functions is to produce an annual emissions reduction monitoring report to assess:

- the adequacy of the Government's emissions reduction plans and their implementation
- how New Zealand is tracking against current and future emissions budgets
- New Zealand's progress towards its 2050 target.

The Commission's assessment is informed by the annual update to the Greenhouse Gas Inventory and the Government's published emissions projections. The Commission published its latest *Monitoring report: Emissions reduction* in July 2026.

Note 2: Waste disposal measures

The following points relate to the performance measure under strategic priority 3 that seeks to demonstrate progress in supporting the transition to a competitive low-emissions, resource-efficient economy.

Waste Disposal Levy expansion

The Ministry noted that the Waste Disposal Levy expanded to include additional classes of landfill over recent years, meaning many more landfills have been required to report waste volumes since 2023. The baseline tonnage total reported from all classes of landfill has therefore grown, as additional classes started reporting.

To enable accurate comparison between financial years, this report includes data collected from Class 1 and 2 landfills only. However, this approach may be reviewed in future years, as the reported history grows.

Data constraints

Some gross tonnage data may be inaccurate where landfill sites do not use a weighbridge[10] to calculate tonnage. We considered the risk of material error resulting from these inaccuracies to be low, as most large landfill sites use a weighbridge.

Operators have up to two years to submit amendments to the Online Waste Levy System (OWLS) for their waste returns, which can also cause minor fluctuations in historical tonnage data.

To ensure disposal facility operators were filing returns in OWLS accurately, the Ministry's Compliance, Monitoring and Enforcement team within Waste Operations undertook a compliance programme. Compliance audits and enforcement covered the entire process at each disposal facility – from the weighing stations through to the calculation and filing of returns.

Waste disposed of at landfills subject to a waste disposal levy

The data used to generate statistics for this measure (figure 2) reflect the period to 30 June 2026, and are current as at 23 July 2026. The data may be subject to future revision for the reasons outlined below. A version of the data used has been saved for record-keeping and reporting purposes.

Some historical waste-per-capita values may be revised in the future. As waste-per-capita values were calculated before Stats NZ resident population estimates for the financial year were available, the population for the final quarter of the most recent year was estimated. Statistical values may subsequently be recalculated if Stats NZ publishes updated resident population estimates.

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[10] Weighbridges calculate tonnage by volume estimation and truck density (volume-to-weight conversion) factors.

Stats NZ may also revise resident population estimates for historical quarters. Due to revised historical population estimates for waste tonnage per person, in this year's annual report we have updated statistics provided in the 2024/25 annual report. The previously reported 2024/25 result, which decreased by 5.1 percent from 2023/24, is now revised to a decrease of 4.6 percent. The difference between the estimated population used to calculate the statistics for 2024/25 and 2025/26 is –2,774 (table 1). Further, waste facility operators may revise historical waste tonnage values after their initial submission, such as when their applications for levy exemption are granted after that submission.

Table 1: Stats NZ resident population estimates used for waste tonnage per person, comparisons of 2024/25 and 2025/26 annual reports

Financial year	Population estimates: *Annual Report 2024/25*	Population estimates: *Annual Report 2025/26*	Difference
2023/24	5,248,916	5,248,858	- 58
2024/25	5,308,106	5,305,332	- 2,774
2025/26		5,348,822	

How we operate

To deliver on the Ministry's strategic outcomes, we had to be deliberate about which activities, services and key work programmes we focused on. The following sections give an assessment of our performance from the perspective of outputs and funding, and explain how we delivered impact. We have set out our activities and performance against the Government's priorities and targets and against the appropriations outlined in Vote Environment.

Implementing the Government's priorities

Baseline savings

All departments are required to set out the amount they have saved in Budget 2025 and how they achieved these savings, including contractor and consultant savings.

The Ministry reduced its departmental and non-departmental baselines by a net $16.826 million in 2025/26 because of Budget 2025 initiatives. We achieved the savings across grants and funds, and changes to the allocation of Waste Disposal Levy revenue to fund a broader range of activities across government that reduce environmental harm or increase environmental benefits that were previously funded by general Crown revenue. We partially offset savings by a new spending initiative providing new funding to support Phase 3 of the Resource Management Act 1991 reforms.

For departmental expenditure, we made the following baseline savings for 2025/26:

- nil.

For non-departmental expenditure, we made the following baseline savings for 2025/26:

- Environment Funds – Reprioritising, Savings and Streamlining $1.471 million
- Climate Resilience for Māori – Downscaling of Fund $5.000 million.

Additional savings and new spending initiatives in Budget 2025 were:

- Waste Disposal Levy – Further Reallocation of Funding (Targeted Savings) $49.252 million
- Resource Management Act Reform Implementation – Phase 3 (new spending initiative) $38.897 million.

Expenditure on contractors and consultants

Our expenditure on contractors and consultants increased by $11.676 million (spend $21.929 million) in 2025/26, which represents 10.14 percent of total departmental workforce expenditure in 2025/26. This compares with expenditure of $23.073 million, or 18 percent of total departmental workforce expenditure, in 2023/24 and $10.253 million, or 8 percent of total departmental workforce expenditure, in 2024/25.

Government targets

Cabinet approved nine Government targets, covering health, education, law and order, work, housing and the environment.

Target 9: Reduced net greenhouse gas emissions

The Climate Change Chief Executives Board (the Board) is responsible for Target 9, which reads:[11]

> On track to meet New Zealand's 2050 net zero climate change targets with total net emissions of no more than 290 megatonnes from 2022 to 2025 and 305 megatonnes from 2026 to 2030.

The Board's involvement reflects the cross-sectoral nature of New Zealand's greenhouse gas emissions profile, as well as the need for cross-agency oversight and engagement to achieve the target. It also reflects the role of the Board as the governance body responsible for monitoring progress on climate change. New Zealand's performance rating for Target 9 is informed by an assessment of official projections. Other leading indicators are also monitored for early insights on factors that may impact the annually produced official projections.

The performance ratings for the component of Target 9 relating to the first emissions budget (2022–25) and second emissions budget (2026–30) have remained 'on track' throughout 2025/26. Inventory data up to the end of 2024 were released on 16 April 2026, meaning historical greenhouse gas emissions are now available for three of the four years in the first emissions budget period. Inventory data show that net emissions decreased 1.7 percent between 2023 and 2024, though gross emissions remained flat, declining only 0.1 percent. This indicates greenhouse gas emissions are tracking slightly below anticipated levels for the first emissions budget.

For additional performance information, see the section on strategic priority 3. For further information, including on quarterly reporting, see the Ministry's Government Target 9 quarterly reporting webpage or the DPMC's Government Targets Quarterly Reports webpage.

Other significant Budget decisions

The following Budget decisions are considered to be 'significant' because they are important to the delivery of the Government's priorities, to Parliament and to the public, and because they have had a material impact on Ministry decisions.

Table 2 provides an overview of significant Budget decisions and guides readers to related performance details elsewhere in this report. For descriptions of initiatives from Budgets 2024 and 2025, see the Vote Environment document for each of those years.

Table 2: Overview of significant Budget decisions

Summary of initiative	Status
2025/26: Resource Management Act Reform Implementation – Phase 3 This initiative provides new funding to implement the first two years of the national direction programme and Phase 3 of the Resource Management Act 1991 reforms. This initiative also reprioritises surplus funding within Vote Environment to support accelerated delivery of policy and scientific input, standardised zoning, legislative drafting, upholding Treaty and settlement commitments, legal support and a programme business case.	For summaries on performance for this initiative, see strategic priority 1 and the year-end performance information on appropriations under Resource management.

[11] Department of the Prime Minister and Cabinet. *Target 9: Reduced net greenhouse gas emissions* [factsheet]. Wellington: Department of the Prime Minister and Cabinet.

Summary of initiative	Status
2025/26: Waste Disposal Levy – Further Reallocation of Funding This savings initiative changes the allocation of Waste Disposal Levy revenue. Revenue from the levy will fund a broader range of activities across government that reduce environmental harm or increase environmental benefits, which are currently funded by general Crown revenue. Accordingly, the total amount in the Contestable Waste Minimisation Fund will reduce by 49%, improving the value of that spending. An average of $30.0 million per year remains in the Waste Minimisation Fund for new initiatives.	For more information on the reallocation of Waste Disposal Levy revenue, see note 12 in the Notes to the non-departmental statements and schedules.

Assessment of operations

The Ministry operated under six departmental appropriations. The two primary appropriations under Vote Environment 2025/26 are Improving New Zealand's Environment and Managing Climate Change in New Zealand.

The Minister for the Environment is responsible for the Improving New Zealand's Environment appropriation and the Minister of Climate Change is responsible for the Managing Climate Change in New Zealand appropriation.

Table 3 provides a high-level overview of the Ministry's appropriation performance in 2025/26. See Year-end performance information on appropriations for the detailed financial and non-financial performance for each appropriation.

Table 3: Overview of appropriation performance

Appropriation	Summary and key points	Performance link in report
Managing Climate Change in New Zealand	Five out of the six measures were achieved. A priority for MCERT will continue to be strengthening policy advice and monitoring where improvements are required. These activities support strategic priority 2, strategic priority 3, strategic priority 4 and strategic priority 5.	Managing Climate Change in New Zealand
Improving New Zealand's Environment	Thirteen out of fifteen measures were achieved. The freshwater farm plan system is under review, and measures will be revised alongside implementation of a new system. These activities support strategic priority 1, strategic priority 2 and strategic priority 4.	Improving New Zealand's Environment
Product Stewardship	All measures were achieved. The scheme continues to exceed its target for tyres collected and is being well managed and meeting agreed milestones. This activity supports strategic priority 3.	Product Stewardship – multi-category appropriation
Waste Minimisation	Ten out of sixteen measures were achieved or are on track. The work described in the Waste and resource efficiency work programme 2024 to 2026 is underway, with several initiatives completed or on track as planned, and some delays related to the legislative process. Several measures were not achieved, which is explained in more detail below.	Waste Minimisation – multi-category appropriation

Appropriation	Summary and key points	Performance link in report
	These activities support strategic priority 3, strategic priority 4 and strategic priority 5.	
Departmental Capital Expenditure	The measure under this appropriation was achieved.	Departmental Capital Expenditure
Climate Change Chief Executives Board	The measure was achieved, with progress reporting on the delivery of the Government's climate change goals and targets all delivered on time. This activity supports strategic priority 3.	Climate Change Chief Executives Board

Year-end performance information on appropriations

This reporting sets out the detailed financial and non-financial performance for each appropriation.

Our performance reporting against the estimates of appropriation complies with generally accepted accounting practice (GAAP) and the *Service Performance Reporting Standard (PBE FRS 48)*.

Managing Climate Change in New Zealand

Departmental output expenses

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

	2024/25 Actuals $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actuals $000
Revenue				
Crown	43,214	46,251	42,751	42,751
Departmental	–	92	92	–
Other	59	56	56	–
Total revenue	**43,273**	**46,399**	**42,899**	**42,751**
Total expenses	**40,161**	**46,399**	**42,899**	**39,720**
Net surplus/(deficit)	**3,112**	–	–	**3,031**

At Mains Estimates, the 2025/26 budget for this output class was $46.399 million. During the year, this appropriation decreased $3.500 million to $42.899 million for 2025/26, due to:

- a fiscally neutral transfer of $3.800 million to Departmental Output Expense: Improving New Zealand's Environment appropriation to meet increased provision of service costs related to staffing needs for resource management reform implementation work.

This transfer is partially offset by an expense transfer of $300,000 from 2024/25 to meet the cost of the Waitangi Tribunal hearings.

Actual expenditure for 2025/26 was lower than the revised budget. This represents cost savings.

Advice and support

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Technical quality of advice papers (assessed by Ministry's Quality Advice Assessment Panel) *See note 1*	Primary: 50% of papers scored 3.5 or higher Secondary: 89% of papers scored 3.0 or higher	Primary: 70% of papers score at least 3.5 out of 5.0 Secondary: 80% of papers score at least 3.0 out of 5.0	Primary: 48% of papers scored 3.5 out of 5.0 Secondary: 83% of papers scored 3.0 out of 5.0

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
2025/26 commentary: The Quality Advice Assessment Panel reviewed 23 papers under this appropriation during the financial year. The average policy quality score for all climate change papers increased from 3.25 to 3.28, even while decreases against the performance measures were observed. Performance was affected by the volume, pace and complexity of policy advice required during the year, including demands for specialist expertise across an expanded work programme. The Ministry established a quality of advice programme to improve the consistency, quality and impact of policy advice. This included refreshed guidance and templates, clearer leadership expectations and targeted capability development. A focus on improving the consistency, quality and impact of all policy advice will remain a priority for 2026/27 and beyond.			
All Emission Trading Unit auctions are held in accordance with published calendar	100%	100%	100%
2025/26 commentary: All Emission Trading Unit (known as the New Zealand Unit, NZU) auctions were held in accordance with the published calendar. The NZ ETS auctions website provides key information on upcoming auctions and the results of previous auctions.			
Administer the funding for the ongoing costs of collecting the Synthetic Greenhouse Gas Levy by New Zealand Transport Agency and New Zealand Customs Service in accordance with respective Memoranda of Understanding	Achieved	Achieved	Achieved
2025/26 commentary: The Ministry continued to administer this funding in accordance with the Memoranda of Understanding with these agencies. The purpose of the memoranda is to ensure that the agencies responsible for the administration of the Synthetic Greenhouse Gas (Goods) Levy and the Synthetic Greenhouse Gas (Vehicles) Levy collect and administer them in a coordinated, effective and efficient manner.			

Land Use and Carbon Analysis System (LUCAS)

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of business hours (excluding agreed maintenance outages) web services of national imagery datasets and land use mapping published by the Ministry for the Environment are available to key stakeholders	100%	98%	100%
2025/26 commentary: There were no system outages or hours during which datasets and maps were unavailable in 2025/26. Achievement against this measure was determined from system availability monitoring undertaken by the Ministry's service provider and reported to the Ministry through monthly performance reports.			

Environmental monitoring and reporting

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
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

2025/26 commentary: New Zealand is required to produce, publish and submit New Zealand's Greenhouse Gas Inventory under the United Nations Framework Convention on Climate Change by mid-April each year. Two reports were published as part of New Zealand's obligations under the Climate Change Response Act 2002:

1. *New Zealand's Greenhouse Gas Inventory* for 2026 (April 2026)
2. *Government Response to the Climate Change Commission Report – Monitoring report: Emissions reduction 2025* (October 2025).

Under the Paris Agreement, greenhouse gas inventories are subject to a United Nations–facilitated biennial technical expert review, which assesses their alignment with international reporting requirements. This is a full, in-depth review. The *Report on the technical expert review of the first biennial transparency report of New Zealand*, published in February 2026, covered:

- the level of consistency of New Zealand's climate reporting with reporting requirements
- the implementation and achievement of New Zealand's NDC to the Paris Agreement
- the support New Zealand has provided to developing countries during the reporting period.

The report identifies areas for improvement. The technical expert review did not identify any significant issues of non-compliance with reporting requirements.

Māori climate action

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Collaborate with pan-Māori groups to ensure delivery of climate and planning system work programmes as per contracted milestones *See note 2*	New measure	Achieved	Achieved

2025/26 commentary: The Ministry developed climate joint work programmes with Pou Take Āhuarangi and Te Tai Kaha Māori Collective, which were successfully implemented. The joint work programmes included climate adaptation and deliverables focused on emissions reduction.

The measure was updated this year to broaden its scope. The Ministry collaborated with a wider range of Māori groups to support delivery of climate and planning system work programmes. As a result, the new measure is not directly comparable with previous years, as it captures a broader range of participants and programme delivery varies from year to year.

Improving New Zealand's Environment

Departmental output expenses

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

	2024/25 Actual $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actual $000
Revenue				
Crown	111,470	127,617	136,613	136,613
Departmental	–	476	476	–
Other	178	331	331	1,301
Total revenue	**111,648**	**128,424**	**137,420**	**137,914**
Total expenses	**106,516**	**128,424**	**137,420**	**125,376**
Net surplus/(deficit)	**5,132**	**–**	**–**	**12,538**

At Mains Estimates, the 2025/26 budget for this output class was $128.424 million. During the year, this appropriation increased $8.996 million to $137.420 million for 2025/26, due to:

- an expense transfer of $4.696 million from 2024/25 to support development of a suite of national direction instruments, freshwater farm plans and Crown response to water rights litigation – freshwater-related reforms
- a fiscally neutral transfer of $4.300 million from other Departmental Climate Change–related appropriations to meet increased provision of service costs related to staffing needs for work to implement the resource management reforms.

Actual expenditure for 2025/26 was lower than the revised budget due to delays in various programmes, including the work related to resource management in particular, digital capabilities required for the new planning system and the freshwater farm plans. The Ministry has sought in-principle expense transfers to 2026/27 for costs related to planning system delivery and the freshwater farm plans.

Advice and support

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of all Regulatory Impact Statements that partially or fully meet quality assurance criteria *See note 3*	Primary: 93% partially or fully met the criteria Secondary: 39% fully met the criteria	Primary: At least 90% partially or fully achieve the criteria Secondary: At least 70% fully achieve the criteria	Primary: 97% partially or fully met the criteria Secondary: 45% fully met the criteria
2025/26 commentary: Over 2025/26, the Ministry led 33 regulatory impact statements, of which 14 fully met and 16 partially met the assessment criteria. Two were granted exemptions, and one did not meet quality assurance criteria. Urgent timeframes made it difficult to meet the secondary measure. Resourcing to support improvements in the 2025/26 year was limited due to other priorities and the changing context for regulatory impact analysis with the passing of the Regulatory Standards Act 2025. Work to improve performance will be a focus for MCERT in 2026/27 and beyond.			

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
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 note 4*	4.13 (83%)	At least 4.0 out of 5.0	4.28 (86%)
2025/26 commentary: Ministers gave particularly high scores in: • how the Ministry incorporated Treaty analysis and te ao Māori into policy products • trust in officials • engagement with Ministers in the policy process. The Ministry surveyed Ministers in June 2026, before the introduction of the DPMC's updated Ministerial Policy Satisfaction Survey in July 2026.			
Technical quality of advice papers (assessed by Ministry's Quality Advice Assessment Panel) *See note 1*	Primary: 55% of papers scored at least 3.5 out of 5.0 Secondary: 84% of papers scored at least 3.0 out of 5.0	Primary: 70% of papers score at least 3.5 out of 5.0 Secondary: 80% of papers score at least 3.0 out of 5.0	Primary: 75% of papers scored at least 3.5 out of 5.0 Secondary: 90% of papers scored at least 3.0 out of 5.0
2025/26 commentary: The Quality Advice Assessment Panel reviewed 48 papers under this appropriation during the financial year. The average quality for all environment papers increased from 3.3 to 3.5. These results reflect the focus on improving the consistency, quality and impact of policy advice in 2025/26, and strengthening long-term capability. This category includes papers dealing with improving resource management. See Advice and support under Managing Climate Change in New Zealand for details on the quality of advice programme that the Ministry established in 2025/26.			

Ministerial services

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of ministerial Official Information Act requests submitted within the timeframes agreed with the Minister's office	97%	95%	97%
2025/26 commentary: Agreed timeframes are typically 15 working days. Ministers' offices may request responses sooner or may agree to additional time – typically a day or two. The Ministry provided responses to 148 ministerial Official Information Act 1982 (OIA) requests between 1 July 2025 and 30 June 2026.			
Percentage of responses to departmental Official Information Act requests sent within statutory deadlines	99%	95%	99%
2025/26 commentary: The OIA requires the Ministry to respond to departmental OIA requests as soon as reasonably practicable, and no later than 20 working days after the date of receipt, unless a valid extension is made under section 15A of the OIA. The Ministry provided responses to 381 departmental OIA requests between 1 July 2025 and 30 June 2026.			
Percentage of ministerial correspondence replies completed within the timeframes agreed between the Ministry and the office of the Minister	99%	95%	97%

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
2025/26 commentary: Agreed timeframes are typically 15 working days. The Minister's office may request responses sooner or may allow short extensions – typically of no more than five working days. The Ministry provided responses to 1,276 pieces of ministerial correspondence between 1 July 2025 and 30 June 2026.			
Percentage of departmental correspondence replies completed within 20 working days	88%	95%	92%
2025/26 commentary: This measure is more challenging to achieve than others, because the wording does not permit extensions or negotiations around timelines, even where a compelling reason for a change in timeline exists. The Ministry received far fewer pieces of departmental correspondence, compared with ministerial correspondence. This means that even a few responses sent outside of the 20-working-day timeframe could significantly impact timeliness measures. The Ministry responded to 109 pieces of departmental correspondence between 1 July 2025 and 30 June 2026. Although the measure was not achieved this year, the 2025/26 result improved on the 2024/25 result, evidencing our enhanced focus on this measure.			
Percentage of written parliamentary questions completed within the timeframes agreed between the Ministry and the office of the Minister	100%	95%	98%
2025/26 commentary: Agreed timeframes are typically between three and five working days, depending on the Minister's office. Ministers' offices may request responses sooner, or may allow short extensions – typically of a day at most. The Ministry provided responses to 1,566 written parliamentary questions between 1 July 2025 and 30 June 2026.			

Environmental monitoring and reporting

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Number of months the Ministry will publish the National Monitoring Systems data after receiving the complete dataset from local authorities	Not achieved	No more than 6 months	Achieved
2025/26 commentary: The National Monitoring System data were released six months after we received the final submission from local authorities. The information is publicly available on the Ministry's National Monitoring System webpage.			
Produce environmental reports required by the Environmental Reporting Act 2015 *See note 5*	Achieved	Achieved	Achieved
2025/26 commentary: Two reports were published under the Environmental Reporting Act 2015: 1. *Our Marine Environment 2025* (October 2025) 2. *Our Freshwater 2026* (April 2026).			

Resource management

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Introduce the Planning Bill and Natural Environment Bill by December 2025	New measure	Achieved	Achieved
2025/26 commentary: Both Bills were introduced on 9 December 2025. For updates on the progress on each one, see Parliament's Natural Environment Bill webpage and Planning Bill webpage. This measure was introduced to track progress on replacing the Resource Management Act 1991 and serves to demonstrate delivery of the Government's primary legislative reform milestone.			
Enact the Resource Management (Consenting and Other System Changes) Amendment Bill	New measure	Achieved	Achieved
2025/26 commentary: The Resource Management (Consenting and Other System Changes) Amendment Act 2025 was passed into law on 20 August 2025. This measure was introduced to track implementation of immediate improvements to the existing resource management system and serves to demonstrate progress in reducing consenting delays and barriers while broader reforms are developed.			
National Direction package under the Resource Management Act is progressed to Cabinet for decision with the aim of removing planning barriers for infrastructure, development and primary sector activities and making consenting less complex and costly	New measure	Achieved	Achieved
2025/26 commentary: National direction consultation took place – for further information, see the Ministry's webpage, RMA National Direction updated. Cabinet decisions have been made on policy, including delegation to responsible Ministers. Fourteen new or amended national direction instruments have been gazetted since December 2025. This measure was introduced to monitor progress on updating national direction under the RMA. It demonstrates efforts to streamline planning and consenting processes for infrastructure and development, while supporting growth in the primary sector.			
Complete Programme Business Case to enable the Ministry to efficiently and effectively deliver the reform of the planning system	New measure	Achieved	Achieved
2025/26 commentary: The programme business case was reported to Cabinet in December 2025. Funding was announced as part of Budget 2026, with further information available on the Ministry's webpage, Budget 2026 – digital and data foundations for the new planning system. This measure was introduced to track implementation readiness. It serves to demonstrate that the Ministry is establishing the framework required to successfully implement the resource management reforms.			

Freshwater farm plans

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Number of certified freshwater farm plans	Not achieved	Year-on-year increase	Not achieved
2025/26 commentary: The freshwater farm plan system was paused in 2024 (everywhere except for Southland*) and is currently under review. Work is progressing to implement an improved freshwater farm plan system from 2026. As the system for delivering certified freshwater farm plans is currently paused, the target for 2025/26 could not be achieved. * The freshwater farm plan system remains in place in Southland, but farmers in the region have until late 2027 before they must get their freshwater farm plan certified.			

Product Stewardship – multi-category appropriation

This multi-category appropriation (MCA) is intended to achieve reduction, reuse, recycling, recovery or appropriate treatment and disposal of end-of-life tyres through product stewardship.

	2024/25 Actuals $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actuals $000
Revenue Crown				
Product Stewardship Administration	1,047	1,154	1,154	1,154
Total revenue Crown	**1,047**	**1,154**	**1,154**	**1,154**
Expenses				
Product Stewardship Administration	624	1,154	1,154	552
Total expenses	**624**	**1,154**	**1,154**	**552**
Surplus/(Deficit)				
Product Stewardship Administration	423	–	–	602
Total departmental surplus/(deficit)	**423**	**–**	**–**	**602**
Non-departmental output expenses				
Tyre stewardship fee disbursements	57,342	64,456	64,456	55,597
Total non-departmental output expenditure	**57,342**	**64,456**	**64,456**	**55,597**
Total Product Stewardship MCA expenditure	**57,966**	**65,610**	**65,610**	**56,149**

Actual expenditure for 2025/26 came under budget. The revenue collected from the tyre fees was lower than the revised budget due to the current economic conditions, which led to a reduction in imports and in purchasing of tyres. This has reduced the amount available to be paid to the product stewardship organisation that operates the scheme to manage end-of-life tyres in New Zealand. Any year-end surplus must remain in the scheme.

Appropriation performance

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Tonnage of end-of-life tyres collected by the Tyrewise Product Stewardship scheme annually *See note 6*	35,406 tonnes	1 April 2025 to 31 March 2026: 20,000 tonnes (12 months) 1 April 2026 to 31 March 2027: 20,000 tonnes (12 months)	66,974 tonnes
2025/26 commentary: The 2025/26 target for collection of end-of-life tyres was exceeded, indicating high volumes of tyres reaching end-of-life and requiring management by the Tyrewise scheme. The target was updated from 13,000 tonnes for seven months in 2024/25, to 20,000 tonnes for the full year in 2025/26. The 2024/25 target covered only seven months because the scheme did not start operations (eg, tyre collection) until 1 September 2024.			

Departmental output expenses

Product stewardship administration

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Monitoring and auditing of the scheme to ensure the tyre stewardship fee is spent correctly and appropriately and achieving the expected outcomes	Achieved	Achieved	Achieved
2025/26 commentary: Monitoring of the scheme includes an assurance and engagement plan, which provides for engagements every six months. The plan outlines the scope of each engagement, ensuring that the tyre stewardship fee is spent appropriately and that the scheme is being well managed. This structured approach enables regular oversight and supports accountability. An independent auditor contracted by the Ministry completed two assurance engagements (ISAE (NZ) 3100) and one agreed procedures engagement (ISRS (NZ) 4400 Revised) during the year.			

Non-departmental output expenses

Tyre stewardship fee disbursements

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Auto Stewardship New Zealand meets 80% of the Ministry agreed milestones in their Deed/Operational delivery plan for the Tyrewise scheme *See note 7*	Achieved	Achieved	Achieved
2025/26 commentary: All agreed milestones for the Tyrewise scheme for the year have been met. Progress was assessed against 8 milestones, all of which were achieved by year-end.			

Waste Minimisation – multi-category appropriation

This multi-category appropriation (MCA) is intended to boost New Zealand's performance in waste and support a reduction in environmental harm and an increase in environmental benefits.

	2024/25 Actuals $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actuals $000
Revenue Crown				
Environment Work Programme	17,553	15,223	13,673	13,673
Waste Minimisation Administration	13,101	13,102	14,652	14,652
Total revenue Crown	**30,654**	**28,325**	**28,325**	**28,325**
Expenses				
Environment Work Programme	16,870	15,223	13,673	12,732
Waste Minimisation Administration	12,555	13,102	14,652	14,003
Total expenses	**29,425**	**28,325**	**28,325**	**26,735**
Surplus/(deficit)				
Environment Work Programme	683	–	–	941
Waste Minimisation Administration	546	–	–	649
Total departmental surplus/(deficit)	**1,229**	**–**	**–**	**1,590**

	2024/25 Actuals $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actuals $000
Non-departmental output expenses				
Contaminated Sites and Vulnerable Landfills Fund	926	–	–	–
Contestable Waste Minimisation Fund	5,850	34,308	30,000	9,421
Freshwater Improvement Fund	15,037	–	–	–
Kaipara Moana Remediation	4,386	–	–	–
Reducing Emissions from Waste	9,340	–	–	–
Environmental Investment Fund	–	97,586	89,377	45,284
Total non-departmental output expenditure	**35,539**	**131,894**	**119,377**	**54,705**
Non-departmental other expense				
Waste Disposal Levy Disbursements to Territorial Local Authorities	99,932	127,861	122,063	108,623
Total non-departmental other expenditure	**99,932**	**127,861**	**122,063**	**108,623**
Total Waste Minimisation MCA expenditure	**164,896**	**288,080**	**269,765**	**190,063**

At Mains Estimates, the 2025/26 budget for this MCA was $288.080 million. During the year, the budget for this MCA decreased $18.315 million to $269.765 million for 2025/26, due to:

- an expense transfer of $18.207 million to 2026/27 from the Environmental Investment Fund, relating to the Freshwater Improvement Fund for the implementation of the freshwater farm plans, supporting catchment groups, and to match funding with project milestone deliverables
- an expense transfer of $9.663 million to 2026/27 from the Contestable WMF, to match funding with project milestone deliverables
- a transfer of $9.007 million to LINZ for remediation of the Stockton Acid Mine Drainage, a cross-agency initiative
- a decrease of $5.798 million in forecast relating to the Waste Disposal Levy disbursements to territorial local authorities, which reflects that 50 percent of Waste Disposal Levy revenue collected is distributed to territorial local authorities for them to spend on waste minimisation activities.

The above is offset by:

- a transfer of $19.005 million from 2024/25 to 2025/26 related to various discontinued categories within the Waste Minimisation MCA to the consolidated Environmental Investment Fund established during Budget 2025 (these transfers occurred either because a project experienced delays or because changes to a project meant it was necessary to extend its timeline into 2025/26 so that it could be successfully completed)
- a transfer of $5.355 million from 2024/25 to 2025/26 from the Contestable WMF to match funding with project milestone deliverables.

Actual expenditure for 2025/26 was lower than the revised budget, primarily for the reasons outlined below.

Contestable Waste Minimisation Fund

The Fund met its 2025/26 target of awarding $30 million to new initiatives. Funding awarded to successful projects is spent over multiple years. Actual expenditure was lower than the mains forecast because some projects were withdrawn or terminated, for example because

they did not meet agreed condition precedents or did not mandate the implementation of kerbside organics. In addition, for some projects a range of factors contributed to delays in expenditure, including delays in meeting stage gate requirements, consenting delays, deteriorated economic conditions or other project-specific issues.

Environmental Investment Fund

The Environmental Investment Fund is set up as an umbrella funding category that includes multiple investment programmes and a revenue forecasting buffer. Expenditure was lower than the revised budget, primarily for the following reasons.

Contaminated Sites and Vulnerable Landfills Fund

Local government reform and competing demands have made the development of long-term plans more complicated for councils and affected their ability to progress applications to the Contaminated Sites and Vulnerable Landfills Fund in a timely manner. As a result of these conditions, together with expenditure delays and underspends across several funded projects, expenditure was lower than forecast.

Emergency waste funding

Emergency waste funding supports local authorities to respond rapidly to emergency events that pose waste-related risks to human health and the environment. As there is no fixed annual allocation for this funding, budget from other Environmental Investment Fund programmes that was not going to be spent this year was retained rather than rephased, as a way of maintaining flexibility to respond to emergency events if required.

Freshwater investment

Expenditure on freshwater investment was lower than forecast due to project underspends, changes in expenditure timing for a small number of projects, and the rephasing of freshwater farm plan implementation funding pending improvements to the Freshwater Farm Plan regulations.

Kaipara Moana Remediation

Expenditure on Kaipara Moana Remediation was lower than the forecast. However, expenditure was in line with the programme's 2025/26 annual work plan.

Disbursements to territorial local authorities

Actual expenditure was lower than the revised budget because the disbursement to territorial authorities is dependent on the revenue collected during the year through the Waste Disposal Levy under the Waste Minimisation Act 2008. Levy revenue was lower than anticipated for the year.

The Waste Minimisation Act 2008 makes no provision for the return of a year-end surplus from the Waste Minimisation appropriation to the Crown. Instead, any year-end surplus must remain in the Waste Minimisation appropriation.

Appropriation performance

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Funded projects achieve their stated objectives to improve ecosystem health, minimise waste, and remediate contaminated sites and vulnerable landfills *See note 8*	96%	80%	97%
2025/26 commentary: 119 out of 121 projects have achieved or are on track to achieve their stated objectives. For more information about projects that have been publicly announced as receiving funding from the WMF or Plastics Innovation Fund, see the Ministry's Waste Investments interactive webpage.			
Progress implementation of the Waste and Resource Efficiency Strategy to support improved waste reduction and resource efficiency outcomes across the system *See note 9*	New measure	Achieved	Partially achieved
2025/26 commentary: Implementation of the work outlined in the Waste and resource efficiency work programme 2024 to 2026 is underway. Several initiatives have been completed, others are progressing as planned, and some have been delayed due to dependencies on legislative processes and/or external delivery partners. Following publication of the Waste and Resource Efficiency Strategy in the 2024/25 financial year, the focus shifted to supporting and monitoring implementation across the system. This measure reflects progress towards embedding the Strategy and advancing its intended outcomes through coordinated implementation activities.			

Departmental output expenses

Environment Work Programme

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Technical quality of advice papers (assessed by Ministry's Quality Advice Assessment Panel) *See note 1*	Primary: 72% of papers scored at least 3.5 out of 5.0 Secondary: 100% of papers scored at least 3.0 out of 5.0	Primary: 70% of papers score at least 3.5 out of 5.0 Secondary: 80% of papers score at least 3 out of 5.0	Primary: 41% of papers scored at least 3.5 out of 5.0 Secondary: 94% of papers scored at least 3.0 out of 5.0
2025/26 commentary: The Quality Advice Assessment Panel reviewed 17 papers under this appropriation during the financial year. The average policy quality score for all Waste Minimisation Administration papers decreased from 3.5 to 3.24, alongside decreases against the performance measures. Factors affecting performance related to the volume, pace and complexity of policy advice required during the year, including demands for specialist expertise across an expanded work programme. See Advice and support under Managing Climate Change in New Zealand for details on the Ministry's quality of advice programme established in 2025/26.			

Waste Minimisation Administration

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Deeds are executed within six calendar months from the date the Ministry receives the signed confirmation of intention to proceed	50%	80%	50%
2025/26 commentary: Sixteen deeds were executed across the WMF and the CSVLF. Of these, eight were executed within six calendar months, while seven took between six and nine months and one took more than nine months to execute. Delays were primarily due to additional time required to finalise project plans, budget revisions, co-funding arrangements, consent requirements and complex commercial arrangements. Internal and external review and sign-off processes also contributed to the longer-than-anticipated time involved in executing deeds.			
Number of audits and site inspections of disposal facilities completed	93.75% (15 audits completed) 100% (76 inspections completed)	100% of annual programme goal (16 audits and 60 inspections completed)	100% of annual programme goal (16 audits and 66 inspections completed)
2025/26 commentary: Standards are set out in line with the annual audit programme, which establishes best-practice risk-based targets for audits and site inspections. The disposal facilities team prioritised inspections throughout 2025/26 to provide as much 'on the ground' compliance coverage of the expanded regulated waste sector as possible, focusing on Class 3 and 4 facilities as well as the potential emerging risk of Class 5 facilities (which are non-levied, but still at risk of receiving leviable waste). As a result, the team conducted 66 inspections (exceeding the target of 60) and 16 audits, to achieve 100% of the target.			
Number of audits of territorial authorities completed	50% of annual programme goal (3 territorial authority audits completed)	100% of annual programme goal (18 territorial authority audits completed)	50% of annual programme goal (9 territorial authority audits completed)
2025/26 commentary: Standards are set out in line with the annual audit programme, which establishes best-practice risk-based targets for audits. Throughout 2024/25, the commissioning of a data cleanse project for the territorial authority waste levy expenditure system consumed most of the small audit team's capacity. For 2025/26, the target was adjusted to 18 territorial authority audits per year. It was acknowledged that this target was an appropriate measure, year to year, but that it would not be achieved in 2025/26. Quarters 1 and 2 of 2025/26 were consumed with compliance engagement and data verification ahead of territorial authority audits for the first submission of obligated reporting. Increased engagement across all 67 territorial authorities has significantly improved the quality of data available to the Ministry for the new regulatory regime of obligated levy spend. Nine audits (50 percent of the goal) were achieved in quarters 3 and 4.			

Non-departmental output expenses

Contestable Waste Minimisation Fund

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of completed Waste Minimisation Fund projects that have achieved a minimum of 80% of the stated objectives *See note 10*	83%	80%	87%
2025/26 commentary: Fifteen WMF projects were completed, and thirteen of them achieved 100% of their objectives. Since 2022, the WMF's primary focus has been on reducing landfill emissions from organic waste. For insights, including forecasts for reduced emissions, see the Ministry's Waste investments snapshot webpage.			

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of completed Plastics Innovation Fund projects that have achieved a minimum of 80% of the stated objectives *See note 11*	80%	80%	75%
2025/26 commentary: Four Plastics Innovation Fund projects were completed, and three of them achieved 100% of their objectives. One project achieved two of its three objectives (67%); it partially achieved the third objective during the reporting period, but external factors influenced the pace at which it could realise benefits. The project has established a strong foundation for continued progress, and the recipient has demonstrated a commitment to supporting ongoing uptake and maximising future outcomes.			

Environmental Investment Fund

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of completed contaminated sites and vulnerable landfill projects that achieve stated objectives *See note 12*	100%	100%	83%
2025/26 commentary: Six contaminated sites and vulnerable landfill projects were completed. Five achieved 100% of their objectives. One project achieved two of its objectives and partially achieved the third, because an independent review of the report was not completed before the project closed. All the projects were originally awarded funding via the Contaminated Sites Remediation Fund, which has now been replaced by the CSVLF.			
Percentage of Kaipara Moana Remediation Programme projects that are on track to achieve their stated objectives *See note 13*	100%	80%	100%
2025/26 commentary: The Kaipara Moana Remediation Programme is on track to achieve its stated objectives.			
Percentage of Freshwater Improvement Fund projects that are on track to achieve their stated objectives *See note 13*	97%	80%	100%
2025/26 commentary: All 26 Freshwater Improvement Fund projects have achieved or are on track to achieve their stated objectives.			
Percentage of Public Waterways and Ecosystem Restoration Fund projects that are on track to achieve their stated objectives *See note 13*	100%	80%	100%
2025/26 commentary: All seven Public Waterways and Ecosystem Restoration Fund projects have achieved or are on track to achieve their stated objectives.			
Percentage of At-Risk Catchment projects that are on track to achieve their stated objectives *See note 13*	100%	80%	100%
2025/26 commentary: All three At-Risk Catchment Fund projects are on track to achieve their stated objectives.			
Percentage of Essential Freshwater Fund projects that are on track to achieve their stated objectives *See note 13*	100%	80%	98%
2025/26 commentary: Out of the 65 Essential Freshwater Fund projects, 64 have achieved or are on track to achieve their stated objectives.			

Non-departmental other expenses

Waste Disposal Levy disbursements to territorial local authorities

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Percentage of levy payments to qualifying territorial authorities paid on time	100%	100%	100%
2025/26 commentary: The measure is the percentage of eligible territorial authorities that had their share of the Waste Disposal Levy paid on time, in accordance with section 31(1) of the Waste Minimisation Act 2008 and regulation 38 of the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009. The agreed timeframe is to make quarterly payments in July, October, January and April. All territorial authorities paid in their Waste Disposal Levy disbursements. One levy was withheld for non-compliance.			
Percentage of levy payments withheld under section 33 of the Waste Minimisation Act 2008 due to territorial authorities not meeting their requirements	0%	0%	0.37%
2025/26 commentary: Out of 268 quarterly payments due to 67 territorial authorities during 2025/26, one payment was withheld under section 33 of the Waste Minimisation Act 2008. The payment was withheld because the territorial authority did not meet all legislative requirements for its Waste Minimisation and Management Plan by the legislated review date. The territorial authority subsequently became compliant, but the withheld payment could not be paid retrospectively. The target for 2025/26 was revised from 100% to 0% to better reflect the intended performance outcome that no levy payments are withheld. The comparative result for 2024/25 has been restated on the same basis for comparability. Under the revised presentation, the 2024/25 result is reported as 0% rather than 100%.			

Departmental Capital Expenditure

This appropriation is intended to achieve the renewal, upgrade and/or redesign of assets to support the Ministry for the Environment's service delivery.

	2024/25 Actual $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actual $000
Property, plant and equipment	256	300	300	742
Intangibles	(32)	500	500	8
Total	**224**	**800**	**800**	**750**

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Expenditure is in accordance with the Ministry's capital asset management plan	Achieved	Achieved	Achieved
2025/26 commentary: All expenditure is within the Ministry's capital asset management plan. Most capital expenditure relates to laptops and other minor purchases of information and communications technology assets.			

Climate Change Chief Executives Board

Departmental output expenses

This appropriation is intended to support the Climate Change Chief Executives Board to provide strategic climate advice to Ministers; monitor and report on progress against the Government's climate change goals and targets, including advice on any course correction required; and provide advice on the direction, effectiveness and successful implementation of New Zealand's emissions reduction and national adaptation plans.

	2024/25 Actual $000	2025/26 Budget $000	2025/26 Revised Budget $000	2025/26 Actual $000
Revenue				
Crown	3,754	3,742	3,242	3,242
Departmental	–	–	–	–
Other	–	–	–	–
Total revenue	**3,754**	**3,742**	**3,242**	**3,242**
Total expenses	**3,484**	**3,742**	**3,242**	**2,694**
Net surplus/(deficit)	**270**	**–**	**–**	**548**

At Mains Estimates, the 2025/26 budget for this output class was $3.742 million. During the year, this appropriation decreased by $500,000 to $3.242 million for 2025/26, due to a fiscally neutral transfer to the Departmental Output Expense: Improving New Zealand's Environment to meet increased provision of service costs related to staffing needs for resource management reform implementation work.

Actual expenditure for 2025/26 was lower than the revised budget. This represents cost savings.

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Progress reporting on the delivery of the Government's climate change goals and targets is delivered on time *See note 14*	100%	100%	100%
2025/26 commentary: Progress reporting has been undertaken quarterly through Target 9 reporting, with New Zealand currently on track to meet the first and second emissions budgets. Delivery 'on time' refers to delivery of progress reports in accordance with the Government's agreed reporting schedule, including any formally agreed revised timeframes, or statutory deadlines, where applicable. For more information, see the Ministry's Government Target 9 quarterly reporting webpage or the DPMC's Government Targets Quarterly Reports webpage.			

This report includes the Climate Change Chief Executives Board Annual Report 2025/26, which discusses the Board's performance against its strategic intentions.

Notes to year-end performance information on appropriations

The service performance information on pages 33 to 52 has been prepared in accordance with the *Service Performance Reporting Standard (PBE FRS 48)*.

In preparing performance information to demonstrate what the Ministry achieved from the use of its appropriations during the year, we have made several key judgements about the aspects of service performance to report against, the selection of appropriate and meaningful performance measures, and how to measure performance and/or targets.

The selection of performance measures is based on the Ministry's purpose, strategic outcomes and strategic priorities as provided in the *Strategic Intentions 2025–2029*. We have also considered the areas of the Ministry's performance most likely to interest the public and the Government. The Chief Executive and other members of the Executive Leadership Team made decisions about what service performance information to present, in consultation with the relevant appropriation Ministers.

This performance information on appropriations should be read together with the Progress on our strategic intentions section to understand the Ministry's non-financial performance for the year.

Note 1 – Technical quality of advice

The assessment of the Ministry's technical quality of advice is drawn from papers reviewed by an independent Quality Assessment Panel using DPMC criteria, which are available on its Policy quality webpage. Each paper is assessed against these criteria, and the results inform its final grading. Policy advice assessments are scored on a scale of 1 (meaning 'unacceptable') to 5 (meaning 'outstanding').

The Ministry historically used two targets for measurement. We deliberately set a higher score as the primary target – that is, for 70 percent of papers to achieve a score of at least 3.5 out of 5.0 – as a 'stretch' goal to drive excellence. We set a secondary target (for 80 percent of papers to achieve a score of at least 3.0 out of 5.0) as a 'minimum' quality standard, which is in line with the primary targets of other agencies. Both targets are assessed from the same selection of papers.

The Quality Assessment Panel meets up to 10 times per year, assessing 10 papers at each meeting. The papers assessed come from a random selection of briefing notes and Cabinet papers.

Note 2 – Collaborate with pan-Māori groups

This measure relates to the development and implementation of joint work programmes with Pou Take Āhuarangi (the Climate Pou of the National Iwi Chairs Forum) and Te Tai Kaha Māori Collective (a collective of Māori organisations, comprising the Federation of Māori Authorities, the New Zealand Māori Council, and Ngā Kaiārahi o Te Mana o te Wai Māori).

The joint work programmes comprise activities and deliverables that Pou Take Āhuarangi and Te Tai Kaha Māori Collective implement, and that the Ministry supports through deeds of funding. The assessment of achievement is measured by quarterly reporting.

This measure is aligned to the Ministry's strategic outcome of upholding te Tiriti and strengthening the Māori–Crown relationship.

Note 3 – Quality of regulatory impact statements

This measure assesses the quality of regulatory impact statements against criteria that the Ministry for Regulation sets, which are available on its Regulatory Impact Analysis (RIA) webpage. These criteria evaluate the clarity and robustness of the problem definition, the analysis of policy options and the assessment of impacts.

In providing its assessment of the quality of regulatory impact statements, the Ministry drew from papers reviewed by an independent panel. The panel provided a final quality assurance statement, which included a summary assessment and an associated overall rating (that is, 'meets', 'partially meets' or 'does not meet' the criteria).

The Ministry has historically used two targets for measurement. It deliberately set a higher score as the primary target – that is, for 90 percent of papers to partially or fully achieve the criteria – as a 'stretch' goal to drive excellence. It set a secondary target (for 70 percent of papers to fully achieve the criteria) as a 'minimum' quality standard that is in line with the primary targets of other agencies. It assessed both targets from the same selection of papers.

Note 4 – Ministerial satisfaction surveys

This measure uses the common Ministerial Policy Satisfaction Survey to assess the satisfaction of Ministers with the advice service. The survey questions are prepared by DPMC. The reported result is based on responses from Ministers and Associate Ministers responsible for portfolios administered by the Ministry for the Environment, invited to participate in the common Ministerial Satisfaction Survey.

The Ministry calculated the ministerial satisfaction score according to guidance available on the DPMC's webpage, Guide to the Ministerial Policy Satisfaction Survey, which all public service agencies use. Satisfaction is measured on a scale from 1 (meaning 'never met expectations') to 5 (meaning 'always exceeded expectations').

Note 5 – Environmental reports

Environmental reports required under the Environmental Reporting Act 2015 comprise periodic domain reports covering key environmental systems (air, atmosphere and climate, freshwater, land, and marine). Section 12 of the Act requires a domain report to be published every six months, with the result that each domain is reported on every three years. In addition, a three-yearly synthesis report provides an integrated assessment of the state of New Zealand's environment.

For the latest reports, see the Ministry's Environmental reporting webpage.

Note 6 – Tyrewise Regulated Product Stewardship scheme

For the 2025/26 financial year, this measure captures data from 1 April 2025 to 31 March 2026. For the 2024/25 financial year, data were captured from 1 September 2024 to 31 March 2025, as the scheme only became operational (that is, began collecting tyres) from 1 September 2024.

Tyre tonnage information, which the Tyrewise scheme reports to the Ministry quarterly, comes from the Tyrewise app, which is used to log collections, transportations and processing. The data collected through the app go through various checks and confirmations.

This performance measure captures end-of-life tyres that are both collected and transported. The tyre tonnage collected and transported reflects the volume of tyres collected that are accepted by, and in scope of, the scheme. If the focus was on collection numbers only, data could include tyres that are not in scope of the scheme or that the scheme rejects.

Note 7 – Auto Stewardship New Zealand milestones

The target for Auto Stewardship New Zealand to achieve 80 percent of the milestones agreed with the Ministry for the Tyrewise scheme reflected the Ministry's tolerance level for milestone delivery.

This target acknowledges that the scheme is in its early stages of implementation, its performance data are evolving and market fluctuations may occur. It provides a realistic benchmark that supports flexibility while maintaining overall programme integrity. For milestone reports on the Tyrewise scheme, see the Tyrewise Reports webpage.

Rather than covering the Ministry's 2025/26 financial year, this measure captured milestone delivery for the period 1 April 2025 to 31 March 2026, consistent with the Tyrewise scheme's financial year. By reporting on the scheme's financial year, the Ministry could assess and report a complete year of scheme performance, aligning with the reporting period in the scheme's annual report. The advantage of this approach is that it avoided combining performance results from two different reporting periods for the scheme.

Note 8 – Projects funded by the Waste Disposal Levy

This measure reflects the collective impact of a diverse set of projects funded under the MCA, spanning multiple environmental domains including freshwater, waste and contaminated land. Each project is assessed against its own stated objectives, which vary by fund and initiative. See note 10 for the waste investment assessment method and note 13 for the environment investment assessment method.

Note 9 – Implementation of the Waste and Resource Efficiency Strategy

The Ministry assessed progress against this measure by considering the status of key initiatives within the Waste and resource efficiency work programme 2024 to 2026. We determined initiative status by assessing delivery against agreed milestones and timeframes, delivery of planned outputs or interim benefits, and any material delivery risks or constraints.

The assessment also considered significant dependencies that may affect delivery, including reliance on other agencies, legislative processes, external delivery partners, and specialist capability or capacity.

Note 10 – Completion of Waste Minimisation Fund project objectives

All projects have objectives agreed and stated in their deed of funding. We measured progress towards objectives throughout the project using milestone reports, and at project completion using recipient reporting via the Ministry's Funds Management System. We counted only fully

met objectives as achieved for the purpose of this measure, whereas objectives not met or partially met were considered to be not achieved. If a recipient withdrew due to factors beyond the Ministry's control, we considered the project to be partially completed, and counted only objectives that the Ministry contributed to financially.

Note 11 – Completion of Plastics Innovation Fund project objectives

Our approach to assessment of project objectives for the Plastics Innovation Fund was the same as our approach to the WMF (see note 10).

Note 12 – Completion of Contaminated Sites and Vulnerable Landfill Fund project objectives

Project objectives were set on a project-by-project basis and captured in the funding agreement with the funding recipient. During project delivery and at project completion, funding recipients provided relevant reporting for the Ministry to verify that they met project objectives. This included standard reporting prepared by suitably qualified and experienced practitioners in contaminated land, and in accordance with the Ministry's *Contaminated land management guidelines No 1* and *Contaminated land management guidelines No 5*. Project closure reports or letters formalised whether a project's objectives were achieved.

Note 13 – Tracking of project objectives for multiple Freshwater Funds within the Environmental Investment Fund

Projects are assessed regularly to determine whether they remained on track to achieve their stated objectives. Using the Project Health framework, investment managers interpreted regular project updates to assess whether a project was likely to meet its objectives.

The Ministry's Funds Management System captured assessment data in a structured format. Analysts provided commentary and context alongside each assessment. The Fund Manager reviewed and endorsed these assessments before the General Manager signed off the results.

Where a project was not on track, mitigation actions were identified and implemented to support successful delivery.

Note 14 – Progress reporting on the Government's climate change goals

For more information, see the DPMC's Government Targets Quarterly Reports webpage and the *Climate Change Chief Executives Board Statement of intent 2023–2027*. This material outlines the regular progress reporting plan of the Government's climate change work programme.

3. Our organisational health and capability
Te hauora me te kaha o tō mātou whakahaere

Overview of the areas that enabled us to deliver our work programme successfully

Our workforce

Our workforce at the Ministry for the Environment (the Ministry) played a central role in delivering on the Government's most significant environmental and economic priorities over the past year. We focused on advancing key strategic priorities, including resource management reform and climate mitigation and adaptation programmes. These areas are critical to supporting Aotearoa New Zealand's long-term growth, resilience and environmental stewardship, and progressing them required a high degree of connection, technical expertise and agility across our organisation.

In 2025/26, we continued to strengthen our capability to provide high-quality advice and deliver complex programmes at pace. Our people demonstrated professionalism, resilience and a strong commitment to public service, often working across organisational boundaries to achieve shared outcomes. Targeted investments in capability development supported our workforce to respond to emerging challenges, including by building our specialist expertise in policy, science and programme delivery.

Maintaining a positive, respectful and inclusive workplace remained a priority. We supported our people through a period of significant change, with a focus on resilience, clear communication, and leadership.

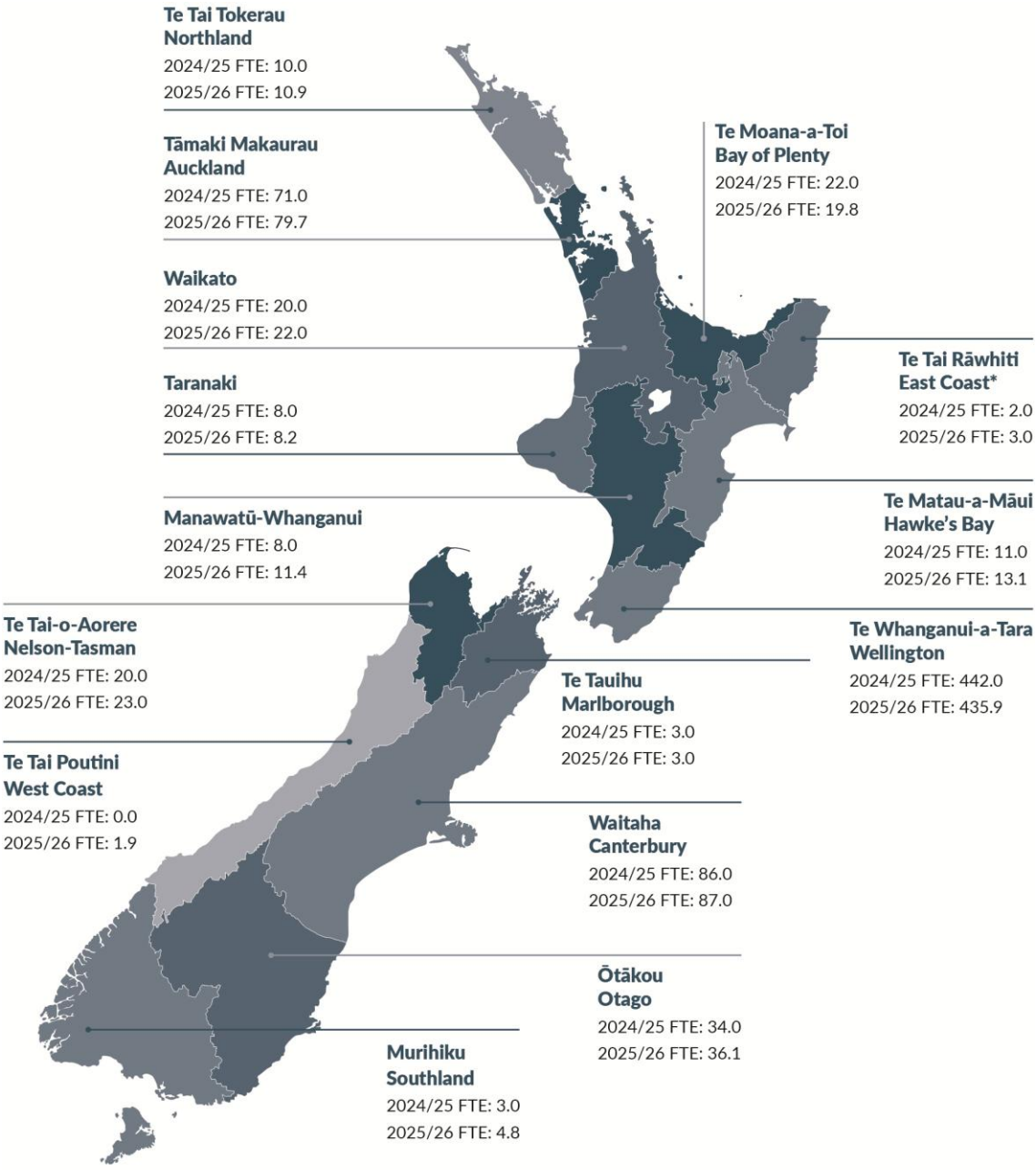
Over the year, we worked with our counterpart foundation agencies to prepare for our transition into a new, integrated agency, while staying focused on continuity of service delivery.

As a result, we finished the year well positioned to integrate effectively into the new Ministry for Cities, Environment, Regions and Transport (MCERT) with a workforce that is adaptable and capable.

Our people

As figure 3 shows, our people were dispersed across the motu, including in offices in Wellington, Auckland and Christchurch, and many worked remotely as well. For more staff demographic information, see table 4 through table 9.

Figure 3: Location of staff as at 30 June 2026



Data as at 30 June 2026.
FTE = full-time equivalent.
Data includes permanent, fixed-term and employees seconded to other organisations.
*The East Coast region has been updated to include Gisborne.

Table 4: Staff information, 2022/23 to 2025/26

	2022/23	2023/24	2024/25	2025/26
Full-time equivalent (FTE)*	1,010.2	938.9	738.3	759.7
Unplanned turnover	18.9%	13.3%	6.5%	8.8%
Part time**	11.3%	9.1%	6.7%	11.3%
Female	65.3%	66.9%	66.4%	66.7%
Male	33.5%	31.9%	32.3%	31.8%
Another gender	1.2%	1.1%	1.3%	1.5%
Female manager	66.3%	67.1%	65.1%	64.7%
Male manager	32.6%	32.9%	34.1%	35.3%
Another gender manager	1.1%	–	0.8%	–

* FTE includes employees who are permanent, fixed term or seconded to other organisations.

** Part time = less than 1.0 FTE

Table 5: Ethnicity of staff,* 2022/23 to 2025/26

Ethnicity**	2022/23	2023/24	2024/25	2025/26
European	76.2%	78.1%	75.9%	76.7%
Māori	14.6%	13.7%	10.8%	11.9%
Asian	7.4%	6.8%	7.3%	7.5%
Pacific peoples	1.9%	0.3%	1.5%	1.6%
Middle Eastern / Latin American / African	1.7%	0.6%	1.2%	0.9%
Other	5.1%	0.6%	3.3%	1.3%

* Dataset includes employees who are permanent, fixed term or seconded to other organisations.

** The ethnicity percentages are calculated based on all employees who have declared their ethnicity. Employees can specify up to three ethnicities (so total percentage of ethnicities will equal more than 100%).

Table 6: Age of staff,* 2022/23 to 2025/26

	2022/23		2023/24		2024/25**		2025/26	
Age group (years)	Number of staff	Percentage of staff	Number of staff	Percentage of staff	Number of staff	Percentage of staff	Number of staff	Percentage of staff
Under 25	41	3.9%	27	2.8%	11	1.4%	9	1.2%
25–34	439	33.3%	276	28.5%	204	25.9%	184	23.7%
35–44	308	29.4%	308	31.8%	264	33.5%	247	31.8%
45–54	234	22.3%	236	24.4%	209	26.5%	232	29.9%
55–64	98	9.4%	103	10.6%	87	11.0%	90	11.6%
65+	17	1.6%	19	1.9%	14	1.8%	15	1.9%
Unknown	–	0.0%	–	0.0%	–	0.0%	–	0.0%

* Dataset includes employees who are permanent, fixed term or seconded to other organisations.

** The 2024/25 workforce age figures have been restated to correct errors identified after they were originally published. These errors primarily related to how contractor records were classified and affected the 65+, 45–54 and 55–64 age bands. In addition, the 2024/25 methodology has been aligned with prior and current reporting years by excluding staff on parental leave or leave without pay, and staff who are seconded in.

Table 7: Ethnicity of people leaders (FTE)* as at 30 June 2026

Ethnicity**	Team Leader	Manager	Programme Executive / Director / Chief of Staff	General Manager	Deputy Secretary	Total
European	12.7	71.6	8.0	17.9	4.0	**114.2**
Māori	2.0	5.9	–	3.0	2.0	**12.9**
Asian	–	2.0	–	1.0	–	**3.0**
Pacific peoples	–	1.0	–	–	–	**1.0**
Middle Eastern / Latin American / African	–	–	–	–	–	**–**
Other ethnicity	1.0	–	–	–	–	**1.0**
Not declared	–	1.0	–	1.0	–	**2.0**
Total	**15.7**	**81.5**	**8.0**	**22.9**	**6.0**	**134.1**

* FTE includes employees who are permanent, fixed term or seconded to other organisations.

** Employees can specify up to three ethnicities (so the total number may be more than in other people leader counts).

Table 8: Age of people leaders (FTE)* as at 30 June 2026

Age group (years)	Team Leader	Manager	Programme Executive / Director / Chief of Staff	General Manager	Deputy Secretary	Total
Under 25	–	–	–	–	–	**–**
25–34	2.0	5.0	–	–	–	**7.0**
35–44	6.9	30.8	1.0	6.0	1.0	**45.7**
45–54	2.8	34.8	3.0	12.0	5.0	**57.6**
55–64	4.0	11.0	4.0	4.9	–	**23.9**
65+	–	–	–	–	–	**–**
Unknown	–	–	–	–	–	**–**
Total	**15.7**	**81.5**	**8.0**	**22.9**	**6.0**	**134.1**

* FTE includes employees who are permanent, fixed term or seconded to other organisations.

Table 9: Gender of people leaders (FTE)* as at 30 June 2026

Gender	Team Leader	Manager	Programme Executive / Director / Chief of Staff	General Manager	Deputy Secretary	Total
Female	12.7	51.6	4.0	15.0	6.0	**89.3**
Male	2.0	29.9	4.0	7.9	–	**43.8**
Another gender	1	–	–	–	–	**1.0**
Prefer not to say / unknown	–	–	–	–	–	**–**
Total	**15.7**	**81.5**	**8.0**	**22.9**	**6.0**	**134.1**

* FTE includes employees who are permanent, fixed term or seconded to other organisations.

Health, safety and wellbeing

The health, safety and wellbeing (HSW) of our people continued to be a top priority for the Ministry this year. We made progress in ensuring our systems, policies and practices were robust, effective and aligned with recognised best-practice standards across the New Zealand business sector.

We continued maturing our HSW management systems, as set out in our HSW roadmap. We also implemented several key controls to enhance our risk management and support frameworks. This included launching a safe driving policy and, for international travel, implementing an assistance provider to provide real-time safety guidance and incident assistance when our staff are working overseas.

Psychological wellbeing continued to be a critical focus area. To lift organisational capability to work safely through change, we delivered training for all leaders to ensure they were well equipped to lead their teams during this time of transition. We also made learning available to all staff on resilience and wellbeing through change. Mental health first-aid training added to our ability to provide a safe workplace from a mental health perspective.

We continued working with our senior leadership team to support good HSW governance by strengthening our HSW reporting, adding meaningful metrics to provide visibility of HSW risks across the organisation. Our health and safety officers were strongly engaged in ensuring we continued to meet our primary duty of care. Worker participation through our HSW Committee, health and safety representatives, and business group working groups remained strong.

Diversity and inclusion

The Ministry continued to promote diversity, equity and inclusion through our Tui Raumata strategy. In 2025/26, we updated Tui Raumata and our pay gaps action plans, further strengthening our already mature landscape and aligning with the Public Service Commission's new diversity, equity and inclusion framework.

After we had completed the design phase and prepared the proposal for implementing the updated strategy, the transition to MCERT was announced, so we held approval of this strategy until it could be considered in the new organisational context. In the interim, we continued to maintain existing systems, practices and processes to support diversity and inclusion.

Employee-led networks, accessibility initiatives, leadership development and a variety of flexible working arrangements helped support an inclusive workplace with equitable opportunities. As we prepared for the transition to MCERT, we continued to prioritise embedding inclusive practices across our systems, leadership and ways of working.

Over 2025/26, women represented 66.7 percent of employees and 64.7 percent of people leaders at the Ministry. Of all Ministry employees over the period, 11.9 percent identified as Māori, 7.5 percent identified as Asian and 1.6 percent identified as Pacific peoples.

We continued to monitor progress and refine our approach to ensure meaningful and measurable outcomes. Our commitment to equity was reflected not only in our policies but also in the lived experiences of our people.

Equal employment and pay gaps

We remained committed to fostering a workplace that provided equal opportunities for growth, progression and pay. Flexible working arrangements helped to attract and retain a diverse talent pool. Our recruitment and employment practices and employment processes supported merit-based appointments, such as by leveraging panel interviews, having clear hiring criteria and consistently applying pre-employment checks.

Our organisational systems and processes

During 2025/26, the Ministry continued to strengthen the systems and processes that supported its work while preparing for the establishment of MCERT. Core business systems and services remained stable and secure throughout a year of significant organisational change and increased demand for digital services.

To improve reliability, resilience and efficiency, the Ministry invested in cloud services, end-user technology and automation. This included upgrades to device management and operating environments, enhanced backup and recovery capabilities, expanded workflow automation and reporting. In addition, we continued to migrate services to public cloud platforms.

The Ministry also progressed the responsible adoption of artificial intelligence (AI) in line with the Public Service AI Framework. Advances included establishing governance arrangements for Microsoft Copilot and updating our digital strategic direction to support the secure, transparent and appropriate use of AI.

Technology investment governance was strengthened through the Ministry's IT Investment Framework. The framework supported more transparent investment decisions and lifecycle management in line with Cabinet Circular CO (23) 9*:* Investment Management and Asset Performance in Departments and Other Entities.

Together, these improvements helped the Ministry continue delivering Government priorities during a period of significant change and supported our preparation for the establishment of MCERT.

The Ministry identified no service critical assets in line with the reporting requirements in CO (23) 9.

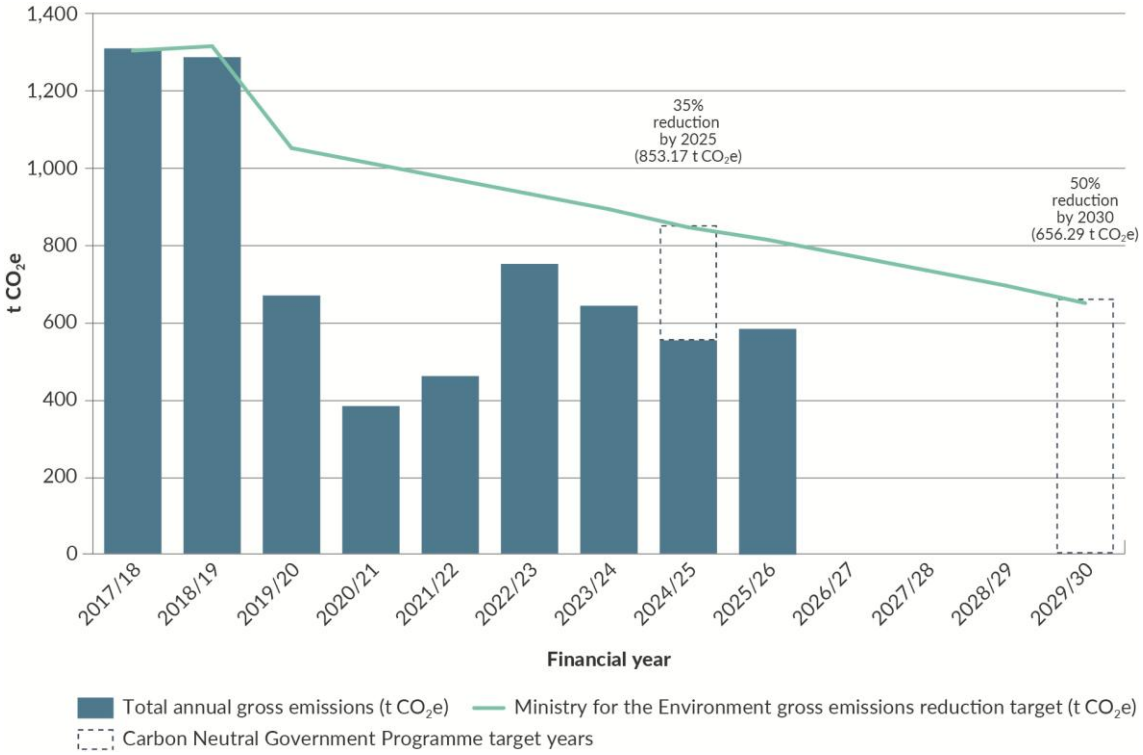
Sustainability

Our emissions reduction performance

In our final year, the Ministry remained on track in meeting our commitment to long-term emissions reduction. Total gross emissions were 586.39 tonnes of carbon dioxide equivalent (t CO_2e) in 2025/26 – 55.3 percent lower than the 2017/18 base year, and below the level required to halve emissions by 2030 under the Carbon Neutral Government Programme (figure 4).

Emissions increased 6.3 percent from 2024/25 but remained 8.9 percent below 2023/24 levels. The increase reflected higher activity during a year of policy delivery, consultation, engagement and organisational transition. Despite this increase, the Ministry concluded its final reporting year emissions substantially below base year and below the emissions reduction pathway set out in the Sustainability Strategy 2026–28.

Figure 4: Annual emissions reduction performance, actual and targeted, 2017/18 to 2029/30



Note: t CO_2e = tonnes of carbon dioxide equivalent.

The Ministry's emissions profile

The Ministry did not report any direct emissions in 2025/26. All reported emissions were indirect emissions arising from the Ministry's operations and activities rather than from assets under its direct control.

Travel remained the largest source of emissions and the main driver of the increase from 2024/25 (figure 5). Domestic aircraft-related emissions increased 25.8 percent in the Ministry's final year. International air travel emissions fell 5.7 percent, despite higher passenger kilometres, with long-haul business-class emissions reducing 65.7 percent.

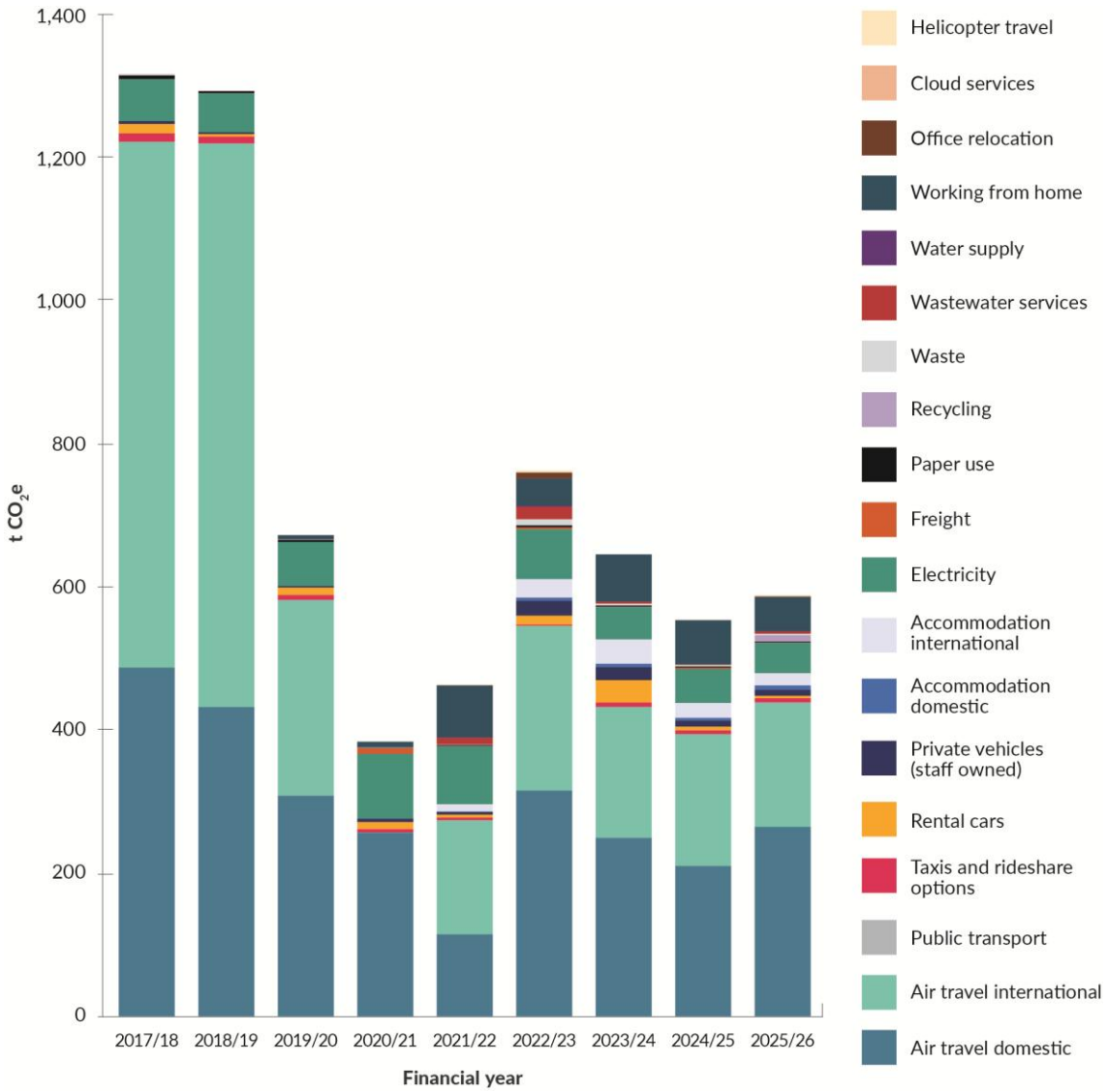
Figure 5: Total transport emissions, 2017/18 to 2025/26



Note: t CO_2e = tonnes of carbon dioxide equivalent.

Figure 6 shows trends in the Ministry's measured and reported emissions from 2017/18 to 2025/26, broken down by activity. Air travel remained the largest source of emissions and the primary contributor to total emissions.

Figure 6: Total emissions by activity, 2017/18 to 2025/26



Note: t CO_2e = tonnes of carbon dioxide equivalent.

Reported emissions are calculated by applying published emissions factors to activity data. Year-on-year movements may therefore reflect changes in activity or changes in emissions factors, or both. In 2025/26, accommodation and electricity emissions decreased despite higher activity (figure 6), reflecting updates to emissions factors published in the 2026 Measuring Emissions Guide. The Ministry used these published factors when calculating its emissions for reporting under the Carbon Neutral Government Programme. The reported activity data, calculations and application of emissions factors were subject to independent audit and verification.

Working-from-home emissions decreased in 2025/26, consistent with the drop in reported flexible remote working days and the lower headcount in the Ministry's final year.

Waste and wastewater results are not directly comparable with previous years, because the 2025/26 inventory captured additional material streams, including recycling treated as waste for emissions reporting. This expansion broadened the coverage of the inventory but limited like-for-like comparison with earlier years.

During its final year, the Ministry maintained a structured approach to emissions management through monitoring, reporting and travel emissions budget controls. These arrangements support the delivery of its emission reduction commitments under the Carbon Neutral Government Programme and helped with preparations for future emissions management under MCERT.

Emissions by source

Table 10 shows all of the Ministry's measured and reported emissions sources over its final three years.

Table 10: Total gross emissions by source, 2023/24 to 2025/26

Activity	t CO_2e 2023/24	2024/25	2025/26*
Accommodation			
Accommodation – New Zealand	33.76	20.79	17.02
Accommodation – International	5.04	3.87	6.20
Air travel			
Domestic Large aircraft	134.77	109.09	117.67
Domestic Medium aircraft	104.4	91.68	128.46
Domestic Small aircraft	9.26	8.27	16.87
International Long haul business class	12.18	21.23	7.29
International Long haul premium economy class	125.72	135.93	118.66
International Long haul economy class	28.70	9.01	22.65
International Short haul business class	0.00	1.44	1.30
International Short haul economy class	15.70	15.65	22.90
Ground travel			
Bus travel (electric and other fuel sources)	0.08	0.12	0.11
Ferry travel (New Zealand passenger ferry)	0.01	0.02	0.38
Rail travel (national and international)	0.04	0.01	0.07
Private Car average	17.86	8.22	8.26
Rental Car average (hybrid)	1.33	1.28	0.86
Rental Car XL (petrol over 3000cc)	9.06	0.26	0.03
Rental Car Large (petrol 2000–2999cc)	2.47	0.67	0.88
Rental Car Medium (petrol 1600–2000cc)	12.37	1.61	0.54
Rental Car Small (petrol 1350–1600cc)	3.86	1.33	0.97
Rental Car Large (diesel 2000–2999cc)	1.93	0.11	0.00
Taxi (regular)	6.22	5.20	5.93
Taxis (hybrid/EV)	0.00	0.09	0.01
Electricity			
Electricity	42.06	44.13	39.51
Electricity distributed T&D losses	3.09	3.36	2.99
Indirect emissions from products used by organisation			
Freight Air travel	0.46	2.09	0.91
Freight Road and Ferry	0.29	0.21	0.31
Paper use – default	1.54	1.81	1.51
Paper use office 100% recycled	0.33	0.00	0.00
Cloud-based emissions	0.00	0.00	1.91

Activity	2023/24	t CO_2e 2024/25	2025/26*
Indirect emissions from the organisation			
Working from home	65.93	61.36	48.00
Recycling	0.00	0.00	8.68
Waste landfilled LFGR Mixed waste	2.39	2.17	2.11
Wastewater for treatment plants (average)	2.64	0.60	3.27
Water supply	0.22	0.07	0.06
Total	**643.71**	**551.69**	**586.39**

Note: EV = electric vehicle; LFGR = landfill gas recovery; t CO_2e = tonnes of carbon dioxide equivalent; T&D = transmission and distribution. Recycling has been reported as waste to landfill because the available recycling conversion data are based on quarterly manual waste audits and were not extrapolated to the full reporting year.

* The Ministry reported no direct emissions in 2025/26. All reported emissions were indirect emissions under Carbon Neutral Government Programme categories 2–4. Emission figures are rounded to two decimal places. As a result, the sum of individual line items differs from the reported total by 0.01 tCO_2e for 2024/25 and 2025/26.

Table 11: Key performance indicators for full-time equivalent staff and expenditure, 2017/18 to 2025/26

Key performance indicator	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Full-time equivalents (FTE)*	360	414	504	659	828	978	1,129	811	780.1
Expenditure ($m)	70.39	77.46	95.54	123.96	170.33	237.11	267.86	190.19	213.39
Total gross emissions per FTE (t CO_2e)	3.65	3.12	1.33	0.58	0.56	0.77	0.57	0.68	0.75
Total gross emissions per $1 million of expenditure (t CO_2e)	18.64	16.65	7.02	3.09	2.71	3.17	2.40	2.90	2.75

* FTE methodology applied in emissions reporting: FTE figures used in emissions intensity calculations are derived from monthly headcount data provided by the People and Culture business unit, adjusted for full-time equivalency, remote work, and leave, to reflect actual operational presence. Data have been cross-verified using supplementary sources, including energy consumption records, facility access records and IT device connection data.

This methodology differs from the FTE data reported in financial statements and elsewhere in the annual report, which reflect headcount as at 30 June. This approach aligns with ISO 14064-1:2018 and Toitū carbonreduce programme requirements, and has been subject to independent assurance.

Independent verification



The Ministry's greenhouse gas emissions measurement, including emissions data and calculations, was independently verified by Toitū Envirocare.

For 2025/26, the Ministry held Toitū carbonreduce certification. This means its emissions were measured and reported in accordance with ISO 14064-1: 2018 and Toitū carbonreduce programme requirements.

The certification provides third-party assurance over the Ministry's final-year emissions reporting.

The emissions results align with the 2026 Measuring Emissions Guide, which applies 100-year global warming potential (GWP) values from the Intergovernmental Panel on Climate Change Fifth Assessment Report. These GWP values support consistent greenhouse gas inventory reporting under the Paris Agreement.

Our ao Māori strategy

Building capability and readiness during a period of transition

In 2025/26, the Ministry continued our work to ensure sufficient organisational capability to engage with Māori and understand Māori perspectives. Our strategy, Te Ao Hurihuri, continued to provide the foundation for the Ministry's approach to strengthening Māori cultural capability, supporting Māori–Crown relationships, and building confidence in giving practical effect to te Tiriti o Waitangi (the Treaty of Waitangi) across our work. During 2025/26, our focus remained on embedding capability into everyday organisational practice and strengthening the systems, resources and learning environments that support this work.

Throughout the year, we continued to deliver the Tōnui baseline capability programme, cultural capability wānanga, te reo Māori learning opportunities, tikanga guidance, one-to-one cultural support, and practical resources for staff and leaders. These activities were designed to support the development of capability across the organisation and help our people apply te ao Māori perspectives, tikanga Māori and te Tiriti considerations in their day-to-day work. The Ministry also continued to support capability development through Te Tautuhi o Rongo, Māori-centred policy approaches, cultural resources, leadership support and organisation-wide learning initiatives.

During the second half of the financial year, the Ministry entered a significant period of organisational transition as work progressed towards the establishment of MCERT. In January 2026, the planned evolution and refresh of Te Ao Hurihuri was paused, due to the changing operating environment and the need to prioritise transition activity. While collective leadership wānanga were paused, tailored one-to-one cultural capability support for senior leaders remained available throughout the transition period, to help leaders navigate organisational change.

The transition to MCERT also created an opportunity to take stock of our capability artefacts, frameworks, learning programmes, cultural resources and organisational practices. The work undertaken in 2025/26 reinforced the importance of aligning capability, engagement, leadership, organisational systems, and reporting to support enduring Māori–Crown relationships and improve organisational outcomes over time.

Te Tiriti o Waitangi settlement commitments

Delivering on the Crown's Treaty settlement commitments was central to achieving our strategic outcome to uphold te Tiriti and strengthen the Māori–Crown relationship.

In 2025/26, we increased our compliance with Treaty settlement commitments: we completed a larger proportion of commitments, and fewer commitments faced delivery issues. This shift was the result of deliberate efforts to mature our performance and embed Treaty settlement commitments into our everyday work.

We invested in the tools and systems needed to deliver Treaty settlement commitments more consistently, helping us to proactively identify and resolve issues, lift performance maturity, and improve clarity and transparency. Changes included:

- focusing on mapping and monitoring key delivery dates
- improving record-keeping and tracking of historical commitments
- conducting regular audits to assess accuracy and completeness of data.

The status of the Ministry's settlement commitments

He Korowai Whakamana provides a whole-of-government framework for tracking the status of Treaty settlement commitments via Te Haeata, the public online portal managed by Te Puni Kōkiri.

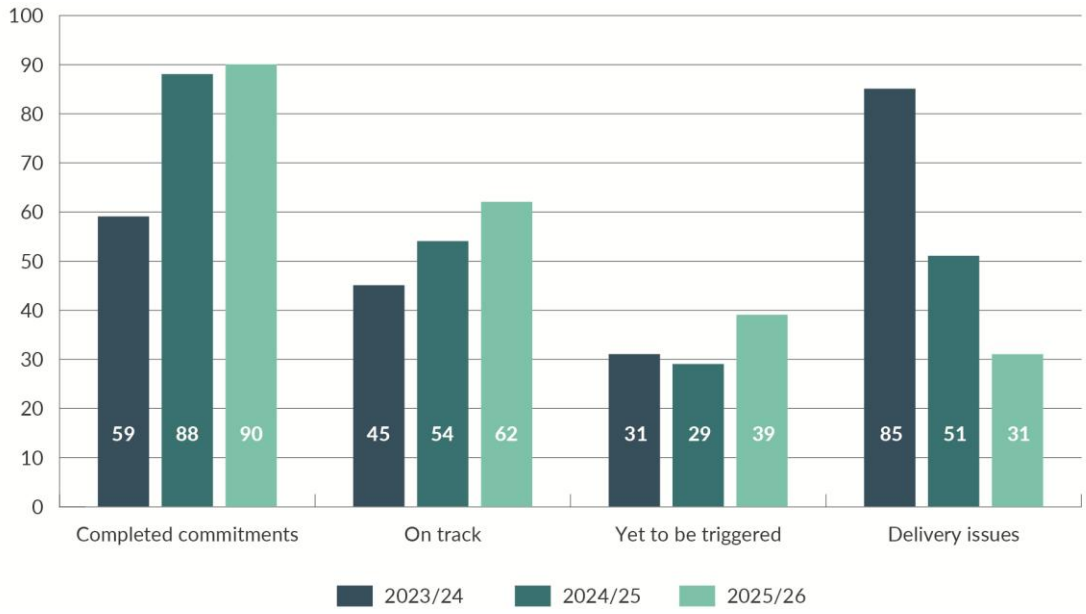
The Ministry was responsible for delivering more than 800 Treaty settlement commitments. Of those, in 2025/26 we reported on the status of 222 to Te Haeata, as commitments with clearly defined obligations (figure 7).

Commitments are categorised as follows:

- **completed commitments** – all required actions fulfilled
- **on track** – work is progressing as planned
- **delivery issues** – delivery is delayed or hindered by complicating factors
- **yet to be triggered** – delivery is dependent on external events or timing.

The Ministry supports a broad range of Treaty settlement commitments. These cover commitments to participation in natural resource management (63 percent of Ministry commitments), relationship redress (28 percent), transfer of Crown forest licensed land (3 percent), bespoke arrangements (1 percent), cultural redress property transfers (1 percent), legal identity redress (1 percent), cultural redress payments (1 percent), cash redress, and vesting and gift-back processes (less than 1 percent).

Figure 7: Overview of the Ministry for the Environment's Treaty settlement status on Te Haeata, 2023/24 – 2025/26



The Ministry improved across all commitment categories, most notably in the increased number of completed commitments and reduced number of delivery issues. The proportion of completed commitments rose from 40 percent to 41 percent over the past year, while commitments facing delivery issues declined from 23 percent to 14 percent.

Our funding and impact

Table 12 shows the 2025/26 expenditure in Vote Environment. The next two tables further break down this expenditure as follows.

- Table 13 shows non-departmental funding administered on behalf of Ministers and distributed externally. It does not include funding for the New Zealand Emissions Trading Scheme and Crown entities, due to the scale of their appropriation.
- Table 14 shows departmental funding for our work programme. The types of funding are shown separately, because of their size and significance.

Table 12: Vote Environment expenditure, 2025/26

Vote Environment	Funding allocation ($000)	Percentage of total funding (%)
Departmental	195,077	11
Non-departmental	234,387	13
Environmental Protection Authority	40,616	2
New Zealand Emissions Trading Scheme	1,330,033	73
Climate Change Commission	15,504	1
Total	**1,815,617**	**100**

Table 13: Non-departmental funding (excluding Crown entities and New Zealand Emissions Trading Scheme), 2025/26

Non-departmental annual appropriations	Funding allocation ($000)	Percentage of total funding (%)
International obligations	797	<0
Climate change	8,582	4
Treaty obligations	5,182	2
Waste minimisation (see details under Waste minimisation – multi-category appropriation)	163,328	70
Product Stewardship	55,598	24
Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme	900	<0
Total	**234,387**	**100**

Table 14: Departmental funding, 2025/26

Departmental annual appropriations	Funding allocation ($000)	Percentage of total funding* (%)
Product Stewardship Administration	552	<0
Climate Change Chief Executives Board	2,694	2
Waste Minimisation Administration	14,003	7
Environment Work Programme	12,732	7
Managing Climate Change in New Zealand	39,720	20
Improving New Zealand's Environment	125,376	64
Total departmental annual appropriations	**195,077**	**100**

* Percentages calculated to the nearest whole number.

4. Our finances
Kōrero pūtea

The financial resources we have used to deliver our services

Financial statements for the Ministry for the Environment

for the year ended 30 June 2026

Performance indicators

for the year ended 30 June 2026

	Unit	2025/26 Actual	2025/26 Revised Budget*
Operating results			
Revenue: Crown	$000	212,085	212,085
Revenue: Departmental and other	$000	1,301	955
Output expenses	$000	195,077	213,040
Gain on sale of assets	$000	–	5
Net surplus	$000	18,309	5
Working capital			
Net current assets	$000	10,916	10,295
Resource utilisation			
Plant and equipment			
Plant and equipment at year-end	$000	758	413
Value per employee	$000	1.03	0.48
Additions as % of plant and equipment	%	98	Nil
Plant and equipment as % of total assets	%	100	49
Intangible assets			
Intangible assets at year-end	$000	Nil	433
Value per employee	$000	–	0.50
Additions as % of intangible assets	%	Nil	Nil
Intangible assets as % of total assets	%	Nil	51
Taxpayers' funds			
Level at year-end	$000	7,242	7,242
Level per employee	$000	9.81	7.45
Net cash flows			
Surplus/(deficit) from operating activities	$000	15,384	501
Surplus/(deficit) from investing activities	$000	(749)	(795)
Surplus/(deficit) from financing activities	$000	(10,167)	(5)
Net increase/(decrease) in cash held	$000	4,468	299
Human resources			
Total staff (full-time equivalent)	Number	759	867

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Statement of comprehensive revenue and expense

for the year ended 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Budget* $000	2025/26 Actual $000
Revenue				
Funding from the Crown	2	190,139	207,089	212,085
Other revenue	2	237	955	1,301
Gain on sale of assets		–	5	–
Total revenue		**190,376**	**208,049**	**213,386**
Expenses				
Personnel costs	3	120,991	144,016	115,051
Depreciation and amortisation expense	8, 9	537	501	366
Capital charge	4	362	362	362
Other expenses	6	58,320	63,165	79,298
Total expenses		**180,210**	**208,044**	**195,077**
Net surplus		**10,166**	**5**	**18,309**
Other comprehensive revenue and expenses		–	–	–
Total comprehensive revenue and expenses		**10,166**	**5**	**18,309**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 18.

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Budget* $000	2025/26 Actual $000
Assets				
Current assets				
Cash and cash equivalents		15,708	16,408	20,176
Receivables	7	31,251	16,203	26,705
Prepayments		1,366	1,000	947
Total current assets		48,325	33,611	47,828
Non-current assets				
Plant and equipment	8	366	519	758
Intangible assets	9	10	794	–
Total non-current assets		376	1,313	758
Total assets		**48,701**	**34,924**	**48,586**
Liabilities				
Current liabilities				
Payables	10	13,434	17,300	10,507
Return of operating surplus	11	10,166	5	18,309
Provisions	12	7,069	–	987
Employee entitlements	13	6,891	6,641	7,109
Total current liabilities		37,560	23,946	36,912
Non-current liabilities				
Employee entitlements	13	3,899	3,736	4,432
Total non-current liabilities		3,899	3,736	4,432
Total liabilities		**41,459**	**27,682**	**41,344**
Net assets		**7,242**	**7,242**	**7,242**
Equity				
Taxpayers' funds		7,242	7,242	7,242
Total equity		**7,242**	**7,242**	**7,242**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 18.

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Budget* $000	2025/26 Actual $000
Balance as at 1 July		**7,242**	**7,242**	**7,242**
Comprehensive revenue and expense				
Surplus for the year		10,166	5	18,309
Other movements				
Return of operating surplus to the Crown	11	(10,166)	(5)	(18,309)
Balance as at 30 June		**7,242**	**7,242**	**7,242**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2026

	2024/25 Actual $000	2025/26 Budget* $000	2025/26 Actual $000
Cash flows from operating activities			
Receipts from the Crown	215,140	207,089	217,086
Receipts from other revenue	134	955	851
Payments to suppliers	(63,940)	(63,255)	(85,976)
Payments to employees	(126,084)	(143,926)	(115,939)
Payments for capital charge	(362)	(362)	(362)
Goods and services tax (net)	72	–	(276)
Net cash flow from operating activities	**24,960**	**501**	**15,384**
Cash flows from investing activities			
Receipts from sale of plant and equipment	–	5	–
Purchase of plant and equipment	(256)	(300)	(741)
Purchase of intangible assets	28	(500)	(8)
Net cash flow from investing activities	**(228)**	**(795)**	**(749)**
Cash flows from financing activities			
Capital contribution received	–	–	–
Return of operating surplus	(27,883)	(5)	(10,167)
Net cash flow from financing activities	**(27,883)**	**(5)**	**(10,167)**
Net increase/(decrease) in cash	(3,151)	(299)	4,468
Cash at the beginning of the year	18,859	16,707	15,708
Cash at the end of the year	**15,708**	**16,408**	**20,176**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from Inland Revenue. 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.

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2026 (continued)

Reconciliation of net surplus to net cash flow from operating activities

	2024/25 Actual $000	2025/26 Actual $000
Net surplus	**10,166**	**18,309**
Add/(less) non-cash items		
Depreciation and amortisation expense	537	366
Net loss/(gain) on sale of fixed assets	1	–
Total non-cash items	**538**	**366**
Add/(less) movements in statement of financial position items		
(Increase)/decrease in receivables	24,900	4,546
(Increase)/decrease in prepayments	(120)	419
Increase/(decrease) in payables*	(7,107)	(2,925)
Increase/(decrease) in employee entitlements	413	751
Increase/(decrease) in provisions	(3,830)	(6,082)
Total net movement in working capital items	**14,256**	**(3,291)**
Net cash flow from operating activities	**24,960**	**15,384**

* Creditors and accruals for capital expenditure are excluded when calculating this increase or decrease.

The accompanying notes form part of these financial statements.

Statement of commitments

as at 30 June 2026

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.

The Ministry has no capital commitments (2024/25: None).

Non-cancellable operating lease commitments

The Ministry leases plant and equipment in the normal course of its business. The majority of these lease commitments 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 is $nil (2024/25: $nil).

	2024/25 Actual $000	2025/26 Actual $000
Operating leases as lessee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Not later than one year	3,198	3,373
Later than one year but not later than five years	13,070	13,144
Later than five years	24,807	21,470
Total non-cancellable operating lease commitments	41,075	37,987
Total commitments	**41,075**	**37,987**

The Ministry's commitments as at 30 June 2026 transferred to the Ministry for Cities, Environment, Regions and Transport (MCERT) on 1 July 2026.

As part of the MCERT establishment process, the Ministry expects to relocate from its current leased premises before the expiry of the minimum contractual lease term. The relocation is currently expected to occur in January 2027. The operating lease commitments amounts disclosed above include lease payments that may be payable beyond the expected relocation date and up to the contractual expiry of the lease.

The Ministry expects that another government agency will occupy the premises following its relocation and will assume responsibility for the remaining lease payments. As at 30 June 2026, the Ministry has assessed that no onerous obligation will arise from these changes and no contingent recoveries have been offset against the operating lease commitments disclosed above.

The accompanying notes form part of these financial statements.

Statement of contingent liabilities and contingent assets

as at 30 June 2026

Contingent liabilities

Legal matters

There are nine potential liabilities in relation to legal matters of approximately $1.472 million as at 30 June 2026 (2024/25: Ten potential liabilities in relation to legal matters of up to $1.780 million).

Under certain contracts and licences, the department may still be held liable for contractual obligations, as these agreements do not explicitly exclude departmental liability. However, the majority of these contracts are considered low value and/or low risk. For high-value contracts or if the Ministry considers the risk to be significant, liability is typically capped.

Contingent assets

There were no contingent assets as at 30 June 2026 (2024/25: $nil).

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

The Ministry for the Environment | Manatū mō te Taiao (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in Aotearoa 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 in the non-departmental statements and schedules on pages 100 to 126.

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 financial reporting purposes and complying with generally accepted accounting practice (GAAP).

Disestablishment of the Ministry

In December 2025, the Government confirmed its plans to establish a new Ministry for Cities, Environment, Regions & Transport (MCERT) to support the Government's reforms in housing, transport, urban development and the environment.

The new ministry brings together the Ministry for the Environment, the Ministry of Housing and Urban Development, the Ministry of Transport, and local government functions from the Department of Internal Affairs into one new agency.

MCERT was formally established on 1 April 2026 and became operational from 1 July 2026. The Environment (Disestablishment of Ministry for the Environment) Amendment Act 2026 formally disestablished the Ministry for the Environment and transferred all of its existing functions and responsibilities to MCERT from the beginning of 1 July 2026.

As a result, the Ministry for the Environment's existing functions, assets, liabilities and appropriations were transferred to and amalgamated into MCERT on 1 July 2026. The Ministry for the Environment ceased operations at the end of 30 June 2026 and did not undertake any transactions between this date and its disestablishment at the beginning of 1 July 2026. Accordingly, these financial statements represent the final annual report of the Ministry for the year ended 30 June 2026.

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with the New Zealand generally accepted accounting practice (NZ GAAP) and Treasury Instructions. They comply with Tier 1 PBE Accounting Standards and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements were authorised for issue by the Secretary for the Environment, Jeremy Lightfoot. Mr Lightfoot was appointed on 27 April 2026 and is the Chief Executive for MCERT.

Basis of preparation

The financial statements have been prepared on the basis that the Ministry operated as a going concern throughout the reporting year.

While the Ministry ceased to exist as a separate legal entity from 1 July 2026, its operations and service delivery will continue without material change within MCERT. Accordingly, the accounting policies have been applied consistently throughout the year, and no changes have been made to the recognition and measurement, or presentation of assets and liabilities in these financial statements, as these are expected to be realised or settled in the normal course of operations within MCERT.

Basis of recognition and measurement

The financial statements have been prepared on an accrual basis unless otherwise specified (eg, the statement of cash flows). Under an accrual basis, revenues are recognised when rights to assets are earned rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have also been prepared on a historical cost basis unless otherwise stated.

For further information on the recognition and measurement of certain items in these financial statements please refer to the relevant note.

Presentation currency and rounding

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.

Comparatives

All comparative amounts are consistent with those included in the previous year's annual report. There have been some classification amendments to ensure consistency with the current year's presentation.

New or amended standards adopted

No new accounting standards have been adopted in the year that have had a material impact on the preparation of these financial statements

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

No new accounting standards have been issued but are not yet effective and have not been early adopted, which are considered likely to have a material impact on these financial statements when adopted in future years.

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 included below.

Budgeting figures

The budget figures are those included in the Budget Economic and Fiscal Update (BEFU 2025) outyear 1 figures for the year ending 30 June 2026 that were published in the 2024/25 annual report for forecast figures.

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 budget 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.

Forecast financial statements

Pursuant to section 45BA of the Public Finance Act, forecast financial statements would normally be required to be disclosed. However, due to the disestablishment of the Ministry for the Environment no forecast financial statements are presented. Future activities and associated financial information of the new departmental agency will be incorporated in the reporting for the Ministry for Cities, Environment, Regions and Transport.

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 surplus or deficit for the year as reported in the statement of comprehensive revenue and expense.

Statement of cash flows

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.

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 and the appropriation statements (on pages 70 to 78 and 127 to 134) 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 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 on pages 77 and 78 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 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 to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- estimating the useful lives of property, plant and equipment and of intangible assets – refer to Notes 8 and 9
- key assumptions used in measuring provisions – refer to Note 12
- key assumptions used in determining the estimates for long-service leave and retirement gratuities – refer to Note 13.

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 is reported in the statement of commitments on page 77.

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.

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 derived revenue from the reimbursement of fast-track process costs, requiring authority fees and rental income. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Breakdown of other revenue

	2024/25 Actual $000	2025/26 Actual $000
Fast-track and requiring authority	237	1,288
Rental income	–	13
Total other revenue	**237**	**1,301**

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

	2024/25 Actual $000	2025/26 Actual $000
Salaries and wages	112,940	110,543
Restructure costs*	2,318	(689)
Employer contributions to defined contribution plans	3,449	3,480
Accident Compensation Corporation (ACC) levy	82	79
Net employee entitlements	2,064	1,489
Other	138	149
Total personnel costs	**120,991**	**115,051**

* In 2024 the Ministry went through an organisation-wide restructure to better align with future output demands on the Ministry and reduction in baseline funding.

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 2026 was 5 percent (2024/25: 5 percent).

5. Finance costs

The Ministry has not incurred any finance costs during the financial year ended 30 June 2026 (2024/25: $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 in a systematic manner 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

	2024/25 Actual $000	2025/26 Actual $000
Audit fees for the financial statement audit	357	368
Operating lease expenses	3,491	3,487
Advertising and publicity	422	313
Contributions and sponsorship*	12,237	17,787
External resources		
Contractors and consulting fees	10,253	21,929
Advisory groups	661	142
Legal advice	4,140	4,224
Annual outsourced specialist services	10,289	11,075
Services provided by other government agencies	4,673	10,728
General and administration	4,461	(519)
Net loss on disposal of property, plant and equipment	–	–
Other expenses	7,336	9,764
Total other expenses	**58,320**	**79,298**

* Contributions and sponsorship are made towards waste reduction and sustainability initiatives, iwi partnerships and other items.

7. 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, the Ministry has assessed short-term receivables 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

	2024/25 Actual $000	2025/26 Actual $000
Receivables from non-exchange transactions		
Debtor Crown	31,053	26,053
Total receivables from non-exchange transactions	31,053	26,053
Receivables from exchange transactions		
Debtors other*	198	652
Total receivables from exchange transactions	198	652
Total receivables	**31,251**	**26,705**

* Other debtors are made up of secondment invoicing of Ministry staff to other government departments.

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

The allowance for credit losses is determined as follows:

30 June 2026	Receivable days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount ($000)	26,705	–	–	–	26,705
Lifetime expected credit loss ($000)	**–**	**–**	**–**	**–**	**–**

30 June 2025	Receivable days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount ($000)	31,251	–	–	–	31,251
Lifetime expected credit loss ($000)	**–**	**–**	**–**	**–**	**–**

8. Plant and equipment

Accounting policy

Plant and equipment consists of furniture and fittings (including leasehold improvements), office equipment and computer hardware. Plant and equipment is 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 a group 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 that is part of a group of similar assets is capitalised.

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses arising from disposal of plant and equipment are recognised in the statement of comprehensive revenue and expense in the period in which the transaction occurs.

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 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 plant and equipment 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.

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 its 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

	Furniture and fittings $000	Office equipment $000	Computer hardware $000	Total $000
Cost				
Balance as at 1 July 2024	467	48	3,974	4,489
Additions	–	–	256	256
Balance as at 30 June 2025	**467**	**48**	**4,230**	**4,745**
Balance as at 1 July 2025	467	48	4,230	4,745
Additions	–	–	740	740
Disposals	–	–	(365)	(365)
Balance as at 30 June 2026	**467**	**48**	**4,605**	**5,120**
Accumulated depreciation and impairment losses				
Balance as at 1 July 2024	397	47	3,501	3,945
Depreciation expense	28	1	405	434
Balance as at 30 June 2025	**425**	**48**	**3,906**	**4,379**
Balance as at 1 July 2025	425	48	3,906	4,379
Depreciation expense	24	–	324	348
Eliminate on disposal	–	–	(365)	(365)
Balance as at 30 June 2026	**449**	**48**	**3,865**	**4,362**
Carrying amounts				
As at 1 July 2024	70	1	473	544
As at 30 June/1 July 2025	42	–	324	366
As at 30 June 2026	**18**	**–**	**740**	**758**

Restrictions

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

9. Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licences 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 are 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.

The 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 its 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
Cost					
Balance as at 1 July 2024	3,325	25	1,429	1,843	6,622
Add: Closing work in progress	(8)	–	–	–	(8)
Less: Opening work in progress	(20)	–	–	–	(20)
Balance as at 30 June 2025	**3,297**	**25**	**1,429**	**1,843**	**6,594**
Balance as at 1 July 2025	3,297	25	1,429	1,843	6,594
Add: Closing work in progress	–	–	–	–	–
Less: Opening work in progress	8	–	–	–	8
Balance as at 30 June 2026	**3,305**	**25**	**1,429**	**1,843**	**6,602**
Accumulated amortisation and impairment losses					
Balance as at 1 July 2024	**3,183**	**25**	**1,429**	**1,843**	**6,480**
Amortisation expense	102	–	–	–	102
Balance adjustment	2	–	–	–	2
Balance as at 30 June 2025	**3,287**	**25**	**1,429**	**1,843**	**6,584**
Balance as at 1 July 2025	3,287	25	1,429	1,843	6,584
Amortisation expense	18	–	–	–	18
Balance as at 30 June 2026	**3,305**	**25**	**1,429**	**1,843**	**6,602**
Carrying amounts					
As at 1 July 2024	142	–	–	–	142
As at 30 June/1 July 2025	10	–	–	–	10
As at 30 June 2026	**–**	**–**	**–**	**–**	**–**

Restrictions

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

10. Payables

Accounting policy

Payables are non-interest bearing and are normally settled within 30 days; therefore, payables are recorded at the amount payable to extinguish the liability.

Breakdown of payables and further information

	2024/25 Actual $000	2025/26 Actual $000
Payables under exchange transactions		
Creditors	5,693	857
Accrued expenses	6,937	9,122
Total payables under exchange transactions	**12,630**	**9,979**
Payables under non-exchange transactions		
GST payable	804	528
Total payables	**13,434**	**10,507**

11. Return of operating surplus

	2024/25 Actual $000	2025/26 Actual $000
Net surplus	10,166	18,309
Total return of operating surplus	**10,166**	**18,309**

Explanation of underspend

- $8.4 million of underspend has been allocated to in-principle expense transfers to 2026/27 to support the planning system transformation programme.
- $1.0 million of underspend has been allocated to in-principle expense transfers to 2026/27 to support freshwater farm plans.

The remaining underspend is attributable to factors across the Ministry, broadly driven by the momentum of planned expenditure, which was affected by recruitment timing and delays in programme delivery.

12. 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. All provisions are considered current and have therefore not been discounted to reflect the time value of money.

Breakdown of provisions and further information

	2024/25 Actual $000	2025/26 Actual $000
Current portion		
Restructuring	2,418	870
Historical Waitangi Tribunal claims	4,229	17
Pou Taiao	250	–
Public Service Association (PSA) bargaining	172	–
MCERT merger	–	100
Total current portion	**7,069**	**987**
Non-current portion		
None	–	–
Total provisions	**7,069**	**987**

Movements for each class of provision are as follows:

	Pou Taiao $000	Restructure $000	PSA bargaining $000	Waitangi Tribunal $000	MCERT merger	Total $000
Balance as at 1 July 2024	**–**	**8,099**	**–**	**2,800**	**–**	**10,899**
Additional provisions made	250	2,317	172	1,804	–	4,543
Amounts utilised to settle provision	–	7,998	–	375	–	8,373
Balance as at 30 June 2025	**250**	**2,418**	**172**	**4,229**	**–**	**7,069**
Balance as at 1 July 2025	250	2,418	172	4,229	–	7,069
Additional provisions made	–	–	–	17	100	117
Amounts utilised to settle provision	250	1,548	172	4,229	–	6,199
Balance as at 30 June 2026	**–**	**870**	**–**	**17**	**100**	**987**

Restructuring provision

The restructuring provision arises from the reshaping of the Ministry announced in mid-2023. It forms part of the Government's priorities and relates to the cost of expected redundancies. In 2025/26, most of the provisioned redundancies were paid out, while a small number of delayed redundancies are being carried over and are expected to be paid out in 2026/27.

Assumptions made in this calculation were the average length of service and salary mid-point.

MCERT merger

This provision arises from the MCERT merger that went live on 1 July 2026. The majority of Ministry for the Environment staff transferred into the new ministry. A small number of roles were disestablished and placed into fixed term positions. These roles will be eligible for redundancy at the end of the fixed term.

Assumptions made in this calculation were the average length of service and salary mid-point.

Historical Waitangi Tribunal claims

This provision arises from the Ministry's commitment to retrospectively fund claimants for stages 1 and 2 of the Kaupapa inquiry Wai 2358: National Freshwater and Geothermal Resources. During 2025/26, all the provision was released. An additional provision has been made for hearings to be held in 2026/27.

Assumptions made in this calculation were the number of claimants and the compensation rate for travel and accommodation.

13. 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, and 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 leave, are calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to the staff member, according to their years of service, their years to entitlement, the likelihood that they 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 long-service leave and retirement gratuities obligations depends on various factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are 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 2.97 percent to 5.38 percent (2024/25: 3.14 percent to 5.58 percent) and a long-term salary growth of 3.12 percent (2024/25: 2.89 percent) was used. The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1 percent 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 $478,000 higher or lower.

If the salary inflation factor were to differ by 1 percent 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 $442,000 higher or lower.

Breakdown of employee entitlements

	2024/25 Actual $000	2025/26 Actual $000
Current portion		
Salary accruals	(826)	(446)
Annual leave	6,700	6,468
Long-service leave and retirement gratuities	1,017	1,087
Total current portion	**6,891**	**7,109**
Non-current portion		
Long-service leave and retirement gratuities	3,899	4,432
Total employee entitlements	**10,790**	**11,541**

14. Capital management

The Ministry's capital is its equity, which comprises 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 1989.

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

15. 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 conditions 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

	2024/25 Actual	2025/26 Actual
Executive Leadership Team, including the Chief Executive		
Remuneration	$2,427,345	$2,476,568
Full-time equivalent staff	7.0	7.0

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 Parliament Act 2025 and are paid under Permanent Legislative Authority, and not paid by the Ministry.

No other related party transactions have been incurred in the year (2024/25: None).

16. Events after balance date

On 1 July 2026, the Ministry was disestablished pursuant to legislation establishing the Ministry for Cities, Environment, Regions & Transport (MCERT). The Ministry's functions, powers, responsibilities, assets, liabilities, appropriations, commitments, and contingent liabilities transferred to MCERT on that date.

As a consequence of the disestablishment, these financial statements represent the Ministry's final annual report. The Ministry's activities will continue to be undertaken by MCERT from 1 July 2026. The disestablishment does not affect the financial results or financial position reported as at 30 June 2026.

No other events have occurred after the reporting date that would require adjustment to, or disclosure in, these financial statements.

17. Financial instruments

Financial instrument categories

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

	2024/25 Actual $000	2025/26 Actual $000
Financial assets measured at amortised cost		
Cash and cash equivalents	15,708	20,176
Receivables	31,251	26,708
Total financial assets measured at amortised cost	**46,959**	**46,884**
Financial liabilities measured at amortised cost		
Payables (excluding GST payable)	12,630	9,979

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. The extent of foreign currency transactions entered into 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 bank 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.

Receivables (Note 7) are subject to the expected credit loss model. The notes for these items provide relevant information on impairment.

Cash and cash equivalents are subject to the expected credit loss model, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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 drawdowns 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
2026						
Payables (Note 10)	9,979	9,979	9,979	–	–	–
2025						
Payables (Note 10)	12,630	12,630	12,630	–	–	–

18. Explanations of major variances against budget

Explanations for major variances from the Ministry's original 2025/26 budget figures are as follows:

(i) Statement of comprehensive revenue and expense

	2025/26 Actual $000	2025/26 Budget $000	2025/26 Variance $000
Revenue Crown	212,085	207,089	4,996
Other revenue	1,301	955	346
Personnel costs	115,051	144,016	(28,965)
Contribution and sponsorship	17,787	12,213	5,574
External resources	48,098	23,548	24,550
General and administration	(518)	3,238	(3,756)

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

- in-principle expense transfer from 2024/25 under Environment for Fast-track approval implementations, freshwater farm plan implementations, water rights litigations, Waitangi Tribunal hearings, resource management national direction and phase 3 RMA replacement
- in-principle expense transfer from 2024/25 under Climate Change for legal costs on the impacts of climate change.

Other revenue. The actual revenue was higher than budget due to higher-than-expected revenue from fast-track applications.

External resources. The actual expense was higher than budget due to the increase in spend on contractors and consultants driven by the work undertaken for the new resource management system.

Personnel. The actual expense was lower than budget due to recruitment timing and delays in programme delivery.

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

General and administration. The actual expense was lower than budget due to the release of a provision previously recognised for Tribunal claims administration costs.

(ii) Statement of financial position

	2025/26 Actual $000	2025/26 Budget $000	2025/26 Variance $000
Cash and cash equivalents	20,176	16,408	3,768
Receivables	26,708	16,203	10,505
Payables	10,488	17,300	(6,812)
Employee entitlements	11,542	10,377	1,165

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

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 payables liability was lower than budget due to lower-than-expected year-end accruals.

Employee entitlements. The annual leave and retiring leave liabilities were slightly higher than budget.

(iii) Statement of cash flows

	2025/26 Actual $000	2025/26 Budget $000	2025/26 Variance $000
Receipts from the Crown	217,086	207,089	9,997
Payments to suppliers	85,976	63,255	22,721
Payments to employees	115,939	143,926	(27,987)

Receipts from the Crown. Actual received cash was higher than budget due to in-principle transfers, as mentioned above.

Payments to suppliers. Actual cash paid was higher than budget due to higher-than-expected operating expenses.

Payments to employees. Actual cash paid was lower than budget due to underspend in this area for the year.

19. Climate Change Chief Executives Board

The Climate Change Chief Executives Board (CCCE Board) is an interdepartmental executive board to provide oversight of the Government's response to climate change. Operating funding of $3.242 million in 2025/26 was approved for the appropriation.

The Ministry administers the CCCE Board appropriation under Vote Environment and the revenues, expenditures, assets and liabilities relating to the Board are consolidated in the Ministry's financial statements.

Climate Change Chief Executives Board financial information

	2024/25 Actual $000	2025/26 Actual $000
Revenue		
Funding from the Crown	3,754	3,242
Expenses		
Personnel	1,803	1,340
Contractors and consultants	166	75
Other operating costs	1,515	1,279
Total costs	**3,484**	**2,694**
Assets		
Receivables	270	548
Liabilities		
Provision for repayment of surplus	270	548

Non-departmental statements and schedules

for the year ended 30 June 2026

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 2026

	Notes	2024/25 Actual $000	2025/26 Mains Forecast* $000	2025/26 Actual $000
Revenue				
Royalties		1,252	750	343
Levies		258,635	327,889	276,460
Surrender of New Zealand Units	10	1,892,805	2,299,616	1,805,337
Emissions Trading Scheme penalty revenue		34,006	–	4,327
Grants refund		–	–	872
Net changes in carbon price of New Zealand Units		–	–	508,590
Total non-departmental revenue		**2,186,698**	**2,628,255**	**2,595,929**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 13.

Schedule of non-departmental capital receipts

for the year ended 30 June 2026

The Ministry on behalf of the Crown has no capital receipts (2024/25: $nil).

The accompanying 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 2026.

Schedule of non-departmental expenses

for the year ended 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Mains Forecast* $000	2025/26 Actual $000
Expenses				
Grants and settlements	2	179,114	211,907	124,331
Subscriptions and contributions to international forums	3	956	1,284	1,034
Crown entity funding	4	51,255	56,120	56,120
Levy disbursement	5	99,932	127,861	108,623
Allocation of New Zealand Units	6, 10	1,093,489	1,174,232	1,325,212
Net changes in carbon price of New Zealand Units	10	1,026,907	–	–
Loss on sale of New Zealand Units	10	17,559	–	4,821
GST input expense		51,180	58,606	42,745
Other		1,644	177	130
Total non-departmental expenses		**2,522,036**	**1,630,187**	**1,663,016**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 13.

The accompanying 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 2026.

Schedule of non-departmental assets

as at 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Mains Forecast* $000	2025/26 Actual $000
Assets				
Current assets				
Cash and cash equivalents		34,953	31,134	30,962
Receivables	7	96,906	57,500	103,325
Total current assets		**131,859**	**88,634**	**134,287**
Non-current assets		–	–	–
Total non-departmental assets		**131,859**	**88,634**	**134,287**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 13.

In addition, the Ministry monitors two Crown entities: the Environmental Protection Authority | Te Mana Rauhī 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 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 2026.

Schedule of non-departmental liabilities

as at 30 June 2026

	Notes	2024/25 Actual $000	2025/26 Mains Forecast* $000	2025/26 Actual $000
Liabilities				
Current liabilities				
Payables	8	89,906	113,960	89,303
Provisions	10	7,385,943	5,966,357	6,406,501
Total current liabilities		**7,475,849**	**6,080,317**	**6,495,804**
Non-current liabilities				
Payables	8	59,188	55,640	55,640
Total non-current liabilities		**59,188**	**55,640**	**55,640**
Total non-departmental liabilities		**7,535,037**	**6,135,957**	**6,551,444**

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Explanations of significant variances against budget are detailed in Note 13.

Schedule of non-departmental commitments

as at 30 June 2026

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2024/25: $nil).

The accompanying 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 2026.

Schedule of non-departmental contingent liabilities and contingent assets

as at 30 June 2026

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 an announcement or legislation are not recognised if it is still in progress or has not created a clear expectation that the Crown will fulfil its 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 doing so are entitled to receive New Zealand Units (NZUs) for the increase in carbon stock in their forests.

Those land owners who have not registered their post-1989 forest land or who have deregistered from the scheme have until the end of 2030 to decide whether to re-register post-1989 forest land and receive NZUs for the fifth Mandatory Emissions Reporting Period, which lasts from 1 January 2026 to 31 December 2030. If they re-register, they can claim NZUs for all the carbon stored in their forest from 1 January 2026, subject to review and approval of their applications.

Participants also have various legal obligations, including to surrender 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 the participant previously received 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 NZ ETS at 30 June 2026.

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 land owner becomes a mandatory participant in the NZ ETS. The land owner must submit an emissions return and either surrender units or pay cash at a rate of $25 per NZU for emissions resulting from deforestation that occurred up to 2019 and $35 per unit for emissions resulting from deforestation in 2020.

At 30 June 2026, there may be some deforestation that has not yet been reported to the Crown because some participants may not be fully aware of the NZ ETS requirements or the consequences of non-compliance.

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 and 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 (2024/25: Between $500,000 and $2 million).

The Ministry on behalf of the Crown has no other contingent liability or assets (2024/25: $nil).

Notes to the non-departmental statements and schedules

1. Statement of accounting policies for the year ended 30 June 2026

Reporting entity

The non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2026. 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 2026.

Basis of preparation

The non-departmental statements and schedules have been prepared in accordance with the Government's accounting policies as set out in the 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 the New Zealand generally accepted accounting practice (NZ GAAP), applying Tier 1 Public Benefit Entity (PBE) Accounting Standards, as appropriate for public benefit entities in the public sector.

Presentation currency and rounding

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.

Comparatives

All comparative amounts are consistent with those included in the previous year's non-departmental statements and schedules.

New or amended standards adopted

No new accounting standards have been adopted in the year that have had a material impact on the preparation of the non-departmental statements and schedules.

Other changes in accounting policies

There have been no other changes in the accounting policies since the date of the last audited non-departmental statements and schedules.

Standards issued and not yet effective and not early adopted

No new accounting standards have been issued but are not yet effective and have not been early adopted, which are considered likely to have a material impact on these financial statements when adopted in future years. 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 included 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 for the year ended 30 June 2026

The 2026 budget figures are for the year ended 30 June 2026 and were published in the 2024/25 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 30 June 2026.

The forecast figures used in these statements and schedules for the New Zealand Emissions Trading Scheme (NZ ETS) surrender of units and allocation of New Zealand Units (NZUs) were valued using market prices per carbon unit at the time of BEFU 2025 forecast. Similarly, the liability provision for the NZ ETS was valued using market price per carbon unit at the time of BEFU forecast. Budget figure for the appropriation of Allocation of New Zealand Units is based on NZ$100 per carbon unit and the revised budget figure is based on NZ$70 per carbon unit to mitigate the risk of breaching the appropriation.

The budget 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 Accounting Standards.

The budget 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 in the public sector. They are to be used in the future for reporting historical general-purpose financial statements.

Forecast financial statements

From 1 July 2026, responsibility for administering the non-departmental activities transferred to the Ministry for Cities, Environment, Regions and Transport. Forecast figures for 2026/27 have not been presented as the Public Finance Act 1989 does not require forecast financial information for non-departmental activity. The related 2026/27 appropriations continue to be presented in Vote Environment.

Foreign exchange

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the date of the transaction. 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 schedule of non-departmental 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 (GST)

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 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 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 arising from the accounting for the New Zealand Emissions Trading Scheme.

New Zealand Emissions Trading Scheme

The 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 NZ ETS 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, the Kyoto Protocol and the Paris Agreement. 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 percent 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 New Zealand Units are traded. Under the NZ ETS, certain sectors are required to acquire and surrender NZUs or other eligible emissions units to account for their direct greenhouse gas emissions or the emissions associated with their products.

For detailed information, see the Ministry's webpage About the New Zealand Emissions Trading Scheme.

The Ministry collects forecast information in relation to the allocation and surrender of units from the following 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, stationary energy and industrial processes.
- The Environmental Protection Authority provides information on allocation of units to industrial sectors and other removable activities.
- The Ministry for the Environment provides surrender and allocation forecasts for synthetic greenhouse gases and the waste sector.

The Climate Change Response (Emissions Trading Reform) Amendment Act 2020 introduced auctioning to the NZ ETS, to align the supply of units in the scheme with New Zealand's emissions reduction targets. The first auction took place in March 2021 and subsequent auctions have occurred on a quarterly basis. The units allocated to the market through the auctioning process increase the overall NZ ETS provision in line with the general NZ ETS accounting treatment. For more information on the auctioning process, see the Ministry's webpage ETS Auctions and how to buy New Zealand Emissions Units (NZUs).

Further information on the Provision arising from the accounting for the New Zealand Emissions Trading Scheme is provided in Note 10.

Revenue

The Ministry collects revenue on behalf of the Crown. This includes revenue from:

- the Waste Disposal Levy 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
- surrender of units under the NZ ETS
- the Waste Minimisation (Tyres) Regulations 2023.

The Waste Disposal Levy revenue is recognised in the month when waste is disposed of at landfill.

The Synthetic Greenhouse Gas Levy revenue is recognised in the month when it is collected by the NZ Transport Agency | Waka Kotahi.

Revenue (including accruals) arising from the NZ ETS is recognised when a participant makes emissions or a liability to the Crown is incurred.

The Product Stewardship (Tyres) revenue is recognised in the month when the fee is collected by the NZ Transport Agency at first registration of the vehicle and by the Ministry when:

- a loose regulated tyre, off-road motor vehicle or aircraft is imported, or
- a loose regulated tyre manufactured in New Zealand is first sold.

Expenses

2. Grants and settlements

Accounting policy

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.

Grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when the grant's conditions have been satisfied.

Further information

Grants funding is provided to support:

- efforts to achieve a low-waste, low-emissions, circular economy
- nature-based work for a greener New Zealand by restoring and preserving our environment for future generations
- work to stop further degradation of our freshwater, improve water quality, reverse any past damage, and bring our waterways and ecosystems to a healthy state within a generation
- the investigation, management and remediation of contaminated sites
- training programmes, including Te Aho Tū Roa, that promote environmental and social sustainability, encourage Māori participation, raise environmental and ecological awareness, and encourage children and young people to participate in environmental initiatives in the community.

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.

Further information

Settlement funding is provided to support the Waikato River Authority to restore and protect the health and wellbeing of the Waikato River for future generations.

3. Subscriptions and contributions to international forums

New Zealand is a member country of the United Nations Environment Programme (UNEP), the United Nations Framework Convention on Climate Change (UNFCCC) and various other United Nations conventions.

The Ministry, on behalf of New Zealand, makes annual contributions to UNEP's and UNFCCC's core budget and also supports various other programmes of work. It is a lead agency for ensuring New Zealand meets its obligations under key United Nations environmental agreements and climate change agreements, specifically the:

- Vienna Convention for the Protection of the Ozone Layer, the Montreal Protocol on Substances that Deplete the Ozone Layer, and the Kigali Amendment to the Montreal Protocol
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
- Stockholm Convention on Persistent Organic Pollutants
- Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement of Hazardous Wastes within the South Pacific Region
- Minamata Convention on Mercury.

4. Crown entity funding

The Ministry monitors two Crown entities: the Environmental Protection Authority | Te Mana Rauhī Taiao and He Pou a Rangi | Climate Change Commission.

Environmental Protection Authority | Te Mana Rauhī Taiao

The Environmental Protection Authority is New Zealand's national environmental regulator. Its work is about protecting the environment to enhance a safe and sustainable way of life, and future, for all New Zealanders. It regulates human activities that impact the environment and people of New Zealand. As steward for the natural world, it regulates many aspects of future life through decisions made today and balances social, economic, safety and environmental factors.

He Pou a Rangi | Climate Change Commission

The Climate Change Commission's purpose is to provide independent, expert advice to the Government on mitigating and adapting to the effects of climate change, and to monitor and report on the Government's progress towards its emissions reduction and adaptation goals.

Breakdown of receivables and further information

	2024/25 Actual $000	2025/26 Actual $000
Operating expense		
Environmental Protection Authority	36,952	40,616
Climate Change Commission	14,303	15,504
Total Crown entity operating expense funding	**51,255**	**56,120**

5. Levy disbursement

Expenses arising from Waste Disposal Levy disbursements are recognised in the month the waste is disposed at landfill. Under the Waste Minimisation Act 2008, 50 percent of the levy collected must be distributed to territorial local authorities.

6. 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 (eg, 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 (eg, post-1989 forestry) or as annual compensation for NZ ETS costs (eg, 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.

7. 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

	2024/25 Actual $000	2025/26 Actual $000
Receivables	42,712	46,752
Fines and penalties receivable	32,483	33,026
Accrued revenue	21,711	23,547
Total receivables – non-exchange	**96,906**	**103,325**

Receivables mainly relate to:

- the Waste Disposal Levy from waste disposal facility operators
- Product Stewardship (Tyres) fees from the importers and manufacturers of loose regulated tyres
- NZ ETS penalties from participants for non-compliance and failure to surrender or repay NZUs to the Crown by the due date.

The expected credit loss rates for receivables as at 30 June 2026 and 30 June 2025 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 period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses as at 30 June 2026 and 30 June 2025 was determined as follows:

30 June 2026	Receivable days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount ($000)	68,300	443	328	34,255	103,325
Lifetime expected credit loss ($000)	**–**	**–**	**–**	**–**	**–**
30 June 2025	**Receivable days past due**				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount ($000)	62,851	329	29,182	4,544	96,906
Lifetime expected credit loss ($000)	**–**	**–**	**–**	**–**	**–**

There was no movement in the allowance for credit losses as at 30 June 2026 (2024/25: $nil).

No provision has been recognised, and all receivables are expected to be collected (2024/25: No provision recognised).

8. Payables

Accounting policy

Short-term payables are recorded at the amount payable to extinguish the liability.

Breakdown of payables and further information

	2024/25 Actual $000	2025/26 Actual $000
Current payables are represented by:		
Waikato River Co-management	8,000	6,000
Waikato River Clean-up Fund	6,916	6,918
Te Pou Tupua (Whanganui River Funds)	590	590
Transitional Support for Local Government and Iwi	8,793	8,793
GST payable	3,396	3,611
Waste Disposal Levy disbursements payables	49,289	52,616
Accrued payables	12,922	10,775
Total current portion	**89,906**	**89,303**
Non-current payables are represented by:		
Waikato River Clean-up Fund	57,988	54,563
Te Pou Tupua (Whanganui River Funds)	1,200	1,077
Total non-current portion	**59,188**	**55,640**
Total payables – non-exchange	**149,094**	**144,943**

Payables mainly relate to grants and settlements funding.

The carrying value of payables approximates their fair value.

Payables are non-interest bearing and are normally settled within 30 days. The exceptions are the Waikato River Co-management and the Waikato River Clean-up Fund, for which payments are settled on the due dates.

Recognition of future discounted cash flows for the Waikato River Clean-up Fund

	Payables				Total
	2025–26 $000	2027–31 $000	2032–36 $000	2037–38 $000	$000
Waikato River Clean-up Fund					
Nominal	7,333	36,665	36,665	7,342	88,005
Discount	(415)	(7,525)	(14,890)	(3,693)	(26,523)
Recognised	**6,918**	**29,140**	**21,775**	**3,649**	**61,482**

The policy decision to pay $220 million over 30 years to the Waikato River Authority was recognised as an expense in 2009/10 and 2011/12 in net present value terms. This appropriation now represents the difference between the cash to be paid to the Trust in 2026/27 of $7.333 million and the value recognised in 2009/10 and 2011/12 at net present value for this payment.

The table above reconciles the cash outflows that will occur over the next 12 years.

Recognition of future discounted cash flows for Te Pou Tupua (Whanganui River Funds)

	Payables			Total
	2025–26 $000	2027–31 $000	2032–34 $000	$000
Te Pou Tupua				
Nominal	600	1,000	400	2,000
Discount	(10)	(191)	(132)	(333)
Recognised	**590**	**809**	**268**	**1,667**

The policy decision to pay $4 million over 20 years to Te Pou Tupua to support the governance and operational costs related to the Whanganui River Te Awa Tupua Putea. This has been recognised as an expense in 2013/14 in net present value terms. This appropriation now represents the difference between the cash to be paid to the Trust in 2026/27 of $600,000 (including arrears for two years, 2014/15 and 2015/16) and the value recognised in 2013/14 at net present value for this payment.

The table above reconciles the cash outflows that will occur over the next eight years.

9. Financial instruments

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

	2024/25 Actual $000	2025/26 Actual $000
Financial assets measured at amortised cost		
Cash and cash equivalents	34,953	30,962
Receivables (excludes fines and penalties receivable)	64,421	70,299
Total financial assets measured at amortised cost	**99,374**	**101,261**
Financial liabilities measured at amortised cost		
Payables (excluding GST payable)	145,698	141,332

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 bank 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 with Westpac bank, the Ministry has no significant concentrations of credit risk.

Cash and cash equivalents as at 30 June 2026 and receivables (Note 7) are subject to the expected credit loss model. No loss allowance has been recognised because the estimated loss allowance for credit losses is not applicable. The note on receivables provides relevant information on impairment.

10. 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
- a reliable estimate of the amount of the obligation can be made.

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 revaluation gains/(losses).

Provision for New Zealand Emissions Trading Scheme

The non-departmental provision represents the liability for New Zealand Emissions Trading Scheme (NZ ETS) units that have been allocated or issued to participants but have not yet been surrendered.

The allocation of New Zealand Unit (NZUs) creates a provision because the Government has issued NZUs that can ultimately be used to satisfy emitters' emission obligations under the NZ ETS.

Classification

	2024/25 Actual $000	2025/26 Actual $000
Current portion		
Allocation of New Zealand Units	7,385,943	6,406,501
Total current portion	**7,385,943**	**6,406,501**
Non-current portion	**–**	**–**
Total provisions	**7,385,943**	**6,406,501**

The Ministry has classified the provision 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, expected recovery/settlement is expected to occur as follows:

- within 12 months: $1,504.630 million (2024/25: $2,299.616 million)
- after more than 12 months: $4,901.871 million (2024/25: $5,086.327 million).

Movement in provision

	2024/25 Units in millions	2025/26 Units in millions	2024/25 Amount in $000	2025/26 Amount in $000
Balance 1 July	136.0	125.9	6,866,186	7,385,943
Allocation of units	18.8	25.0	1,093,489	1,325,212
Auctioned units	4.0	–	258,080	–
Use of fixed price options	0.6	0.2	16,527	4,452
Surrendered units	(33.5)	(34.1)	(1,892,805)	(1,805,337)
Net changes in carbon price	-	-	1,026,907	(508,590)
Loss/(gain) on sale of units	–	–	17,559	4,821
Balance as at 30 June 2026	**125.9**	**117.0**	**7,385,943**	**6,406,501**

The value of the outstanding NZUs at 30 June 2026 has decreased by $980 million to $6,406 million compared with the previous year. There were fewer units in circulation at 30 June 2026, as the units surrendered back to the Crown exceeded units allocated during 2025/26. Further, the carbon price used to value the outstanding units also decreased.

The carbon price used to calculate the value of the Crown's liability of 117 million outstanding NZUs at 30 June 2026 (2024/25: 125.9 million) was $54.75 (2024/25: $58.70).

Source of ETS revenue and expenses

	Revenue: Units surrendered				Expenses: Units allocated			
	2024/25		2025/26		2024/25		2025/26	
	Units in millions	Amount in $millions	Units in millions	Amount in $millions	Units in millions	Amount in $millions	Units in millions	Amount in $millions
Liquid fossil fuels	18.6	1,048	18.5	978	–	–	–	–
Stationary energy and industrial processes	13.3	754	11.9	630	5.9	345	5.1	270
Waste	0.4	25	0.5	27	–	–	–	–
Forestry	1.2	66	3.2	170	12.9	748	20.0	1,055
Total	**33.5**	**1,893**	**34.1**	**1,805**	**18.8**	**1,093**	**25.1**	**1,325**

Additional information

Provision for New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (NZ ETS) was established to encourage a reduction in greenhouse gas emissions. The NZ ETS creates a limited number of tradable units (the New Zealand Unit), which the Government can allocate freely or sell to entities.

The provision represents the Government's obligation associated with NZUs that have been allocated or sold and remain held by ETS participants at the end of the reporting period. These units can be used by participants to offset future emissions obligations through surrender to the Government under the NZ ETS.

Measurement

Remeasurement gains or losses arise from fluctuations in the market price of NZUs. An increase in the NZU price results in a higher NZ ETS liability, leading to a recognised loss. Conversely, a decrease in price results in a remeasurement gain.

The carbon price used to calculate the value of the provision is based on the current quoted NZU spot price at the end of the at the end of the reporting period, as published by Jarden Securities Limited and reported on its Jarden CommTrade carbon website.

Classification

The Ministry has classified the provision 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.

Allocation of New Zealand Units

There are three main mechanisms in which the Governments creates NZUs:

(a) Free allocation — provided to certain businesses that compete internationally and would be disadvantaged if they faced the full carbon cost while overseas competitors did not;

(b) Allocation to forestry participants — following emission returns that demonstrate the removal of carbon from the atmosphere; and

(c) Auctioning of NZUs — the Government creates and sells NZUs through quarterly auctions.

The volume of NZUs offered at auction is largely determined by emissions budgets and climate policy settings as set by the Government.

For the allocation of NZUs the market price per carbon unit is used to measure the value of the units. This value is measured using the lower of the monthly average NZU price and the spot NZU price at the end of each month. For the auctioning of units, the Government sets the volume of units available for sale, while the auction clearing price is determined by market demand, represented by bids submitted by participants. The final clearing price reflects the lowest successful bid required to allocate the available units.

An expense is recognised for the allocation of free units (refer to Note 6 for further information).

Surrender of New Zealand Units

The ETS 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 that occurred up to 2019 and $35 per unit for emissions that occurred in 2020 to settle their emission obligation.

Under the Climate Change Response Act 2002, NZ ETS participants are generally required to surrender one NZU for each tonne of eligible greenhouse gas emissions for which they are liable. ETS participants use methodologies and regulations prescribed by the Act to determine their emission obligations.

Participants report their emissions for a calendar year through an annual emissions return and subsequently surrender NZUs to settle those obligations. Emission returns are subject to regulatory oversight, verification activities, and compliance monitoring undertaken primarily by the Environmental Protection Authority (EPA) and, for forestry participants, the Ministry for Primary Industries (MPI).

Because emission returns and surrender obligations are determined on a calendar-year basis, the ETS provision includes an estimate of NZUs expected to be surrendered for emissions incurred up to the end of the reporting period. The estimate is updated annually using the latest emissions information, sector forecasts and observed surrender patterns.

For the surrender of NZUs the market price per carbon unit is used to measure the value of the units. This value is measured using the lower of the monthly average NZU price and the spot NZU price at the end of each month.

Additional information on New Zealand's Climate Change commitments (targets) under various agreements (past and current)

To date, a liability has not been recognised for New Zealand's Nationally Determined Contributions (NDCs) under the Paris Agreement. This judgement (to not recognise a liability) has been formed on the view that there is no legal obligation to achieve the NDCs, nor has there been a constructive obligation to meet the targets.

New Zealand's 2012 target under the Kyoto Protocol

New Zealand met its 2012 emissions reduction target for the first commitment period of the Kyoto Protocol.

New Zealand's 2020 target under the UNFCCC

New Zealand chose to take its 2020 emissions reduction target under the UNFCCC rather than the Kyoto Protocol, while applying the Kyoto Protocol rules to account for it.

New Zealand's 2020 target was to reduce net greenhouse gas emissions to 5 percent below 1990 levels for the period 2013–2020. New Zealand met this 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 2021–2030. Our NDC1 is to reduce net greenhouse gas emissions by 50 percent below gross 2005 levels by 2030 and is managed using a multi-year emissions budget. This target corresponds to a provisional NDC1 emissions budget of 571 megatonnes of carbon dioxide equivalent (Mt CO_2e) over the period 2021–2030.

The progress towards meeting NDC1 is tracked in our Biennial Transparency Reports under the Paris Agreement. Projections that include the impact of second emissions reduction plan policies show a gap of 85 Mt CO_2e.

The Government is prioritising domestic emissions reductions to meet our NDC1. The Government has also developed climate partnerships with other countries that may offer pathways for future offshore purchasing should we decide to do so.

New Zealand's 2035 target under the Paris Agreement

New Zealand's second Nationally Determined Contribution (NDC2) under the Paris Agreement is for the period 2031–2035. Our NDC2 is to reduce net greenhouse gas emissions by 51 to 55 percent below gross 2005 levels by 2035. NDC2 is presented and managed as a target range to reflect what we believe is achievable with ambitious domestic emissions reductions, which supports the delivery of both our domestic emissions budget and NDC2.

New Zealand's 2050 target

New Zealand's domestic target under the Climate Change Response Act 2002 is to achieve:

- net zero emissions of all greenhouse gas emissions other than biogenic methane by 2050
- a 14 to 24 percent reduction below 2017 biogenic methane emissions by 2050, including a 10 percent reduction below 2017 biogenic methane emissions by 2030.

New Zealand is using a system of emissions budgets to meet our 2050 target. Emissions budgets are stepping stones along the path to the 2050 target. Meeting each of our emissions budgets will make it more likely that we will ultimately achieve this target.

New Zealand's first and second emissions budgets

The first emissions budget (2022–2025) is 290 Mt CO_2e. Target accounting emissions for the first emissions budget period are projected to be 282 Mt CO_2e (low estimate 280 Mt CO_2e, high estimate 288 Mt CO_2e).

The second emissions budget (2026–2030) is 305 Mt CO_2e. Target accounting emissions for the second emissions budget period are projected to be 301 Mt CO_2e (low estimate 286 Mt CO_2e, high estimate 327 Mt CO_2e).

Target 9

In 2024, Cabinet set nine government targets to focus the public sector on achieving improved results in health, law and order, work, housing and the environment. Target 9 is focused on making sure New Zealand is on track to meet its 2050 net zero climate change commitments, with total net greenhouse gas emissions of no more than 290 Mt CO_2e from 2022 to 2025 and 305 Mt CO_2e from 2026 to 2030.

Target 9 is in line with New Zealand's first and second emissions budgets. The first and second emissions budgets are projected to be achieved, which gives confidence that Target 9 can be achieved as well.

11. Events after the balance sheet date

Price of New Zealand ETS Units

The price of the New Zealand Unit has decreased to $52.09 per carbon unit as at 31 August 2026. This decrease has an effect on the Allocation of New Zealand Units provision, which has decreased to $6,095 million from $6,406 million.

Disestablishment of the Ministry for the Environment

On 1 July 2026, the Ministry for the Environment was disestablished pursuant to legislation establishing the Ministry for Cities, Environment, Regions and Transport (MCERT). The Ministry's functions, powers, responsibilities, assets, liabilities, appropriations, commitments, and contingent liabilities transferred to MCERT on that date.

The Ministry's activities undertaken on behalf Crown, as reported in these non-departmental schedules will continue to be undertaken by MCERT from 1 July 2026. The disestablishment does not affect the financial results as reported in the non-departmental statements and schedules reported as at 30 June 2026.

Other events

No other events after the reporting date that would require adjustment to, or disclosure in, these financial statements.

12. Memorandum accounts

Waste Minimisation

	2024/25 Actual $000	2025/26 Actual $000
Balance as at 1 July	170,475	205,463
Revenue from Waste Disposal Levy collection	199,884	217,544
Expenses	(164,896)	(190,063)
Expenses incurred by other agencies (refer details below)	–	(49,058)
Balance as at 30 June*	**205,463**	**183,886**

*This includes surplus of $11.801 million held by other agencies.

The memorandum account records the Waste Disposal Levy accumulated surpluses and deficits as at 30 June 2026. The revenue represents the levy that is collected by waste disposal facilities.

The expenses represent the disbursement of the received levy to territorial local authorities, investment programmes including the Waste Minimisation Fund, and relevant administration costs incurred by the Ministry. Expenses incurred by other agencies are disclosed separately in the table below.

As part of Budget 2025, the Crown allocated $227.828 million over four years from Waste Disposal Levy revenue primarily to fund activities across government that reduce environmental harm or deliver environmental benefits and were previously funded by Crown. Any unspent funding held by other agencies at the conclusion of these programmes is required to be returned to the Waste Minimisation appropriation.

In 2025/26, $60.859 million was appropriated to other agencies. The actual expenditure incurred by these agencies is reported below. Further information on these expenses can be found in the respective annual reports of the relevant agencies noting levy funding has been utilised as follows:

- Department of Conservation – Landscape Scale Eradication and Research Investment (Zero Invasive Predator), Community Conservation Funds and Ngā Whenua Rāhui
- Environmental Protection Authority – upgrading ecotoxicology and toxicology models
- Land Information New Zealand – managing Acid Mine Drainage (AMD) at the Stockton Plateau
- Ministry for Primary Industries – Hill Country Erosion (HCE) and Accelerating New Mitigations (ANM). Note: ANM is only partially levy funded and waste levy funding is targeted towards grants and investments in science excluding Agrizero, international and Crown–Māori aspects of the programme.

Levy funding provided to other agencies

	Department of Conservation	Environmental Protection Authority	Land Information New Zealand	Ministry for Primary Industries	Total
	2025/26 $000	2025/26 $000	2025/26 $000	2025/26 $000	2025/26 $000
Funding appropriated	18,423	5,000	9,007*	28,429	60,859
Actual expenses	(18,423)	(2,055)	(454)	(28,126)	(49,058)
Balance as at 30 June	**–**	**2,945**	**8,553**	**303**	**11,801**

* To be utilised over a 10-year term.

Product stewardship

	2024/25 Actual $000	2025/26 Actual $000
Balance as at 1 July	12,930	3,695
Revenue from Product Stewardship (Tyres) fee collection	48,731	50,377
Expenses	(57,966)	(56,149)
Balance as at 30 June	**3,695**	**(2,077)**

The memorandum account records the Product Stewardship (Tyres) fee accumulated surpluses and deficits as at 30 June 2026. The revenue represents the fee that is collected by the NZ Transport Agency | Waka Kotahi at first registration of the vehicle and by the Ministry when a loose regulated tyre, off-road motor vehicle, or aircraft is imported, or when a loose regulated tyre manufactured in New Zealand is first sold.

The expenses represent the disbursement of the received fee to the product stewardship organisation responsible for providing sustainable management of end-of-life tyres and the administration cost incurred by the Ministry. The disbursement of the fee to the product stewardship organisation is included as part of the schedules of non-departmental revenue and expenses.

13. 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

	2025/26 Actual $000	2025/26 Mains Forecast $000	2025/26 Variance $000
Fees and levies	276,460	327,889	(51,429)
Surrender of New Zealand Units	1,805,337	2,299,616	(494,279)
Emissions Trading Scheme penalty revenue	4,327	–	4,327
Net changes in carbon price of New Zealand Units	508,590	–	508,590

Fees and levies: Levies include the revenue collected from the waste disposal landfill facility operators, the Synthetic Greenhouse Gas Levy collected by the NZ Transport Agency | Waka Kotahi, and the Product Stewardship (Tyres) fees collected by the NZ Transport Agency and the Ministry.

The reasons why the revenue collected from the fees and levies was lower than mains forecast mainly relate to the Waste Disposal Levy and the product stewardship fees from tyres.

- **Waste Disposal Levy:** The revenue collected from the Waste Disposal Levy was lower than mains forecast due to multiple factors, including the current economic conditions, which led to reduced development and building.
- **Product stewardship fees from tyres:** The revenue collected from the tyre fees was lower than mains forecast due to the current economic conditions, which led to a reduction in imports and in purchasing of tyres.

Surrender of New Zealand Units: The actual revenue from emitters surrendering units under the NZ ETS was lower than mains forecast primarily because forestry and industrial sector participants surrendered lower-than-expected units. In addition, the price of NZUs remained lower during the year.

NZ ETS penalty revenue: The receipts from the NZ ETS penalties often involve a fine per unit for late or inaccurate returns, or a surrender/repayment penalty for failing to surrender or repay units on time. The penalties are intended to be a deterrent to non-compliance with reporting, surrender and repayment requirements, and to ensure the integrity of the NZ ETS.

Net changes in carbon price of New Zealand Units: The actual revenue recognised is in relation to changes in the carbon price of NZUs. This is because the price of NZUs remained lower during the year. These changes are considered as a remeasurement under the Public Finance Act 1989 and do not require appropriation.

(ii) Schedule of non-departmental expenses

	2025/26 Actual $000	2025/26 Mains Forecast $000	2025/26 Variance $000
Grants and settlements	124,331	211,907	(87,576)
Allocation of New Zealand Units	1,325,212	1,174,232	150,980
Disbursements to territorial local authorities	108,623	127,861	(19,238)
Loss on sale of New Zealand Units	4,821	–	4,821

Grants and settlements: Expenditure on grants and settlements was lower than mains forecast primarily due to the following.

- **Contestable Waste Minimisation Fund:** The Fund met its FY25/26 target of awarding $30 million to new initiatives. Funding awarded to successful projects is spent over multiple years. Actual expenditure was lower than the mains forecast due to the withdrawal or termination of some projects, including where agreed condition precedents were not met or because of kerbside organics implementation not being mandated. In addition, a range of factors contributed to delays in expenditure for some projects, including delays in meeting stage gate requirements, consenting delays, deteriorated economic conditions or other project-specific issues.

- **Environmental Investment Fund:** This fund is set up as an umbrella funding category that includes multiple investment programmes and a revenue forecasting buffer. Expenditure was lower than mains forecast primarily due to the following.
  - **Contaminated Sites and Vulnerable Landfills Fund:** Local government reform and competing demands have complicated councils' Long Term Plan development and affected their ability to progress applications to the fund in a timely manner. Together with expenditure delays and underspends across several funded projects, this resulted in expenditure being lower than forecast.
  - **Emergency Waste Funding:** This funding supports local authorities to respond rapidly to emergency events that pose waste-related risks to human health and the environment. As there is no fixed annual allocation for this funding, budget from other Environmental Investment Fund programmes that was not going to be spent this year was retained rather than rephased to maintain flexibility to respond to emergency events if required.
  - **Freshwater Improvement Fund:** Expenditure was lower than forecast due to project underspends, changes in expenditure timing for a small number of projects, and the rephasing of freshwater farm plan implementation funding pending improvements to the Freshwater Farm Plan regulations.
  - **Kaipara Moana Remediation:** Expenditure was lower than mains forecast. Expenditure was in line with its 2025/26 annual work plan.
- **Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme:** Expenditure was lower than mains forecast because the actual deliverables for the project were lower than anticipated for 2025/26.
- **Tyre stewardship fee disbursements:** Expenditure was lower than the main forecast because revenue collected from tyre fees was lower than anticipated due to current economic conditions, which resulted in reduced tyre imports and lower consumer purchasing. As a result, less funding was available to be paid to the product stewardship organisation that operates the scheme for managing end-of-life tyres in New Zealand. Any year-end surplus must be retained within the scheme.
- **Supporting Equitable Transitions and Climate Resilience for Māori:** Expenditure was lower than the mains forecast due to project delays resulting from a range of factors, including severe weather events and projects requiring additional time to complete planning, procurement, consenting, and delivery activities. In addition, contract negotiations resulted in additional funding being available for a third tranche of projects awarded funding in March 2026, with expenditure now expected in FY26/27.
- **Allocation of New Zealand Units:** Expenditure was higher than mains forecast primarily because the number of units allocated to forestry was higher than expected due to an increase in forestry registrations in the NZ ETS and because the fourth mandatory emissions reporting period (MERP4) ended on 31 December 2025. This was partially offset by lower-than-expected units allocated to industrial and other removal sectors.
- **Disbursements to Territorial Local Authorities:** The actual expenditure was lower than mains forecast because the disbursement to territorial authorities is dependent on revenue collected from the Waste Disposal Levy under the Waste Minimisation Act 2008 during the year. Revenue collected from the Waste Disposal Levy was lower than anticipated for the year.
- **Loss on sale of New Zealand Units:** The actual expenditure was higher than mains forecast because the forestry sector participants used the fixed-price option for surrendering units for the emissions that occurred before 2021.

(iii) Schedule of non-departmental assets

	2025/26 Actual $000	2025/26 Mains Forecast $000	2025/26 Variance $000
Receivables	103,325	57,500	45,825

Receivables: The higher level of receivables primarily relates to the Waste Disposal Levy received from the landfill facility operators and the fees collected from the Tyrewise Regulated Product Stewardship scheme. This increase is due to the regulatory changes relating to the expansion and increase of the Waste Disposal Levy.

(iv) Schedule of non-departmental liabilities

	2025/26 Actual $000	2025/26 Mains Forecast $000	2025/26 Variance $000
Payables	89,303	113,960	(24,657)
Provisions	6,406,501	5,966,357	440,144

Payables: The actual payables were lower than mains forecast because project deliverables were lower than originally anticipated and also several projects completed in this financial year were delivered under budget across both grants and settlements.

Provisions: Provisions relate to New Zealand Units under the NZ ETS. These provisions were higher than mains forecast mainly due to higher-than-expected allocation of units to the forestry sector. This was partially offset by lower-than-expected unit surrenders by all sectors. As a result, the NZ ETS liability provision at year-end was higher than originally forecast.

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 2026. 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 2026

Annual and permanent appropriations for Vote Environment

	2024/25 Expenditure $000	2025/26 Budget* $000	2025/26 Revised Budget*[1] $000	2025/26 Expenditure[2] $000	Location of end-of-year performance information[3]
Departmental output expenses					
Climate Change Chief Executives Board	3,484	3,742	3,242	2,694	a
Improving New Zealand's Environment	106,516	128,424	137,420	125,376	a
Managing Climate Change in New Zealand	40,161	46,399	42,899	39,720	a
Total departmental output expenses	**150,161**	**178,565**	**183,561**	**167,790**	
Departmental capital expenditure					
Capital Expenditure – Permanent Legislative Authority under section 24(1) of the Public Finance Act 1989	224	800	800	750	a
Total departmental capital expenditure	**224**	**800**	**800**	**750**	
Non-departmental output expenses					
Administration of New Zealand Units held on Trust	126	177	177	132	e
Climate Change Commission Advisory and Monitoring Function	14,303	15,504	15,504	15,504	c
Contaminated Sites Remediation Fund	8,340	–	–	–	

1. This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.
2. Departmental appropriations amounts exclude remeasurement of $577,389 (2024/25: $90,315).
3. The letters in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
   a. the Ministry's annual report
   b. to be reported by the Minister for the Environment in a report appended to this annual report
   c. to be reported by the Climate Change Commission in its annual report
   d. to be reported by the Environmental Protection Authority in its annual report
   e. no reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.

	2024/25 Expenditure $000	2025/26 Budget* $000	2025/26 Revised Budget*[1] $000	2025/26 Expenditure[2] $000	Location of end-of-year performance information[3]
Emissions Trading Scheme	7,627	6,785	6,785	6,785	d
Environmental Protection Authority functions	29,325	33,831	33,831	33,831	d
Environmental training programmes	1,900	–	–	–	
Promotion of sustainable land management	800	–	–	–	
Water science and economics	1,500	–	–	–	
Total non-departmental output expenses	**63,921**	**56,297**	**56,297**	**56,252**	
Non-departmental other expenses					
Allocation of New Zealand Units	1,093,489	2,045,700	1,536,500	1,325,212	b
Exclusive Economic Zone Major Prosecutions Fund	–	–	500	–	d
Framework Convention on Climate Change	202	250	250	237	e
Fresh Start for Fresh Water: Waikato River Clean-up Fund	4,130	3,910	3,910	3,910	e
Impairment of Debt relating to Climate Change Activities	–	147,000	147,000	–	e
Impairment of Debt relating to Environment Activities	18	5,000	5,000	1	e
International subscriptions	145	230	230	196	e
Loss on sale of New Zealand Units	17,559	40,000	40,000	4,821	e
Te Pou Tupua	83	77	77	77	e
United Nations Environment Programme	609	804	804	601	e
Waikato River Co-governance	910	1,195	1,195	1,195	e
Total non-departmental other expenses	**1,117,145**	**2,244,166**	**1,735,466**	**1,336,250**	
Non-departmental capital expenditure					
Capital contribution to the Environmental Protection Authority	360	–	–	–	
Repayable Capital Injection to the Environmental Protection Authority	10,000	–	–	–	
Total non-departmental capital expenditure	**10,360**	–	–	–	
Multi-category appropriations (MCA)					
Product Stewardship MCA	**57,966**	**65,610**	**65,610**	**56,149**	

	2024/25 Expenditure $000	2025/26 Budget* $000	2025/26 Revised Budget*[1] $000	2025/26 Expenditure[2] $000	Location of end-of-year performance information[3]
Departmental output expenses					
Product Stewardship Administration	624	1,154	1,154	552	a
Non-departmental output expenses					
Tyre stewardship fee administration	57,342	64,456	64,456	55,597	a
Multi-category appropriations (MCA)					
Waste Minimisation MCA	**164,896**	**288,080**	**269,765**	**190,063**	
Departmental output expenses					
Environment Work Programme	16,870	15,223	13,673	12,732	a
Departmental output expenses					
Waste Minimisation Administration	12,555	13,102	14,652	14,003	a
Non-departmental output expenses					
Contestable Waste Minimisation Fund	5,850	34,308	30,000	9,421	a
Non-departmental output expenses					
Environmental Investment Fund	–	97,586	89,377	45,284	a
Non-departmental output expenses					
Contaminated Sites and Vulnerable Landfills Fund	926	–	–	–	
Non-departmental output expenses					
Freshwater Improvement Fund	15,037	–	–	–	
Non-departmental output expenses					
Kaipara Moana Remediation	4,386	–	–	–	
Non-departmental output expenses					
Reducing Emissions from Waste	9,340	–	–	–	
Non-departmental other expenses					
Waste Disposal Levy Disbursements to Territorial Local Authorities	99,932	127,861	122,063	108,623	a
Total multi-category appropriations	**222,862**	**353,690**	**335,375**	**246,212**	
Total annual and permanent appropriations	**1,564,673**	**2,833,518**	**2,311,499**	**1,807,254**	

* The statement of accounting policies explains the basis for these figures, which are not subject to audit.

Remeasurement

In 2025/26, the Crown has reported a remeasurement gain of $509 million in relation to the provision of the Allocation of New Zealand Units under the NZ ETS (2024/25: $1,027 million loss).

The remeasurement of the provisions takes account of the revisions in the price of NZUs. In accordance with section 4(2)(a) of the Public Finance Amendment Act 2004, changes in assets and liabilities due to remeasurements do not require appropriations.

Statement of budgeted and actual expenses and capital expenditure incurred against appropriations

for the year ended 30 June 2026 (continued)

Details of multi-year appropriations

Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme

On 1 July 2025, this multi-year appropriation was established in Vote Environment, non-departmental output expense from the Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme that expired on 30 June 2025. This appropriation is established for maintaining and improving the water quality of the Rotorua lakes. This appropriation expires on 30 June 2030.

	2025/26 Revised Budget* $000	2025/26 Actual $000
Appropriation for non-departmental output expenses:		
Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme**		
Cumulative expenses to 1 July	–	–
Current year expenses	1,800	900
Cumulative expenses to 30 June	1,800	900
Remaining appropriation	3,517	4,417
Total appropriation	**5,317**	**5,317**

* The statement of accounting policies explains the basis for 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.

Supporting Equitable Transitions and Climate Resilience for Māori

On 1 July 2022, a multi-year appropriation, Supporting Equitable Transitions and Climate Resilience for Māori, was established in Vote Environment, non-departmental output expense for contributing towards the equitable transitions for communities through New Zealand's climate response. This appropriation expires on 30 June 2027.

	2025/26 Revised Budget* $000	2025/26 Actual $000
Appropriation for non-departmental output expenses:		
Supporting Equitable Transitions and Climate Resilience for Māori		
Cumulative expenses to 1 July	930	930
Current year expenses	12,660	8,213
Cumulative expenses to 30 June	13,590	9,143
Remaining appropriation	410	4,857
Total appropriation	**14,000**	**14,000**

* The statement of accounting policies explains the basis for 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.

Reconciliation of actual departmental and non-departmental expense and capital expenditure

	2024/25 Actual $000	2025/26 Actual $000
Total expenses in departmental statement of comprehensive revenue and expenses	180,210	195,077
Total expenses in non-departmental schedule of expenses	2,522,036	1,663,016
Total expenses as presented in the departmental financial statements and non-departmental schedules	**2,702,246**	**1,858,093**
Departmental property, plant and equipment and intangible asset additions	224	750
Non-departmental property, plant and equipment and intangible asset additions	10,360	–
Net change in carbon price of NZ Units – recorded in expenses	(1,026,907)	–
GST on Crown spending	(51,180)	(42,745)
Other reconciling items	209	269
Total annual appropriation, permanent appropriation and multi-year appropriation	**1,634,952**	**1,816,367**
Actual expenditure against annual and permanent appropriations	1,564,673	1,807,254
Actual expenditure against multi-year appropriations	70,279	9,113
Total annual appropriation, permanent appropriation and multi-year appropriation	**1,634,952**	**1,816,367**

Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority

for the year ended 30 June 2026

In the 2025/26 financial year, there were no instances of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority (2024/25: $nil).

Statement of expenses and capital expenditure incurred outside of scope of an appropriation and without other authority

for the year ended 30 June 2026

In the 2025/26 financial year, there were no instances of expenses and capital expenditure incurred outside of the scope of an appropriation and without other authority (2024/25: $nil).

All other expenses in relation to the activities of, or appropriations administered by, the Ministry during 2025/26 were within appropriation.

Statement of departmental capital injections

for the year ended 30 June 2026

The Ministry has not received any capital injections for the year ended 30 June 2026 (2024/25: $nil).

Statement of departmental capital injections without, or in excess of, authority

for the year ended 30 June 2026

The Ministry has not received any capital injections during the year without, or in excess of, authority.

Independent auditor's report

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Ministry for the Environment's annual report for the year ended 30 June 2026

The Auditor-General is the auditor of Ministry for the Environment (the 'Ministry'). The Auditor-General has appointed me, Anthony Heffernan, using the staff and resources of The Audit Office, to carry out the audit of the information required to be audited on his behalf.

Opinion

We have audited:

- The financial statements of the Ministry that comprise the statement of financial position, statement of commitments, and statement of contingent assets and contingent liabilities as at 30 June 2026, the statement of comprehensive revenue and expenses, 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 on pages 72 to 99.
- The end-of-year performance information for appropriations of the Ministry for the year ended 30 June 2026 on pages 33 to 52.
- The statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2026 on pages 127 to 134.
- The schedules of non-departmental activities managed by the Ministry on behalf of the Crown, that comprises the schedules of assets, liabilities, commitments, contingent assets, and contingent liabilities as at 30 June 2026, the schedules of expenses and revenue for the year ended 30 June 2026, and the notes to the schedules that include accounting policies and other explanatory information on pages 100 to 126.

In our opinion:

- The financial statements of the Ministry present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards.
- The end-of-year performance information for each appropriation for the year ended 30 June 2026 is appropriate and meaningful and prepared in accordance with the Ministry's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects:

- what has been achieved with the appropriation; and
- the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred.

- The statements of expenses and capital expenditure have been prepared, 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 have been prepared, in all material respects, in accordance with the Treasury Instructions.

Emphasis of matter — Disestablishment of the Ministry

Without modifying our opinion, we draw attention to the disclosure in Note 1 on pages 79 and 80 of the financial statements, which explains the disestablishment of the Ministry and the basis for the preparation of the financial statements. The note explains that the Ministry was disestablished and its existing functions, assets, liabilities and appropriations transferred and amalgamated into the new Ministry for Cities, Environment, Regions and Transport (MCERT) on 1 July 2026.

While the Ministry ceased to exist as a separate legal entity from 1 July 2026, its operations and service delivery have continued without material change within MCERT. Accordingly, the accounting policies have been applied consistently throughout the year, and no changes have been made to the recognition and measurement, or presentation of assets and liabilities in the Ministry's financial statements for the year ended 30 June 2026, as these are expected to be realised or settled in the normal course of operations within MCERT.

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, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the information to be audited* 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 and end-of-year performance information for appropriations that are fairly presented and comply with Public Benefit Entity Standards and legislative requirements.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of end of year performance information for an appropriation that is appropriate and meaningful; and

- the preparation of end-of-year performance information for an appropriation in accordance with the Ministry's measurement bases or evaluation methods and Public Benefit Entity Standards and legislative requirements.

The Chief Executive is responsible on behalf of the Ministry for preparing Statements of expenses and capital expenditure, schedules of non-departmental activities managed by the Ministry on behalf of the Crown in accordance with the Public Finance Act 1989 and Treasury Instructions.

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, including that the Ministry ceased to exist as a separate legal entity from 1 July 2026.

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 audit, our procedures are limited to checking that the information agrees to the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2026. For performance information

for appropriations, we agree any changes from the performance measures and standards in the Estimates to the Supplementary Estimates.

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.

- In respect of the end-of-year performance information for appropriations, we:

    - obtain an understanding of the process applied by the Ministry to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods and evaluate whether these present an appropriate and meaningful assessment of the Ministry's service performance

    - evaluate whether the end-of-year performance information for appropriations is prepared in accordance with the Ministry's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards.

- We evaluate whether the statements of expenses and capital expenditure, schedules of non-departmental activities, have been prepared in accordance with legislative requirements.

- We conclude on the appropriateness of the basis of preparation adopted by the Chief Executive. As described in the *Emphasis of Matter — Disestablishment of the Ministry,* the Ministry ceased to exist as a separate legal entity from 1 July 2026.

- 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 all of the information included in the annual report other than 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 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)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry for the Environment.



Anthony Heffernan
The Audit Office
On behalf of the Auditor-General
Wellington, New Zealand
30 September 2026

5. Non-departmental performance reports
Ngā pūrongo whakatutuki kore-tari

How we performed against non-departmental appropriations in 2025/26

Minister of Climate Change's Report on non-departmental appropriations 2025/26

This report outlines performance against non-departmental appropriations administered under the Minister of Climate Change. These appropriations represent Crown funding managed by the Ministry for the Environment (the Ministry) and provided to third-party organisations to deliver outputs and services aligned with the Climate Change Portfolio.

Performance in this report supports the Ministry's performance against strategic priority 5: Ensure our investments, partnerships and relationships enable others to achieve impactful solutions.

Allocation of New Zealand Units

Non-departmental other expenses

Performance measure	2024/25 performance	2025/26 target	2025/26 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%	100%
2025/26 commentary: This measure tracks the transfer of New Zealand Units (NZUs) from the Environmental Protection Authority (EPA) to New Zealand Emissions Trading Scheme (NZ ETS) participants that are entitled to receive an 'industrial allocation' (an allocation of NZUs to industry for activities that are both emissions intensive and trade exposed). Within the 1 July 2025 to 30 June 2026 reporting period, all 84 applicants making valid applications received an allocation of units within 20 working days.			
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	99.5%	80%	99.9%
2025/26 commentary: This measure tracks the timeliness with which the Ministry for Primary Industry (MPI) processes emissions returns lodged by post-1989 forestry participants with a new entitlement for NZUs. Of the 5,275 returns received and processed within the 1 July 2025 to 30 June 2026 reporting period, 5,269 (ie, 99.9%) were processed and a direction sent to the Register within 20 working days. MPI processes forestry emissions returns under delegated authority from the EPA. The applicable timeframes are set out in section 64 of the Climate Change Response Act 2002.			

Expenses	2024/25 Actual $000	2025/26 Estimates $000	2025/26 Supplementary Estimates $000	2025/26 Actual $000
Total appropriation	1,093,489	2,045,700	1,536,500	1,325,212

The variance between the Supplementary Estimates appropriation and actuals recognised for 2025/26 is primarily due to the difference in carbon price adopted for appropriation purposes. At Mains Estimates, the appropriation was based on $100 per carbon unit, which was revised to $70 per carbon unit during the Supplementary Estimates. The actuals are recognised using

the monthly average price per carbon unit. In addition, fewer units were allocated to industrial and other removal activity sectors than forecast at Supplementary Estimates.

Supporting Equitable Transitions and Climate Resilience for Māori

Non-departmental output expenses

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
Pou Take Āhuarangi joint work programme activities delivered *See note 1*	Achieved	Achieved	Achieved
2025/26 commentary: A joint work programme was developed with Pou Take Āhuarangi, focused on the mutual priority areas of climate adaptation and emissions reduction. As part of the joint work programme, Pou Take Āhuarangi delivered: • 87 marae climate risk assessments identifying key climate risks and vulnerabilities, along with proposed adaptation and mitigation measures for marae to support resilience • 11 climate adaptation wānanga with marae, hapū and iwi across the country • 11 emissions reduction hui with Māori land owners, hapū and iwi across the country • an NZ ETS toolkit • Māori Climate Platform support • technical policy advice.			
Percentage of Māori Climate Platform projects that are on track to achieve their stated milestones *See note 2*	New measure	80%	74%
2025/26 commentary: Of the 23 Māori Climate Platform projects, 17 are on track to achieve, or have achieved, their stated milestones. The remaining projects are experiencing delays, but are likely to achieve their milestones later than originally planned. For more information about projects funded by Māori Climate Platform, see the Ministry's webpage, Māori Climate Platform funding supports climate resilience.			

Expenses	2024/25 Actual $000	2025/26 Estimates $000	2025/26 Supplementary Estimates $000	2025/26 Actual $000
Total appropriation	930	13,070	12,660	8,213

The actual expenditure was lower than the Supplementary Estimates by $4.447 million due to project delays resulting from a range of factors, including severe weather events and projects requiring additional time to complete planning, procurement, consenting and delivery activities. In addition, through contract negotiations more funding became available for a third tranche of projects. This funding was awarded in March 2026, with expenditure now expected in 2026/27.

Notes to Minister of Climate Change's Report on non-departmental appropriations 2025/26

Note 1 – Pou Take Āhuarangi joint work programme

The Pou Take Āhuarangi joint work programme for 2025/26 comprised activities and deliverables that Pou Take Āhuarangi delivered and the Ministry supported through a deed of funding. Achievement was measured through quarterly reporting.

Note 2 – Māori Climate Platform projects

This measure was revised for the financial year 2025/26 to reflect the progression of the Māori Climate Platform from project establishment and launch to delivery. As a result, the measure is not directly comparable with that reported in the previous year. Projects are assessed as being on track based on their progress against agreed milestones and delivery timeframes.

Minister for the Environment's Report on non-departmental appropriations 2025/26

This report outlines performance against non-departmental appropriations administered under the Minister for the Environment. These appropriations represent Crown funding managed by the Ministry for the Environment (the Ministry) and provided to third-party organisations to deliver outputs and services aligned with the environment portfolio.

Performance in this report supports the Ministry's performance against strategic priority 5: Ensure our investments, partnerships and relationships enable others to achieve impactful solutions.

Multi-year appropriations

Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme

Non-departmental output expenses

Performance measure	2024/25 performance	2025/26 target	2025/26 performance
The number of Deed funded lakes that are no greater than 0.2 TLI units above their target Trophic Level Index (TLI), based on the three-year rolling TLI *See note 1*	2 out of 4 lakes Met target: Lake Rotorua: three-year average is 4.3, target level of 4.2 Lake Ōkareka: three-year average is 3.1, target level of 3.0 Did not meet target: Lake Rotoehu: three-year average is 4.3, target level of 3.9 Lake Rotoiti: three-year average is 3.8, target level of 3.5	3 out of 4 lakes	2 out of 4 lakes Met target: Lake Rotorua: three-year average is 4.3, target level of 4.2 Lake Ōkareka: three-year average is 3.2, target level of 3.0 Did not meet target: Lake Rotoehu: three-year average is 4.3, target level of 3.9 Lake Rotoiti: three-year average is 3.8, target level of 3.5

2025/26 commentary: The three-year average of two out of four lakes is greater than 0.2 TLI units difference set for their target.

The TLI of Lake Rotoehu decreased by 0.1 units in 2025/26 to 4.1, with a three-year rolling average of 4.3 TLI units. While the 2025/26 value of 4.1 remains above the target of 3.9 TLI, the TLI has declined steadily over the last three years from 4.6 to 4.1 units.

The TLI of Lake Rotoiti remained stable at 3.8 units in 2025/26, in line with the previous two years, resulting in a three-year rolling average of 3.8 TLI units. While water quality has remained relatively consistent over this period, the TLI target of 3.5 units has not been achieved. However, the result is a considerable improvement over the baseline measurement of 4.6 units.

The TLI of Lake Rotorua increased by 0.1 units in 2025/26 to 4.4. The three-year rolling average is 4.3 TLI units, which is 0.1 units above the target of 4.2 TLI units.

The TLI of Lake Ōkareka increased by 0.2 units in 2025/26 to 3.3. The three-year rolling average is 3.2 TLI units, which is 0.2 units above the target of 3.0 TLI units.

Expenses	2024/25 Actual $000	2025/26 Estimates $000	2025/26 Supplementary Estimates $000	2025/26 Actual $000
Total appropriation	–	1,800	1,800	900

The actual expenditure was $0.900 million lower than the Supplementary Estimates. This occurred because actual deliverables for the project were lower than anticipated for 2025/26. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

Multi-category appropriations

Product Stewardship multi-category appropriation

For performance and financial information for this appropriation, see Product Stewardship – multi-category appropriation in the Ministry for the Environment Annual Report 2025/26.

Waste Minimisation multi-category appropriation

For performance and financial information for this appropriation, see the Waste Minimisation – multi-category appropriation in the Ministry for the Environment Annual Report 2025/26.

Notes to Minister for the Environment's Report on non-departmental appropriations 2025/26

Note 1: Trophic Level Index target establishment

Each lake in the programme has a specific water-quality target, measured using the TLI and based on historical water-quality benchmarks, as follows.

- Lake Rotorua has a TLI target of 4.2 units, reflecting water quality as remembered by the community from the 1960s.
- The other three lakes have TLI targets based on water-quality levels from the early 1990s.

The objective is to meet or exceed these targets in order to maintain or improve water quality in each lake. For information on measurement, see the Land Air Water Aotearoa Factsheet: Lake Trophic Level Index.

TLI monitoring – covering nitrogen, phosphorus, chlorophyll-a and water clarity – is part of the Natural Environmental Regional Monitoring Network of the Bay of Plenty Regional Council (the Council).

Sampling details are as follows.

- Monthly sampling is conducted at designated sites on each lake.
- Larger lakes, like Lake Rotorua, have two sampling points; smaller lakes typically have one.
- Sampling has been consistently carried out since around 1990, providing a robust long-term dataset.

Processes for calculating and evaluating TLI values are as follows.

- Annual TLI values are calculated each August, using data collected up to 30 June.
- These values are compared against TLI targets in the Council's regional plan.
- Due to natural seasonal variability, lakes may occasionally exceed their targets. To smooth out short-term fluctuations, a three-year average TLI value is used to establish whether a lake has met its target.

The Water Quality Technical Advisory Group advises that if all required 'action plan' measures are being implemented, a three-year average TLI up to 0.2 units above the target is acceptable. Where the average is higher, it recommends further investigation.

The Council publishes an annual report on the TLI and other key lake health indicators. The 2025/26 report is scheduled for release in August 2026. For more information, see the Council's State of the Environment webpage.

6. Interdepartmental executive board annual report 2025/26
Te pūrongo ā-tau a te poari whakahaere waenga tari 2025/26

Climate Change Chief Executives Board annual report

Climate Change Chief Executives Board Annual Report 2025/26

Introduction

The Climate Change Chief Executives Board (the Board) collectively governs the New Zealand Government's response to climate change. It provides advice to the Government on long-term climate change strategy and ensures New Zealand stays on track to meet its domestic and international commitments.

The Board monitors and reports on the delivery of the emissions reduction plans and the national adaptation plan. In its reports, the Board provides advice to the Government on the overall effectiveness and future direction of these plans.

Background

The Board was legally established as an interdepartmental executive board (IEB) on 29 July 2022 to provide oversight of the Government's response to climate change.

The Board provides governance and accountability to enable successful delivery of the emissions reduction plans and the national adaptation plan. The Board's collective governance and advice on the Government's climate response is a way to address complex policy issues across a range of portfolios.

The Board reports to the Minister of Climate Change, who is the Board's responsible Minister.

Our Board members

During the reporting period, the Board was chaired by the Secretary for the Environment and comprised eight agency chief executives, drawn from the IEB remit at the time.[12]

Since November 2023, the Ministry of Foreign Affairs and Trade has also participated in Board meetings. The Board is supported by the Deputy Solicitor-General as an independent legal advisor.

Following the establishment of the Ministry for Cities, Environment, Regions and Transport (MCERT) on 1 July 2026, the Board's remit was updated to include MCERT, and remove the Ministry for the Environment (the Ministry), Ministry of Housing and Urban Development and Ministry of Transport.[13] The Secretary for the Environment and Chief Executive for MCERT now holds responsibility for the Environment, Housing and Urban Development, and Transport portfolios, as well as local government functions transferred from the Department of Internal Affairs.

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[12] The eight chief executives were from the Ministry for the Environment, Ministry of Business, Innovation and Employment, National Emergency Management Agency, the Treasury, Department of Internal Affairs, Department of Conservation, Ministry for Primary Industries and Ministry of Transport.

[13] Public Service Act 2020, Schedule 2, Part 3. Current members include the Ministry for Cities, Environment, Regions and Transport, Ministry for Primary Industries, the Treasury, National Emergency Management Agency, Department of Conservation and Ministry of Business, Innovation and Employment.

The Board is committed to supporting the Government to deliver its climate priorities by ensuring it finds credible paths to achieving future emissions budgets and strengthening New Zealand's adaptation resilience and preparedness.

Our performance against strategic intentions and appropriation

In the 2025/26 financial year, the Ministry administered the Board's appropriation and reported performance information (for the appropriation) in its annual report.

The Board's performance against the measure 'Progress reporting on the delivery of the Government's climate priorities is delivered on time' is included in the Ministry's reporting on its operating performance under the Climate Change Chief Executive Board appropriation in the Ministry for the Environment Annual Report 2025/26.

Each agency is responsible for implementing its own actions from the emissions reduction plans and national adaptation plan. The Board's role is to support the successful implementation of the Government's climate priorities and plans by actively monitoring progress and advising Ministers on risks and opportunities.

We are pleased to report that during the last year, the Board has:

- developed a reporting framework for the second emissions reduction plan (ERP2), and delivered the first ERP2 implementation progress reports
- provided strategic support to the Government in responding to evolving conditions and emerging challenges, and delivered the first adaptive management assessment to manage risks to meeting the second emissions budget
- supported required amendments to ERP2
- continued to monitor and report on progress against emissions budgets, including through the Prime Minister's Target 9 quarterly reporting[14]
- continued to monitor and report on progress on adaptation goals, including integrating reporting on delivery of the National Adaptation Framework
- delivered the *Government Response to the Climate Change Commission Report – Monitoring report: Emissions reduction 2025*, responding to the monitoring report of He Pou a Rangi | Climate Change Commission on the Government's progress towards meeting the 2050 target and emissions budgets.[15]

Our performance reporting against our strategic priorities complies with generally accepted accounting practice (GAAP) and the *Service Performance Reporting Standard (PBE FRS 48)*. This financial year, we are reporting against the Board's Statement of intent 2023–27. The Board is currently refreshing its statement of intent for 2026–31, which includes revised performance measures to reflect updated context.

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[14] More information is available on the Ministry's Government Target 9 quarterly reporting webpage or the Department of the Prime Minister and Cabinet's Government Targets Quarterly Reports webpage.

[15] As required by section 5ZK (4) of the Climate Change Response Act 2002. For more information on the Climate Change Commission's annual monitoring report, see Monitoring by the Climate Change Commission in the Ministry for the Environment Annual Report 2025/26.

Impact measures	How we performed 2024/25	How we performed 2025/26
The Board coordinates the implementation of cross-agency actions and strategies in the emissions reduction plans and the national adaptation plan.	The Board coordinated implementation of cross-agency actions and strategies in the emissions reduction plans and the national adaptation plan. This included readiness reporting for and design of an adaptive management approach to ERP2.	The Board coordinated implementation of cross-agency actions and strategies in the emissions reduction plans and the national adaptation plan. This involved designing a reporting framework for ERP2, with sectoral indicators to support tracking and reporting, and as an input to the annual adaptive management process. The Board coordinated delivery of the ERP2 amendment to reflect the Government's revised approach to reducing agricultural emissions.
The Board actively monitors and reports against the emissions reduction plans, the national adaptation plan and emissions budgets through quarterly reports to the Climate Priorities Ministerial Group.	The Board reported quarterly, through Target 9, on progress and tracking against emissions budgets, upcoming decisions and milestones across climate priority areas. This included updates on progress towards emissions budgets and in key areas (primarily across ERP2 policies), upcoming ministerial decisions, and tracking of key leading and supporting indicators. In October 2024, the Board provided advice to Ministers on progress of actions in the national adaptation plan, including actions that are active, completed, not started, or on hold, along with reasons for any inactive actions. A final progress report on ERP1 was provided in March 2025, following the formal amendment of ERP1 in December 2024.	The Board completed quarterly Target 9 reporting on progress and tracking against emissions budgets, upcoming decisions and milestones across climate priority areas. This included updates on progress towards emissions budgets and in key areas (primarily across ERP2 policies), upcoming ministerial decisions, and tracking of key leading and supporting indicators. In March 2026 the Board provided an update to Ministers on progress towards New Zealand's climate goals and targets, and on work underway to implement climate work programmes in support of these. Its update included an overview of implementation progress of the first national adaptation plan, readiness to deliver ERP2 policies, and findings from the ERP1 close-out report.
The Board takes an adaptive management approach that enables the Government to be agile in response to differences in the planned and actual pace and impact of initiatives across the two plans.	To support the Government to respond effectively to changing conditions and emerging challenges, the Board has refreshed its monitoring and reporting approach. An adaptive management approach has been developed with an emphasis on the key policies set out in ERP2.	The Board convened a cross-agency review of possible risks to the second emissions budget, to support the adaptive management assessment. The Board reported back to Cabinet with the annual adaptive management assessment on whether New Zealand remains on track to meet the second emissions budget.
The Board is well connected across the public and private sectors, and with Māori to enable positive climate action, identify barriers and opportunities in the climate response, and uphold te Tiriti o Waitangi (Treaty of Waitangi) principles.	The Board has strategic engagements with public and private sector representatives, to enable positive climate action and identify barriers and opportunities in the climate response. In 2024/25, this included: • the Climate Change Commission • Chair of the National Hazards Board, Department of the Prime Minister and Cabinet	The Board maintained connections across the climate governance system, to support delivery of the Government's climate priorities. It undertook oversight and coordination through the climate governance system, including the Climate Senior Officials Group, along with engagement across climate and natural hazard governance through the Natural Hazards Risk Reduction Forum.

Impact measures	How we performed 2024/25	How we performed 2025/26
	• agencies connected with climate adaptation and the Independent Reference Group, in relation to the design of the national adaptation framework.	

Looking ahead, the Board's immediate focus is on:

- undertaking the 2026 adaptive management approach to meeting ERP2
- continuing to monitor and report on progress against climate goals, including through:
  - leading the Department of the Prime Minister and Cabinet's quarterly Target 9 reporting
  - monitoring delivery across the Government's climate priorities and ERP2 implementation
  - delivering the Minister of Climate Change's response to the Climate Change Commission's annual monitoring reports on Government progress towards meeting emissions budgets and targets
  - contributing to the Government's response to the Climate Change Commission's adaptation progress report
- developing advice on strategic options that will have an impact in the 2030s to support meeting the third emissions budget
- adjusting governance operating arrangements to reflect the recent organisational change that occurred with the establishment of MCERT.

Structure and resourcing

The Board is supported by an independent secretariat – the Climate Change IEB Unit (CCIEB Unit), which is currently made up of approximately 10 full-time equivalent staff. The Ministry for the Environment, as servicing agency, hosted the CCIEB Unit through to the end of 2025/26.

The CCIEB Unit has a key role in enabling the Board to effectively undertake its governance function. It reports to the Board and is managed by an Executive Director. In addition to providing secretariat support, the CCIEB Unit gives advice on the Board's priorities and leads engagement with responsible agencies.

During the last year, the CCIEB Unit:

- managed and enhanced the climate governance system, coordinated the respective meetings of the Climate Priorities Ministerial Group, the Board, the Climate Senior Officials Group and the Interagency Implementation Working Group
- supported the establishment of governance arrangements for the new Natural Hazards Risk Reduction Forum
- supported the Crown's representative for the judicial review brought about by Lawyers for Climate Action and the Environmental Law Initiative, with particular focus on adaptive management process and the ERP1 amendment

- led and further developed the monitoring and reporting system by delivering:
  - Target 9 quarterly reporting, informed by monitoring of delivery across the Government's climate priorities and ERP2 implementation
  - the Government's response to He Pou a Rangi | Climate Change Commission's emissions reduction monitoring report
  - a lessons-learnt exercise following the close-out of ERP1, to inform reporting on subsequent emissions reduction plans
  - monitoring and reporting on the implementation of actions in the first national adaptation plan
- provided strategic advice on:
  - Budget 2026 climate impacts
  - the annual adaptive management assessment, including analysis of qualitative and quantitative indicators, to help New Zealand meet its second emissions budget
- fulfilled accountability requirements on behalf of the Board, such as responding to requests under the Official Information Act 1982, as well as other accountability documents
- proactively released material to provide transparency on decision-making processes.

Organisational health and capability

Reporting requirements on organisational health and capability are included as part of section 3 of the Ministry for the Environment Annual Report 2025/26.

Financial performance

The 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's operation can be found in the annual report of the Ministry for the Environment, as the servicing department. The Climate Change Chief Executives Board appropriation, which supports the Board, is administered by the Ministry. For year-end performance information on the Climate Change Chief Executives Board appropriation, see note 19 of the Notes to the financial statements in the Ministry for the Environment Annual Report 2025/26.

The appropriation for the Board in 2025/26 was $3.242 million, of which $2.694 million was spent.

Statement of responsibility

The 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 Board, the annual report fairly reflects our operations, progress, and organisational health and capability.

Signatures

Name	Title	Signature
Jeremy Lightfoot	Chief Executive for the Ministry of Cities, Environment, Regions and Transport and Secretary for the Environment – Te Hēkeretari mō te Taiao and Chairperson of the Climate Change Chief Executives Board	
Nic Blakeley	Secretary for Economic Growth and Chief Executive of the Ministry of Business, Innovation & Employment – Te Tumu Whakarae mō Hīkina Whakatutuki	
David Gawn	Chief Executive of the National Emergency Management Agency – Tāhūhū Rangapū mō Te Rākau Whakamarumaru	
Iain Rennie	Secretary to the Treasury – Te Hēkeretari mō Te Tai Ōhanga and Deputy Chairperson of the Climate Change Chief Executives Board	
Peter Chrisp	Director-General of Conservation – Te Tumu Whakarae mō Te Papa Atawhai	
Ray Smith	Director-General of Primary Industries – Te Tumu Whakarae mō Manatū Ahu Matua	

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New Zealand
(on behalf of the Auditor-General)

Bankers
Westpac



