



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

# Annual Report *Pūrongo ā-Tau*

2021/22



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



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# Secretary for the Environment



*The past year has been one of delivery, which, now more than ever, highlights our leadership role across the environmental system. The Ministry for the Environment's work programme – from addressing climate change to reforming the resource management system – continues to contribute to our shared vision of a flourishing environment for every generation in Aotearoa New Zealand.*

Our work is designed to achieve environmental system change and to create new foundations for the way we interact with land and value nature.

Despite the challenges and uncertainties of COVID-19, we've continued to work together alongside our communities, Māori, businesses, farmers, local government, and others to deliver effective programmes.

We are proud to work as a Treaty partner with hapū, iwi and Māori by bringing Te Tiriti o Waitangi and te ao Māori into our work. We have worked with Māori on resource management reform, through involvement in policy processes and engagement through iwi, hapū and Māori organisations. We have also worked to build capability to implement Essential Freshwater with specific funds allocated to deliver on this. An example of this was the allocation of \$30 million from the Te Mana o te Wai Fund to fund 34 projects.

These investments were to support tangata whenua groups (whānau, hapū and iwi, and Māori land trusts) to build capacity and capability to be involved in and make decisions for freshwater management in their rohe, which will support the implementation of the Essential Freshwater package.

Reforming the resource management system continues to be a key priority for the Ministry. There is broad consensus that the system has not been working and our aim is that the Natural and Built Environments and Spatial Planning Bills (expected to be introduced to Parliament later in 2022) will make critical improvements. The preparation for these Bills has involved close to 2,000 pages of advice and individual policy decisions – a massive effort. We look forward to supporting a constructive Select Committee process in 2022/23.

We have led an innovative approach to delivery of the resource management reform through the Ministerial Oversight Group and leading the interagency executive board. Implementation of resource management reform is being supported by \$179 million of funding over four years, from Budget 2022, to develop the National Planning Framework which will combine the existing system's national direction instruments into a coherent framework. The funding will also help councils develop the first Spatial Planning and Natural and Built Environments plans, as well as supporting the proposed National Māori Entity.

While the reform process is underway, it's important to continue to do what we can with the system we currently have. One of our milestones this year was the passing of an amendment to the Resource Management Act in December 2021, with cross party support in Parliament, to allow more homes to be built in our biggest cities.

It's been a year of firsts for our efforts to address climate change. We released Aotearoa New Zealand's emissions reduction plan – the first time we have prepared and published strategies, policies, and actions to reduce emissions across the whole country. The emissions reduction plan was a very significant collaborative effort, with more than 300 policy actions involving 22 other agencies, iwi and hapū, industry, and communities – as well as receiving cross-party support.

Reducing emissions and limiting the severity of future climate change is important, but preparing for the changes we are experiencing now and that are yet to come is also crucial. The Ministry worked on the national adaptation plan during the year (released in August 2022) which sets out how communities can adapt to and minimise the harmful impacts of climate change.

We lead the Climate Change Chief Executives Board (established July 2022), which has accountability for monitoring and reporting on the delivery of actions in the emissions reduction plan and national adaptation plan. In waste, the Minister for the Environment launched consultation on three proposals to transform

recycling in New Zealand to bring our recycling systems up to global standards: a container return scheme, improvements to kerbside recycling, and separating business food waste from general rubbish. Our work in waste, recycling, and product stewardship will also help us meet the greenhouse gas emissions reduction targets set in Aotearoa New Zealand's first emissions reduction plan.

We also continued to implement the Essential Freshwater package which was introduced in 2020 to give effect to Te Mana o te Wai – the life-supporting capacity of our water. There were four significant consultations during the year, including on the freshwater farm plan regulations, which aim to reduce and manage the risk of farming activities on freshwater and associated ecosystems. Also of note was the introduction of amended intensive winter grazing regulations following more than a year of engagement with councils, iwi and hapū, communities, and the primary sector.

Over the past two years, the Jobs for Nature programme has benefited communities and the environment, bringing more than 8,000 people into nature-based employment. We continue to advise the Government on its COVID-19 recovery strategy to ensure it aligns with long-term priorities to improve environmental outcomes and transition to a low-emissions economy.

This will be my final annual report for the Ministry, with a new Secretary for the Environment to be appointed in 2023. Leading the Ministry has been a great privilege and passion. When I look back over the past seven years, I am really proud of the contribution our people have made and all that we have achieved. We have grown into a strong agency with people around the country delivering work programmes that will have a profound and lasting positive impact on our environment. We have been willing to try new approaches to policy development and have the capability to reflect, learn and adapt our approach as we go. We couldn't do it without the collaboration and engagement from our partners and stakeholders, and their actions on the ground.

And this important mahi will continue. The Ministry is well set up to face the challenges head on and continue working together with hapū, iwi, councils, farmers, and the community to protect, enhance and appreciate our te taiao.

Nāku noa, nā



**Vicky Robertson**  
Secretary for the Environment



# Highlights and milestones from 2021/22

*A flourishing environment for every generation | He taiao tōnui mō ngā reanga katoa*

## Our strategic priorities

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

### July 2021

- Began the expansion of and the increase in the national Waste Disposal Levy
- Removed 10,000 tonnes of aluminium dross from the old paper mill site in Mātaura, Southland
- Consulted on implementing freshwater farm plan regulations
- Consulted on stock exclusion low-slope maps regulations

### August 2021

- Received 3,000 submissions on the exposure draft of the Natural and Built Environments Bill
- Brought in the National Environmental Standards for Storing Tyres Outdoors
- Consulted on amendments to intensive winter grazing regulations

### October 2021

- Required financial organisations to disclose climate-related risks and opportunities
- Appointed members of Te Pou Tupua – the face and voice of Te Awa Tupua (Whanganui River)
- Consulted on Aotearoa New Zealand's first emissions reduction plan
- Consulted on a new national waste strategy

### December 2021

- Published *Our air 2021*, showing an improvement in air quality at most sites for many indicators
- Reviewed housing and business assessments from councils (National Policy Statement on Urban Development)

### September 2021

- Funded the clean up of contaminated sites in Northland, Dunedin and Southland
- Our Māori engagement framework, Te Ao Hurihuri, won the Mātauranga Māori Award at the 2021 Diversity Awards (medium-large organisations)
- Consulted on amendments to wetland provisions

### November 2021

- Consulted on product stewardship of tyres and large batteries
- Launched \$50 million Plastics Innovation Fund
- Begun engagement on the future resource management system with local government, hapū, iwi, Māori and others

### January 2022

- Consulted on proposed amendments to the National Environmental Standards for Drinking Water

## February 2022

- Consulted on proposed changes to the Environmental Reporting Act
- Tabled the Government response to select committee recommendations on the Natural and Built Environments Bill in Parliament

## April 2022

- Released amended intensive winter grazing regulations
- Published *Environment Aotearoa 2022* using a mātauranga Māori lens for the first time
- Published the Greenhouse Gas Inventory report
- Consulted on the first national adaptation plan

## June 2022

- Contributed to a reduction in the government vehicle fleet by 1,100 in 2021/22, with 166 new BEVs and PHEVs
- Approved 57 State Sector Decarbonisation Fund projects in 2021/22
- Started consultation on the exposure draft of the National Policy Statement for Indigenous Biodiversity

## March 2022

- Passed regulations to phase out hard-to-recycle and single-use plastics
- Consulted on proposals to transform recycling
- Advised the Government on allocation approaches to support resource management reform

## May 2022

- Released the first emissions reduction plan, including an initial emissions budget
- Supported the establishment of the Climate Emergency Response Fund, with \$4.5 billion of Emissions Trading Scheme revenue
- Allocated \$179 million in Budget 2022 over four years to develop the National Planning Framework, the first regional spatial strategies and other plans
- The He Waka Eke Noa partnership made recommendations on a preferred system to price agricultural emissions
- Consulted on the Long-term Insights Briefing – People and place: Ensuring the wellbeing of every generation

# Introduction

*The Ministry for the Environment's purpose is to ensure a flourishing environment for every generation – he taiao tōnui mō ngā reanga katoa.*

Our annual report summarises what we've done to fulfil this purpose in 2021/22. We have split the report into following parts.

## 01

### About us Kōrero mō mātou

*Overview of the Ministry  
for the Environment Manatū  
Mō Te Taiao.*

## 02

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

*Summary of the state of  
New Zealand's environment,  
based on our environmental  
reporting.*

## 03

### Our performance Ngā mahi kua mahia

*How we performed  
in 2021/22.*

## 04

### Our finances Kōrero pūtea

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

## 05

### Strategic Planning Reform Board Annual Report 2021/22

*Interdepartmental executive  
board report on performance  
in 2021/22.*



# What we are reporting on

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## The Ministry for the Environment

The Ministry for the Environment was established under the Environment Act 1986 and is the Government's primary advisor on environmental matters.

The Act requires us to think broadly as we develop our advice: to consider the intrinsic values of ecosystems, the importance that people place on the environment, the principles of Te Tiriti o Waitangi (the Treaty of Waitangi), the sustainability of natural and physical resources, and the needs of future generations.

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## Nature and scope

### This section outlines the areas we work across.

We work to effect legislative and regulatory change by providing policy advice to the Government. This includes working with other agencies and organisations to understand the implications of proposed changes, so that legislation and regulations are practical and fit for purpose.

Effective and efficient policy implementation is an increasingly important role for the Ministry. This includes building a stronger presence in the regions and putting more emphasis on developing trusted relationships with those who have a complementary role in delivering environmental policy. Reviewing how policies are applied and whether they have the desired effect is another key area. Insights from this work will inform our ongoing policy work and advice.

We partner with other agencies and organisations in a variety of ways. We play a central role in meeting Crown commitments under Treaty settlements. We also work with environmental system partners across central and local government to implement change and improve environmental outcomes across the motu. We support positive action by local communities and individuals.

We oversee and provide administrative support for the Government's investment in the environment, and to aid economic recovery. This includes funds dedicated to freshwater, waste, remediating contaminated sites, community environment projects, and Jobs for Nature.

Environmental reporting is essential if we are to track and understand the impacts of our way of life on the environment (required under the Environmental Reporting Act 2015). We work in partnership with Stats NZ to report on the state of the environment, and to provide data and evidence to help policy-makers, businesses, community groups, and individual New Zealanders bring the environment to the heart of their decision-making.

We are also the monitoring agency for the Environmental Protection Authority and the Climate Change Commission. This involves providing independent advice on the performance of these Crown entities and assisting Ministers with their responsibilities (such as appointing board members).

Alongside the delivery of our work programme we invest in the Ministry's people, functions and capabilities, so that we are well placed to deliver on the Government's work programme and meet future needs.

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## Strategic Planning Reform Board, hosted by the Ministry

The Strategic Planning Reform Board has been established as an interdepartmental executive board under the Public Service Act 2020, to oversee the development and implementation of the strategic planning legislation, as part of wider resource management reforms.

The 2021/22 annual report covers the Board's first 14 months up to 30 June 2022. The Board has been waived of the requirements to provide information on its strategic intentions or to separately include financial statements in its annual report for three years.









# 01

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## About us *Kōrero mō mātou*

*Overview of the  
Ministry for the Environment  
Manatū Mō Te Taiao.*

### Key topics

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# Our Ministers

*During 2021/22 we worked with four Ministers.*



**Hon David Parker**

Minister for  
the Environment



**Hon James Shaw**

Associate Minister  
for the Environment  
and Minister of  
Climate Change



**Hon Kiritapu Allan**

Associate Minister  
for the Environment



**Hon Phil Twyford**

Associate Minister  
for the Environment



# Te Pūrengi – Our leadership team

*As a Ministry, one of our key strengths is our people. We have a great depth of capability and leadership across our organisation. This allows us flexibility in shaping and delivering our priorities.*



**Vicky Robertson**

Secretary for the Environment  
and Chief Executive



**Amanda Moran**

Chief Operating  
Officer / Deputy  
Secretary,  
Organisational  
Performance



**Melanie Mark-Shadbolt**

Deputy Secretary,  
Tūmatakōkiri (Māori  
Rights and Interests)



**Anne Haira**

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



**Sam Buckle**

Deputy Secretary,  
Water Policy and  
Resource Efficiency



**Natasha Lewis**

Deputy Secretary,  
Joint Evidence,  
Data and Insights



**Janine Smith**

Deputy Secretary,  
Natural and  
Built System and  
Climate Mitigation



**Nadeine Dommissie**

Deputy Secretary,  
Policy Implementation  
and Delivery



**Dr Alison Collins**

Departmental Chief  
Science Advisor –  
Kaitohutohu Mātanga  
Pūtaiao Matua

# Our Strategic Framework

*In 2020/21, we refreshed our organisational strategy. Our Strategic Framework reflects the legislation that established the Ministry, the Government's priorities, and the focus areas we've identified for our stewardship role. These are informed by our reporting with Stats NZ on long-term environmental trends, and the different ways we work with others.*

At the heart of the strategy is our purpose statement: *A flourishing environment for every generation – He taiao tōnui mō ngā reanga katoa.*

This aspiration is supported by a set of objectives (what we want to achieve), operating principles (how we will go about our work), and critical enablers (the things that enable us to do our work).

The Government's environmental reform programme is transformative. It touches every aspect of the environmental system, including resource management, climate change mitigation and adaptation, waste, and freshwater. Our strategy reflects the depth and breadth of our work programme, and the expansion of our statutory responsibilities and roles. It also reflects our increased focus on driving change through stronger relationships and a stronger evidence base.

As well as leading the development of new policy frameworks, legislation and regulatory instruments, we are increasingly focused on supporting the implementation of policy. Supporting local government, Treaty partners, and resource users to transition to the new environmental management system will ensure that policy translates into action on the ground and achieves better outcomes.

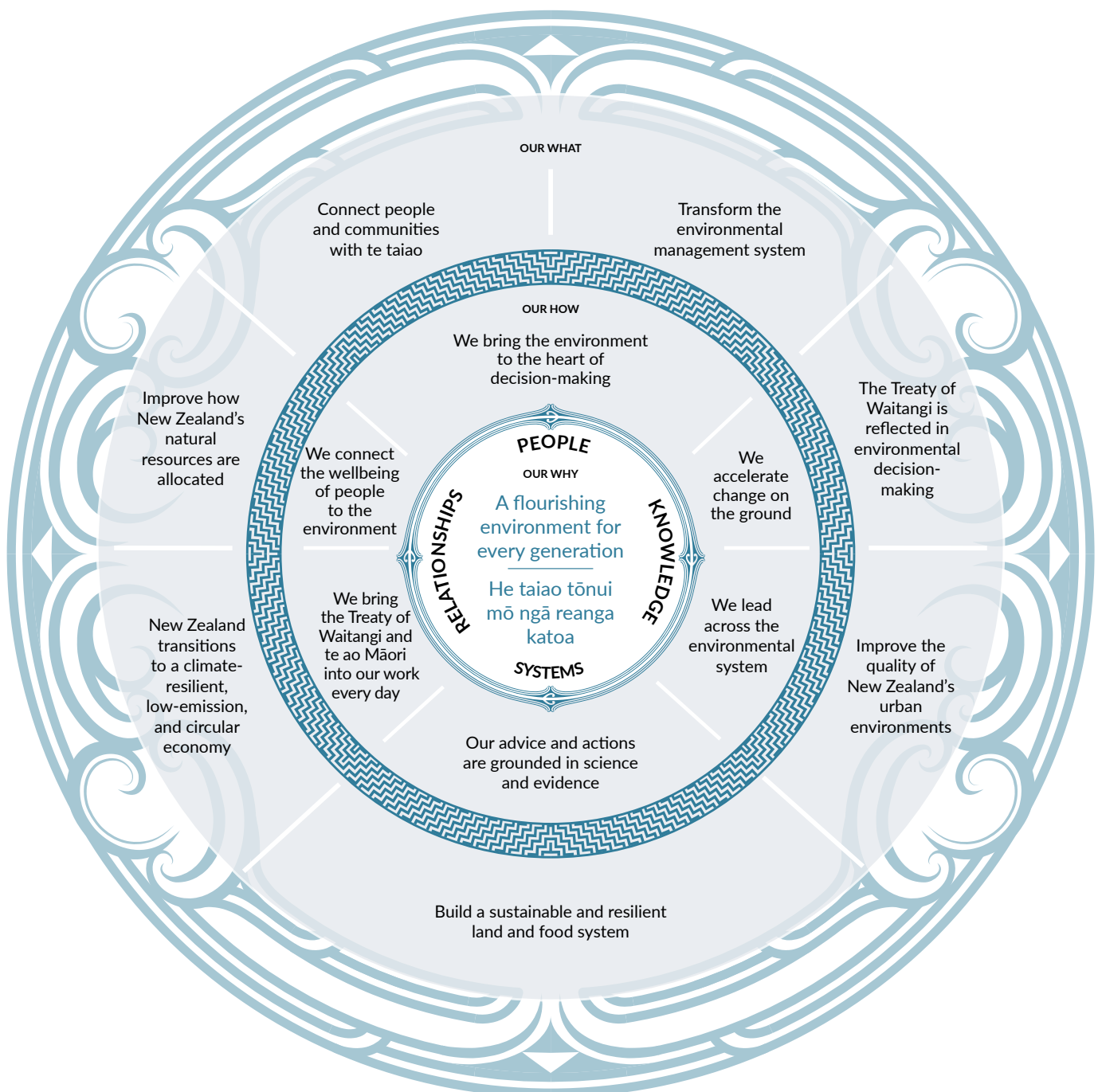
Looking ahead, we will need to provide strong regulatory oversight and direction across the environmental management system. To help us perform this role we are building stronger base capabilities in science and evidence, te ao Māori, and long-term policy development.

Our Strategic Framework keeps our eye firmly on the ball and anchors us to the critical question: Will this work improve the environment now and for future generations? It is a solid foundation for the critical work we all must do, if we are to tackle the significant environmental challenges we face as a nation.



### Our Strategic Framework is made up of four parts:

1. **Our purpose (our why):** A flourishing environment for every generation | He taiao tōnui mō ngā reanga katoa
2. **Our critical enablers:** the things that enable us to do our mahi
3. **Our operating principles (our how):** how we will go about our mahi
4. **Our strategic priorities (our what):** the mahi we are doing



# Our operating principles



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

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

We bring the environment to the heart of decision-making – from local and central government decisions to the individual choices made by New Zealanders. Rather than simply managing effects, we focus on the intergenerational implications of decisions, so that the environment continues to flourish. We do this through evidence-based policy advice, emphasising the intrinsic values of ecosystems, and by informing New Zealanders, through environmental reporting, about the cumulative impact of our choices.

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

An important part of our work is making stronger connections between wellbeing and the quality of, and access to, the natural environment. We see this as a way to accelerate positive environmental change, with the potential to contribute to individual and community wellbeing.

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

To be authentic and effective, we need to bring the Treaty and te ao Māori into every aspect of our work, every day. It's something everyone at the Ministry is responsible for – from weaving Māori perspectives and mātauranga Māori into policy advice and environmental reporting, to relationships with iwi under settlement agreements, and business practices.



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

This is about our role as the Government's principal policy advisor on environmental matters. Environmental science and evidence will show how well interventions are working to achieve a flourishing environment. As an effective steward, we weave together knowledge and disciplines (including mātauranga Māori and social science) and environmental intelligence. We also know how to turn knowledge into insights that can guide decision-makers (every New Zealander) and create the foundation for change.

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

Our 2018 Performance Improvement Framework review called for the Ministry to play a more substantial leadership role in managing the environment. There have also been calls from the Government and stakeholders for us to have a stronger focus on the whole system's performance, in addition to our policy advisory role. In practice, this means working with central and local government, business, Māori and iwi, and communities to improve environmental outcomes.

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

Effectively implementing government policy is a crucial part of our work programme. This includes the Essential Freshwater package, working with others on New Zealand's response to climate change, and assisting New Zealand's economic recovery through fast-track consenting, Jobs for Nature, and investment in waste minimisation and resource recovery.

# Our critical enablers

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

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## **Our people**

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

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

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



FIGURE 1: LOCATION OF STAFF

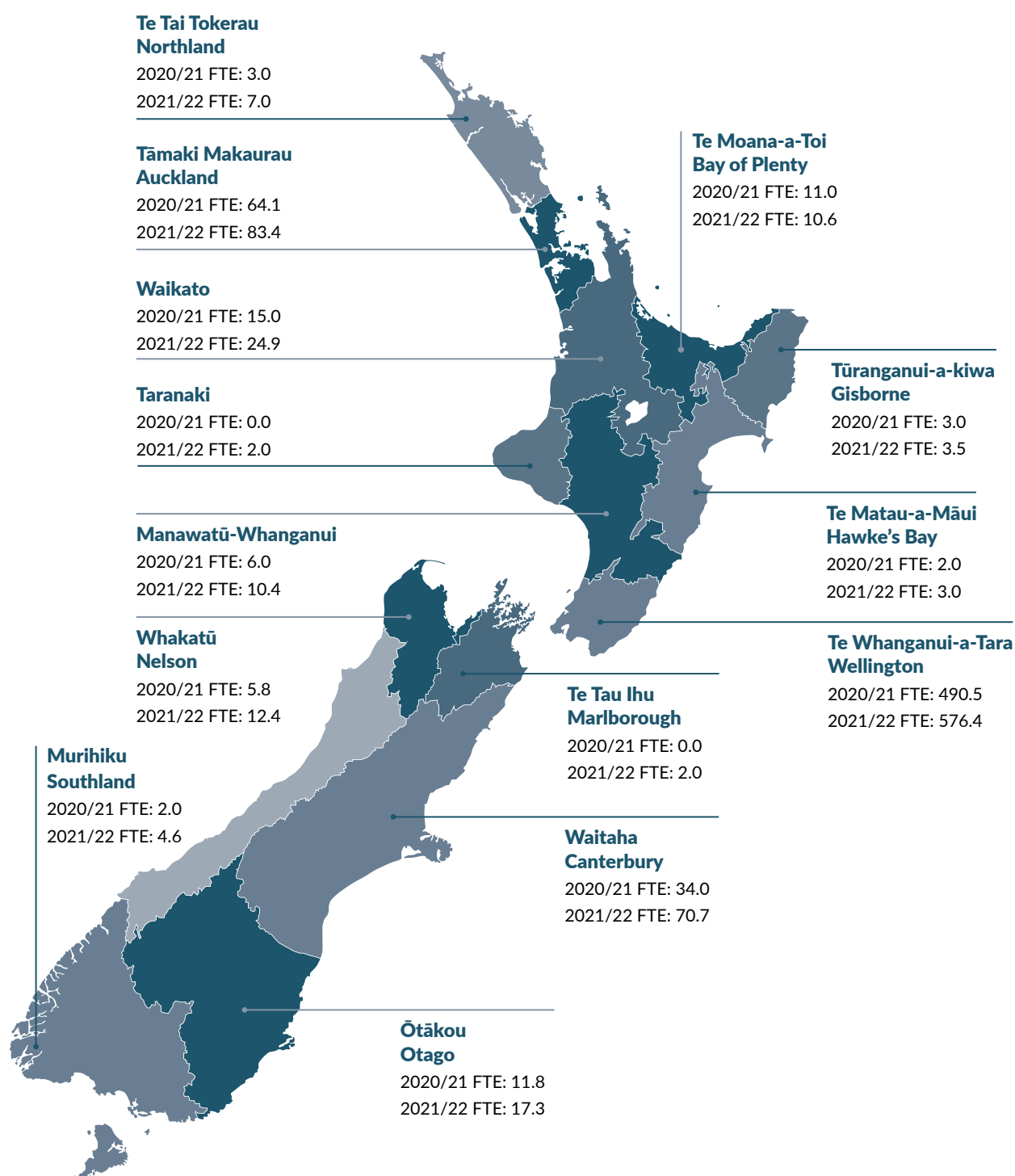










FIGURE 2: STAFF INFORMATION

		2020/21	2021/22
	FULL-TIME EQUIVALENT	648.2	828.4
	UNPLANNED TURNOVER	9.5%	19.5%
	PART-TIME*	10.3%	9.5%
	MALE	33.7%	31.0%
	ANOTHER GENDER	0.3%	0.8%
	FEMALE	66.0%	68.2%
	MALE MANAGER	32.5%	33.9%
	FEMALE MANAGER	67.5%	66.1%

\*Part-time = 0.8 full-time equivalent or less.

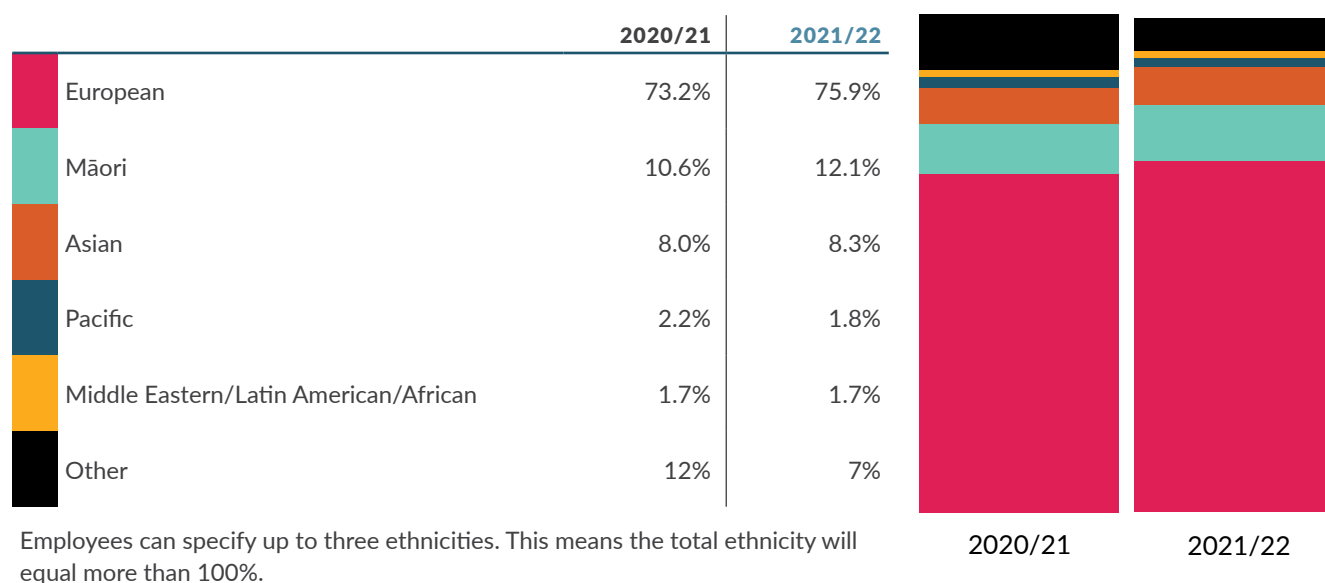
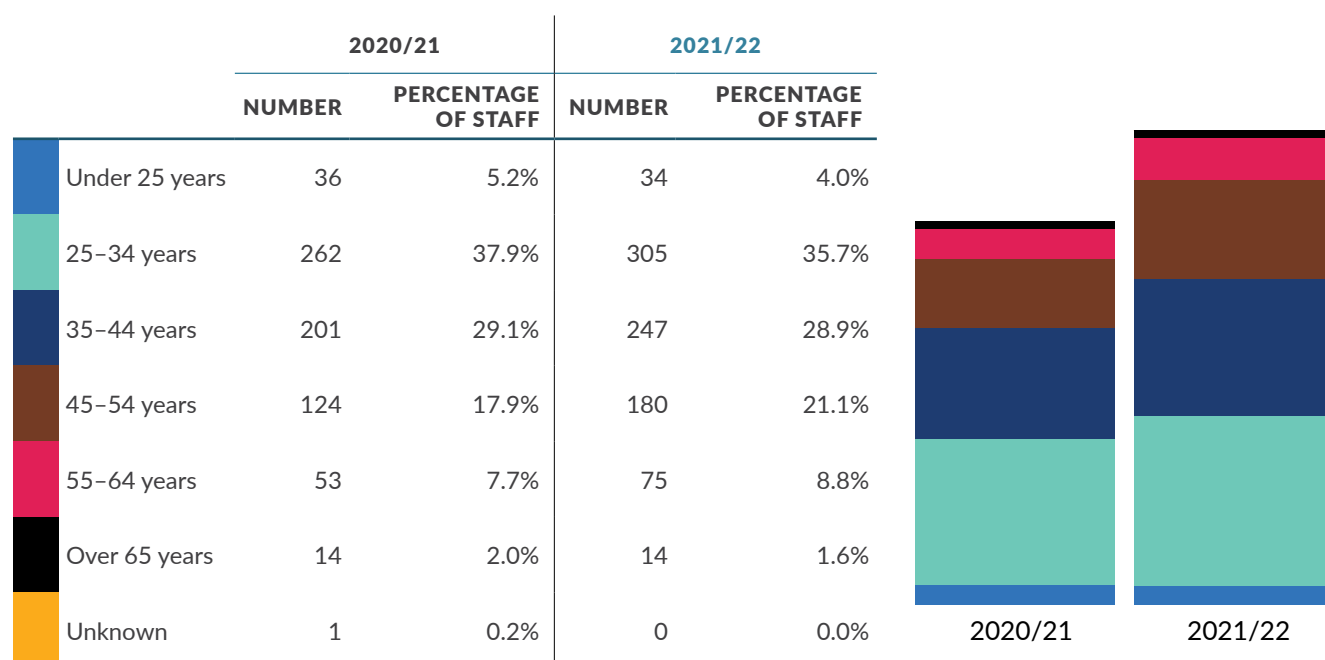
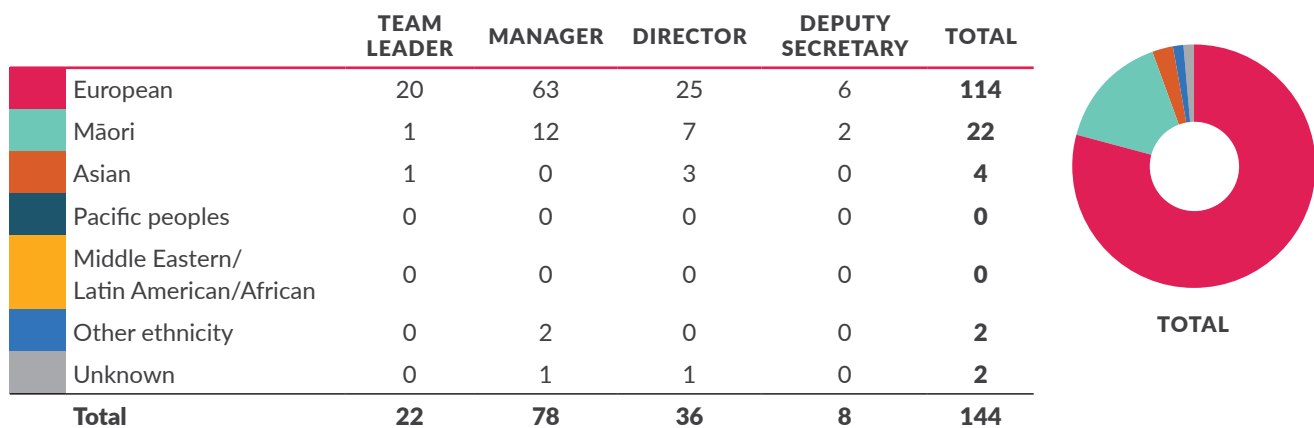
**FIGURE 3: ETHNICITY OF STAFF****FIGURE 4: AGE OF STAFF**



FIGURE 5: ETHNICITY OF PEOPLE LEADERS



Employees can specify up to three ethnicities. This means that total people leaders will equal more than in other people leader tables.

FIGURE 6: AGE OF PEOPLE LEADERS

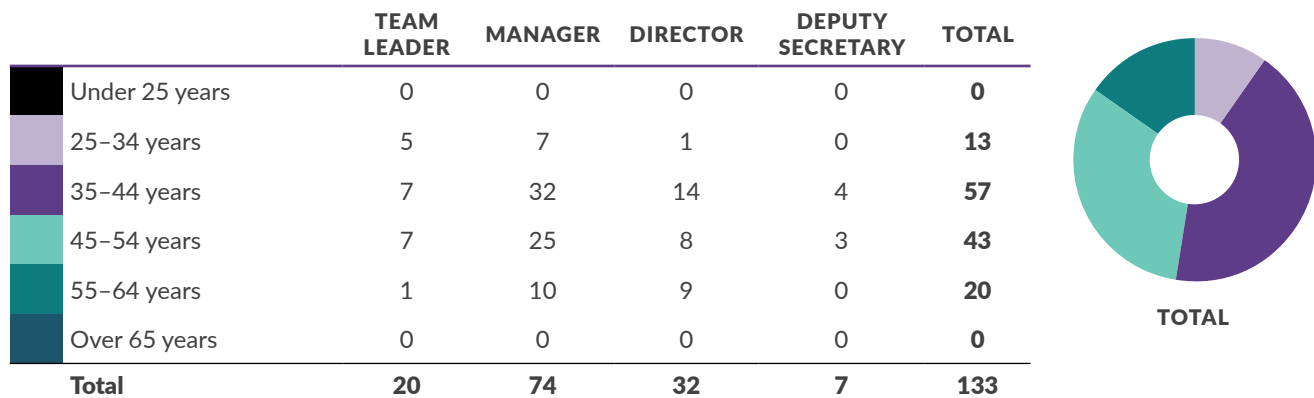
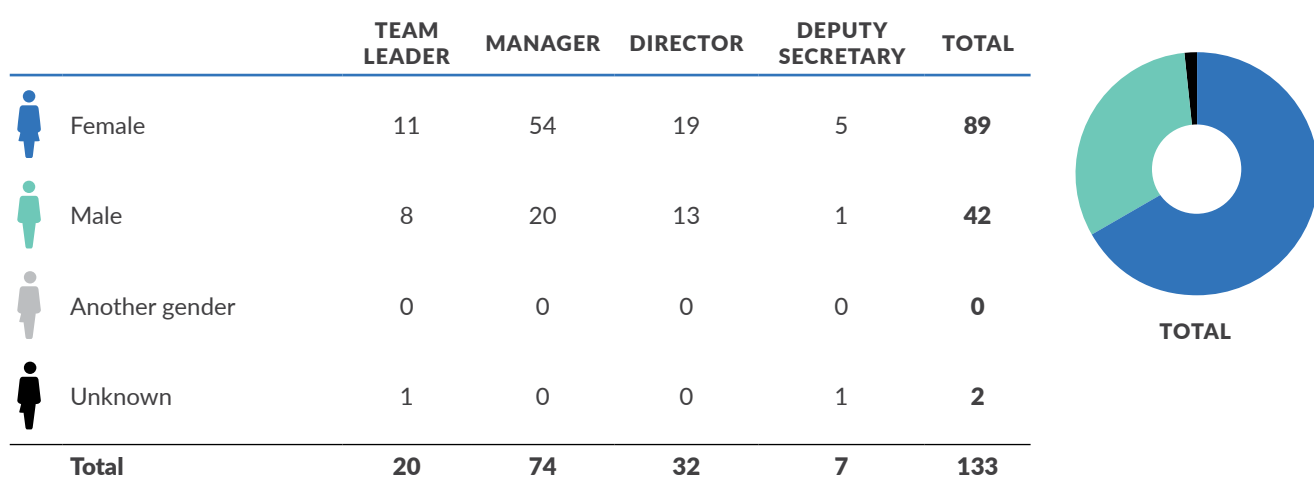


FIGURE 7: GENDER OF PEOPLE LEADERS



## Health, safety and wellbeing

The health, safety and wellbeing of our people is a high priority. We are making good progress with our focus areas – health and safety systems, critical risks, and improving health and safety governance.

For a large part of the year, we focused on our response to the COVID-19 pandemic and the impacts on the Ministry. We looked particularly at the mental wellbeing of our people, the health impact of symptoms, vaccination policies, and ensuring business continuity measures were in place.

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

We continue to implement our Wellbeing Action Plan. We also support the Wellbeing Action groups that business groups manage and tailor to the needs of their people.

## Diversity and inclusion

**He aha te mea nui o te ao? He tangata, he tangata, he tangata.**

**What is the most important thing in the world? It is people, it is people, it is people.**

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

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

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

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

## Linking Tui Raumata to Papa Pounamu

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

### 1. Cultural competence

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

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

See also the [Te ao Māori strategy section](#), which refers to Tōnui, an extension to our capability programme.

### 2. Addressing bias

Unconscious bias forms part of our induction programme for all our people, and part of our hiring manager guidance. We will continue to review our processes and guidance, to address unconscious bias.

### 3. Inclusive leadership

We continue to provide our leaders with guidance and development on inclusive leadership. Our next focus will be scoping and designing the next iteration of inclusive leadership education, so that this is targeted and relevant.

### 4. Building relationships

Our people's ability to bring their whole selves to work and contribute fully is a key element of our inclusive culture. In the last year, we have implemented Tō Reo, an external employee survey which has deepened our understanding of our people experience. We have also committed to participate in several external accreditation processes, so that we are regularly assessing our progress in building inclusive practices.

We have been awarded the Rainbow Tick and Gender Tick accreditations, with plans to scope and participate in Brain Badge (for neurodiversity inclusion) and the Accessibility Tick (for disability inclusion) over the coming 12 to 18 months.

### 5. Employee-led networks

The Ministry is home to active and engaged employee-led groups. These include our Rainbow Network, Māori Rōpū, Pasifika Network, Women's Network, Women of Colour Network, and Asian Staff Network. Two new groups are being set up: one for neurodiversity, and Te Kāhui Rangatakapū, for Māori youth. Each has an executive sponsor who provides guidance, advice and advocacy to the leads. This year, we have supported many events and days of significance for cultural identity and ethnic groups – for example, Eid al-Fitr, Chinese Lunar New Year, Te Wiki o Te Reo Māori, Diwali, International Women's Day, and Pride.

### Equal employment opportunities

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

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

### Gender and ethnic pay gaps

A Gender and Ethnic Pay Gap Action Plan is in place, and we are updating this to build on progress to date. It aligns closely to the Public Service Commission's Gender and Ethnic Pay Gaps Action Plan, Kia Toipoto. The plan helps to reduce pay gaps by setting out the Ministry's principles and actions over the coming year. This keeps us on track to reach pay equity in our organisation. View the [Gender Pay Gap Action Plan](#) on our website.

## Our knowledge

Grounding decisions in data, science and evidence is a critical enabler for our priority policy and system reforms, and to assess the effectiveness of policies and operational interventions. The Joint Evidence, Data and Insights group works across government and the science system to strengthen our environmental monitoring and reporting system. We are working to integrate te ao Māori and mātauranga Māori into our wider knowledge system, create pathways to partner with Māori, and engage the voices of youth and communities across the motu.

The Joint Evidence, Data and Insights group's priorities in 2021/22 included:

- driving a strategic approach to Ministry investment in science and data
- environmental reporting to set environmental limits and targets under the resource management reforms
- developing amendments the Environmental Reporting Act 2015.

A strategic approach to investment in data and evidence will leverage more out of data collected by other entities, enable longer-term planning of required updates, and build science capability internally. A key achievement in 2021/22 has been setting the Ministry's core data and infrastructure priorities. These are data and evidence assets required to meet our legislative responsibilities and deliver the work programme.



We contributed to the development of the Data Investment Plan, led by Stats NZ. This plan to guide government investment in data was developed after the release of the Government Data Strategy and Roadmap. The plan identifies 20 data asset groups in need of major development, with environmental data assets requiring the most investment. The Ministry has led most of the investment blueprints for the priority data gaps, with input from other agencies.

Under the Environmental Reporting Act 2015, the Ministry and Stats NZ report on the state of different aspects of the environment every six months, and the environment as a whole every three years. The environmental reporting programme published two reports within the financial year: *Our air 2021* (preliminary data released in October 2021 and updated indicator report released in December 2021), and *Environment Aotearoa 2022* in April 2022.

*Our air 2021* assesses New Zealand's air quality against both the 2005 and 2021 WHO air quality guidelines, as well as the National Environmental Standards for Air Quality. *Environment Aotearoa 2022* places environmental change in the context of our lives as individuals, families (whānau), and communities. We have pulled together a diverse set of evidence drawing on Māori knowledge, environmental science, health science, and economics. The integrated approach and wellbeing focus of this report reflects our connections with the environment and our impacts on it.

So that future environment reports have more impact, we have proposed amendments to the Environmental Reporting Act 2015. These are intended to extend the Act's functionality and breadth, through the collection and analysis of better data, evidence and information. As a result, environmental reports will better inform environmental decision-making. The amendments have been a key focus for the Joint Evidence, Data and Insights group, with a public consultation period in March 2022. This work will continue into 2022/23. An amendment bill will likely be introduced to Parliament at the end of 2022.

In 2022/23, we will strengthen our environmental monitoring and reporting system through environmental limits and targets for the Natural and Built Environments Act. We have worked with the Ministry of Business, Innovation and Employment on the review of the science system Te Ara Paerangi – Future Pathways. In 2020, the Parliamentary Commissioner for the Environment released the report, *A review of the funding and prioritisation of environmental research in New Zealand*. In response, we will lead the work on an environment and climate research strategy. This will set out priorities and research goals for the natural resources sector and give direction for investment in foundational environmental science and evidence.

We will also fulfil the new statutory requirement under the Public Service Act 2020 of producing a Long-term Insights Briefing every three years, the first of which is to be produced in 2022 with a theme 'People and place: Ensuring the wellbeing of every generation'.

The briefings are thought pieces on the future of medium and long-term trends and risks and opportunities that affect New Zealand and its society, including policy options for responding to these matters. The briefings are not government policy and are independent of Ministers.

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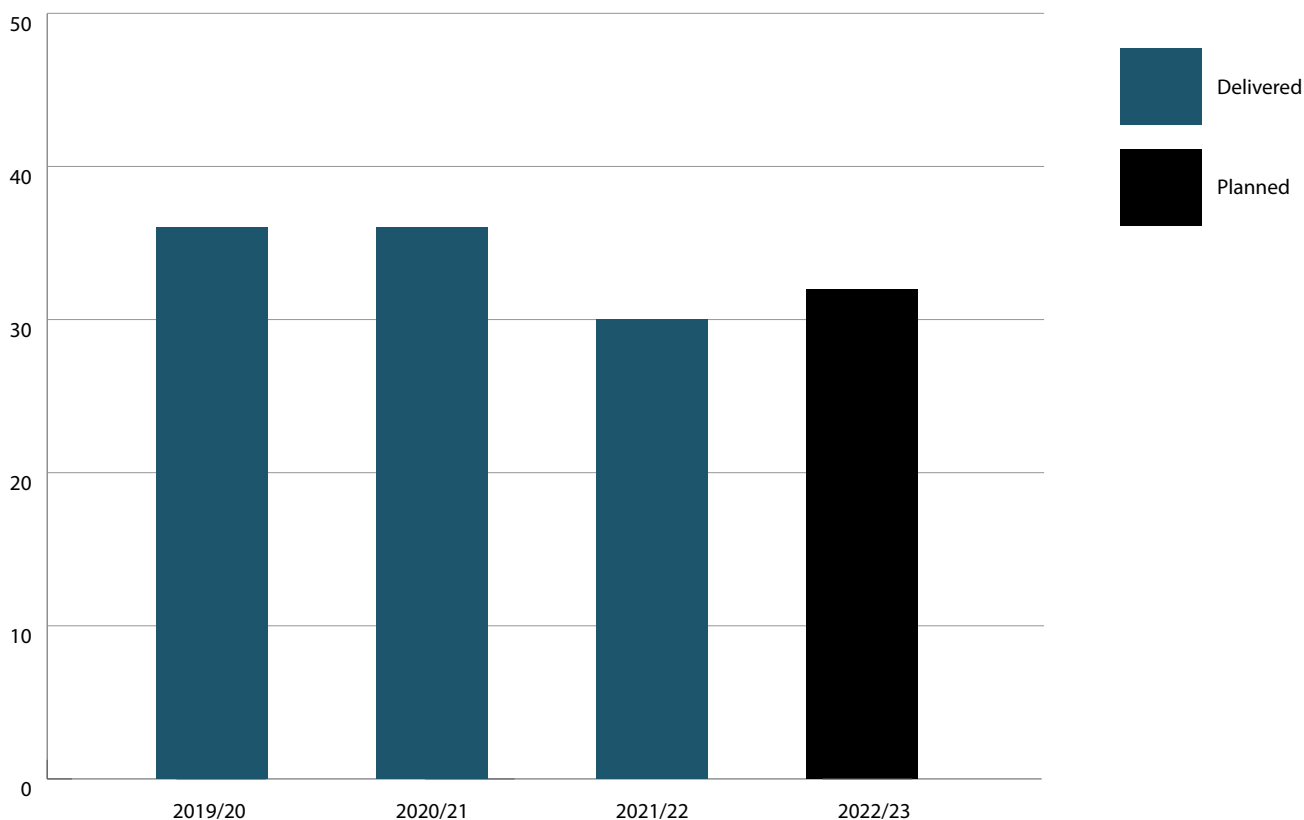
## Our systems

Our Digital Transformation Programme is one of the main ways to lift this critical enabler.

This programme leverages the Strategy for a Digital Public Service to support our medium-term business objectives and growth areas, including implementation, funds management, data stewardship, and governance.

During 2021/22, we made significant technical improvements and put in new systems across delivery and support areas such as customer relationship management and intranet migration. We have improved our common technology platform (O365), deployed a tool for project and portfolio management, and implemented a learning management system.

Our focus on adopting the Strategy for a Digital Public Service cloud recommendations enables us to maintain and improve the security and integrity of Ministry systems. Figure 8 shows that the transformation programme continues, with another 32 projects planned for the next year. This year's projects were fewer but larger in scope than previous years, and as in previous years the forward plan includes discretionary projects.

**FIGURE 8: PROJECTS DELIVERED AND PLANNED**

The Digital Transformation Programme is addressing the following five workstreams.

1. DATA AND EVIDENCE	2. TELLING OUR STORY	3. DIGITAL FOUNDATIONS	4. PLATFORMS AND INTEGRATIONS	5. SECURITY
Having clear, accessible, and accurate data and evidence helps us develop our policy and keeps Ministers and stakeholders informed about our work.	We are supported with the tools to engage with stakeholders at every stage of policy development and implementation.	The core functions and processes that maintain our technical systems.	The software, programmes, and workflows needed so we can work efficiently and effectively.	Protecting our people, information, and interests by ensuring the right people have the right access to information and systems.

## Our relationships

As our work evolves, so too has the need to partner and engage with others. We aim to increase awareness and take action to address pressing challenges, such as mitigating our impact on the environment and adapting to climate change.

To successfully implement policy, our work needs to be guided by those with the right knowledge and experience. We must also adhere to our Treaty responsibilities, and work together with iwi/Māori for outcomes that support and protect te taiao (the environment) for the future.

This year, we created a specialist engagement hub to provide greater support for our relationships with partners and key stakeholders, and to build our capability and coordination of how we work with others. With such a complex reform programme, we are committed to continuous improvement in how we engage and how we support others to engage with us.

Together with our iwi/Māori and strategic partnerships, communications, and Crown monitoring programmes, we are placing partnership and engagement at the forefront of what we do.

Key achievements include:

- Designing a model for a consistent and measured approach to engagement across our work programmes, placing our partners and stakeholders at the centre.
- Producing resources, tools and guidance to support our teams in best-practice engagement and relationship building.
- Rolling out a new customer relationship management tool to capture interactions with partners and key stakeholders and help us create enduring relationships.
- Working with a range of partners to accelerate the system change needed to support a transition to a low-emission, low-waste economy. This has included partnerships such as scaling of Circularity's XLABS programme, which supports businesses to use process design to reduce their waste and emissions; and with the Sustainable Business Network to establish platforms, tools and resources to speed the supply and demand of sustainable solutions.
- Supporting partnerships that focus on innovation, to accelerate change. This has included partnerships with Creative HQ to produce the Climate Response Accelerator, with a focus on circular solutions; and with the Young Enterprise Trust to embed environmental and sustainable thinking into future generations of entrepreneurs.
- Working with Ministers responsible for key Crown entities (the Environmental Protection Authority and the Climate Change Commission) we have continued to assist responsible Ministers to appoint and maintain an effective board, set direction and performance expectations, and monitor performance.
- Using a variety of communication tools to raise awareness of the work we do, and how it will affect communities.
- Supporting public consultation and engagement processes for major policy documents including national policy statements, the emissions reduction plan, and the national adaptation plan.



# Our te ao Māori strategy

## Building on our strategy for healthy Māori-Crown relations

In July 2020, we launched Te Ao Hurihuri – Transformational Gains Strategy. This has been adapted from the 'Pae Ora – Healthier Futures' model developed by Professor Sir Mason Durie. The strategy aims to enable our people and organisation to be confident, competent and effective in working with our Treaty partners.

Te Ao Hurihuri sets out our approach for coordinated, long-term engagement with Māori, and integrates Māori views into our programmes. As the lead public agency working on environmental policy, we have a responsibility to incorporate Māori perspectives, rights and interests in the policy development process. We strive for excellence, and acknowledge we have more work to do – starting by improving our capability in te ao Māori.

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

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

- From March 2020 to June 2022, 354 staff have participated in Te Tiriti o Waitangi education workshops.
- We established Te Kākano, a team of specialists focused on lifting te ao Māori capability. We set up a project to develop Māori policy quality standards. This will form part of the toolkit for building capability and consistency in our policy advice.
- We incorporated our commitment to building our capacity to be better Treaty partners into our leadership expectations framework.

Whāinga Amorangi identifies te reo Māori as a core competency for staff capability building across the public service. To support our commitment and work in this area, the role of our te reo Māori learning facilitator (Kaiako Te Ara Reo Māori) is to provide support, resources and learning opportunities to develop and strengthen our staff's capability in Māori language. Activities included:

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

A focus on recruitment has been key in achieving transformational gains in the Te Ao Hurihuri strategy.

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

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## Whāinga Amorangi

For clarity and stronger alignment with Te Arawhiti's expectations, we have adopted Whāinga Amorangi as our guiding framework for Te Ao Hurihuri. There are six core competencies and five specialist competencies in the Whāinga Amorangi Individual Capability Component. Te Arawhiti's aim is for all public servants to reach the 'comfortable' level for the six core competencies. These are:

1. New Zealand history/Treaty of Waitangi literacy
2. Te reo Māori
3. Tikanga/kawa
4. Understanding racial equity and institutional racism
5. Worldview knowledge
6. Engagement with Māori.

Our Te Ao Hurihuri strategy is now in its second year. It has evolved and grown as much as the Ministry has. As part of our commitment to continuous development, in 2022 we refreshed Te Ao Hurihuri to better capture the intent and the shifts we seek to build.

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## Tōnui

To help our entire organisation reach the 'comfortable' level, we have developed Tōnui, a baseline cultural capability programme. It consists of a one-day workshop covering the six priority areas and contextualised to the Ministry and our mahi (work). There is also a range of self-paced learning modules, supported by online wānanga to reinforce each kaupapa. The rollout is due to start in late 2022.

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

Tōnui enables us to make the next shift in our capability journey. It will allow us to rapidly lift the baseline capability across the Ministry and will then form part of our induction programme for all new starters.

# Our response to COVID-19

*Throughout the year we have continued to support the Government's COVID-19 response and recovery initiatives. We are continuing to invest in projects that support a sustainable recovery, and we are minimising the negative impact of the pandemic on our work.*

## Fast-track consenting

Through the COVID-19 Recovery (Fast-track Consenting) Act 2020, we are continuing to support New Zealand's economic recovery from the pandemic. The Act provides access to an alternative consenting regime for eligible infrastructure and construction projects. This accelerates starting work on projects that are ready to go, supports certainty of ongoing employment and investment across New Zealand, and promotes the sustainable management of natural and physical resources.

Between the enactment of the Act and the end of the 2021/22 financial year, the fast-track process has received 96 applications. Applicants advise that the 54 referred applications could allow construction of up to 10,193 residential units and create 23,755 jobs.

## Investing in Aotearoa New Zealand's COVID-19 recovery

We are continuing to support New Zealand's recovery by investing in recycling infrastructure, as part of the COVID-19 Response and Recovery Fund, and through the Jobs for Nature programme.

Of the \$124 million the Government allocated for recycling infrastructure, \$86.8 million is committed into deeds across 33 initiatives spread throughout New Zealand. These include:

- 23 weighbridge infrastructure projects
- seven optical sorting upgrade projects for plastics and/or fibre packaging materials
- organics processing assets
- facilities to recover construction and demolition materials.

These are currently in progress with the majority expected to be completed by 2024.

The \$1.219 billion Jobs for Nature package was established in 2020 to support a greener recovery for New Zealand during the COVID-19 pandemic. The funding is being used to bring thousands of people into nature-based work. This includes planting vegetation to restore freshwater and biodiversity, fencing waterways, pest control (including wilding pines and other pest plants), fish passage remediation, and skills training.

Jobs for Nature is delivered by five agencies (the Ministry for the Environment, the Department of Conservation, the Ministry for Primary Industries, Toitū Te Whenua Land Information New Zealand, and the Ministry for Business, Innovation and Employment). We are responsible for \$456.7 million in funding, which is being used to create new jobs in regional projects to improve freshwater.

## Impact on our ongoing work programme

COVID-19 has had a modest impact on our work programme. Short-term capability gaps, due to related staff absences, and international travel restrictions have resulted in strong labour market competition for the skills the Ministry is seeking (eg, in policy, data and analytics, te ao Māori, planning, economics, communications and engagement). As a result of these pressures, some of our projects have experienced challenges in resourcing and delivering on schedule.

To ensure critical work is not adversely affected, we have been prioritising our resources across the Ministry to ensure we could deliver priority projects. We are also focusing recruitment on specific skill sets, targeting secondment opportunities, using talent pools, and continuing to build internal capability.

# Our sustainability

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## Walking the talk

As the Ministry for the Environment, we aspire to lead the public service in operating sustainably and reducing emissions. Our Sustainability Strategy holds us to account by ensuring we lead by example.

For us, sustainability means operating within our baseline, minimising our environmental footprint, and giving our people what they need to flourish.

We recently launched the third successive Sustainability Strategy for July 2022–June 2025. This replaces the 2020–22 strategy. The new strategy contains many ambitious short-term targets and longer-term goals.

In 2020, the Government declared a climate emergency and launched the Carbon Neutral Government Programme. Our work ensures we are meeting all the commitments outlined in this programme. This includes setting gross emissions reduction targets in line with a warming pathway of no more than 1.5° Celsius. It also means reducing the Ministry's own gross emissions by 50 per cent by 2030 from our 2017 base year.

In 2021/22, we have achieved or made significant progress towards many of our targets across our people, environment and finance. Some highlights include:

- measuring and externally verifying our carbon emissions
- reducing emissions by 66.55 per cent from the 2017/18 base year
- implementing internal carbon budgets and integrating these into our financial business planning systems
- releasing our first climate-related disclosure
- recertifying the Rainbow Tick for the second consecutive year
- developing a Broader Outcomes Procurement Strategy and supporting guidance, to ensure sustainability measures are routinely considered as part of procurement practices.



## Emissions reporting

### Total annual emissions

The Ministry's total emissions for the 2021/22 financial year were 442.97 tCO<sub>2</sub>-e (tonnes of carbon dioxide equivalent). This is a 66.55 per cent reduction on our 2017/18 base year. Most of the emissions came from air travel, electricity and working from home.

### Reducing our emissions from the base year

We have committed, through the Sustainability Strategy and the Carbon Neutral Government Programme, to measuring, reducing and reporting our emissions profile, and having it externally verified.

Our emissions have been independently verified by Toitū Envirocare. For more detail, see ['Our emissions reporting'](#) in part 3. We are proud to have achieved the Toitū carbonreduce certification for the fifth consecutive year.

In 2021/22, we emitted 442.97 tCO<sub>2</sub>-e which is a 20.55 per cent increase on the previous year (367.46 tCO<sub>2</sub>-e), and 66.55 per cent lower than our 2017/18 base year (1,324.12 tCO<sub>2</sub>-e) (figure 9).

The increase from the previous year is due to the easing of COVID-19 travel restrictions, and some international travel resuming to meet our international obligations. Despite this, we have achieved our 2025 and 2030 reduction targets for the third consecutive year.

COVID-19 has prompted us to put much more emphasis on online meetings, and we have improved our in-house technology and software to help this shift.

**FIGURE 9: TOTAL EMISSIONS (tCO<sub>2</sub>-e), 2017/18 - 2021/22**

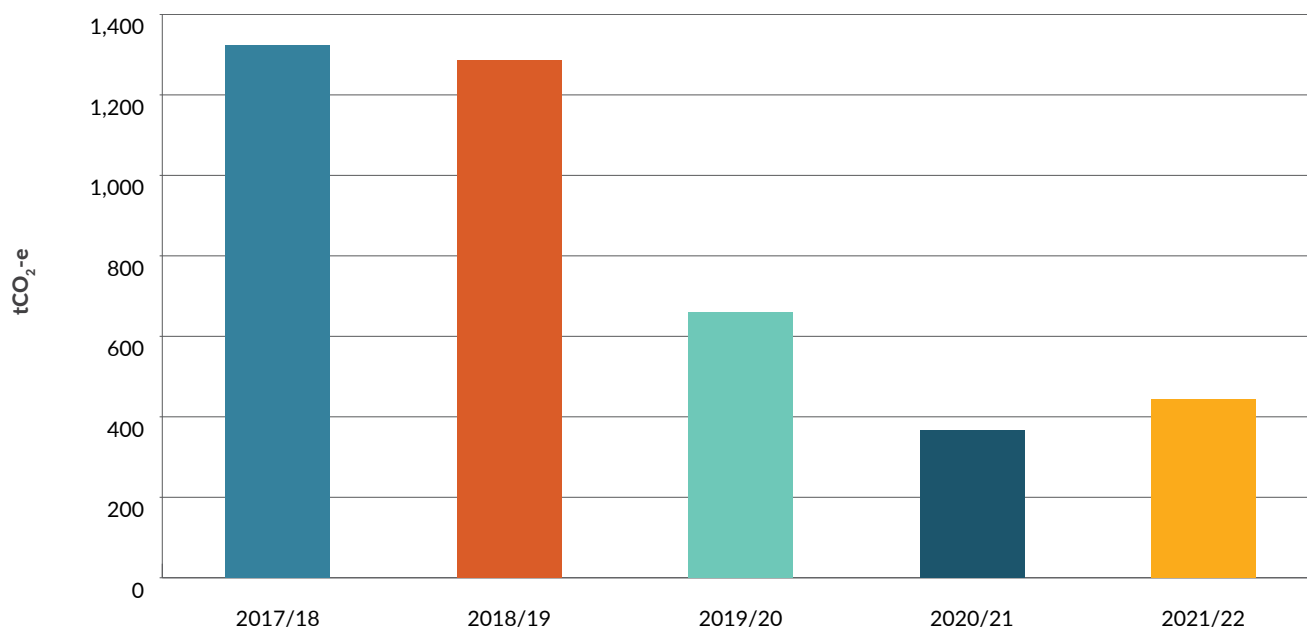
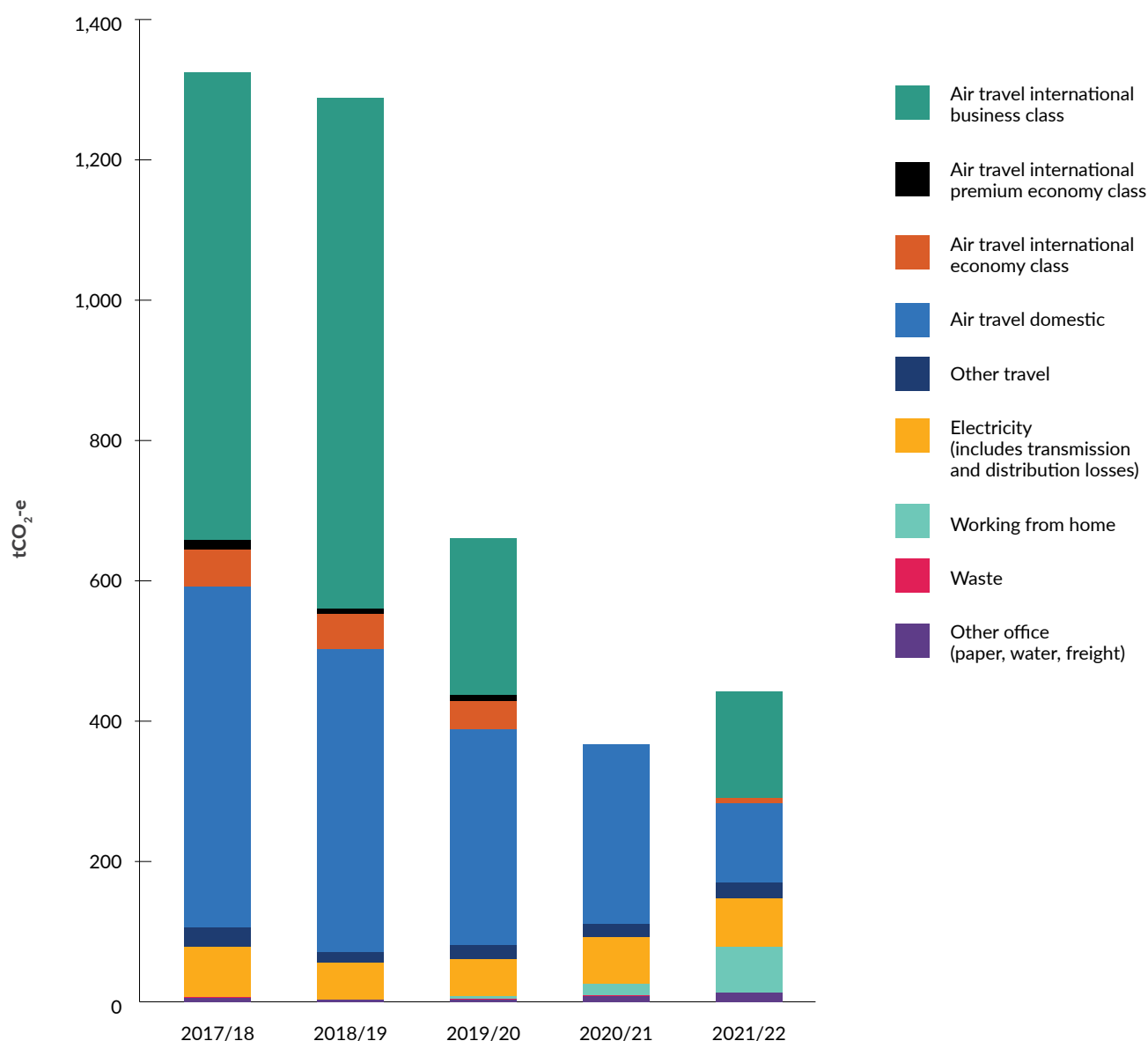


Figure 10 breaks down our emissions by activity. In 2021/22, our working from home emissions increased. The sources of these are:

- waste to landfill
- electricity consumption.

We are continuing to refine our methodology for calculating working from home emissions, by gathering accurate IT user connection data and calculating emissions specific to the monitors and laptops staff use. This will inform how we can engage and support staff to reduce their emissions.

**FIGURE 10: TOTAL EMISSIONS (tCO<sub>2</sub>-e) BY ACTIVITY, 2017/18 - 2021/22**



## Our reduction targets

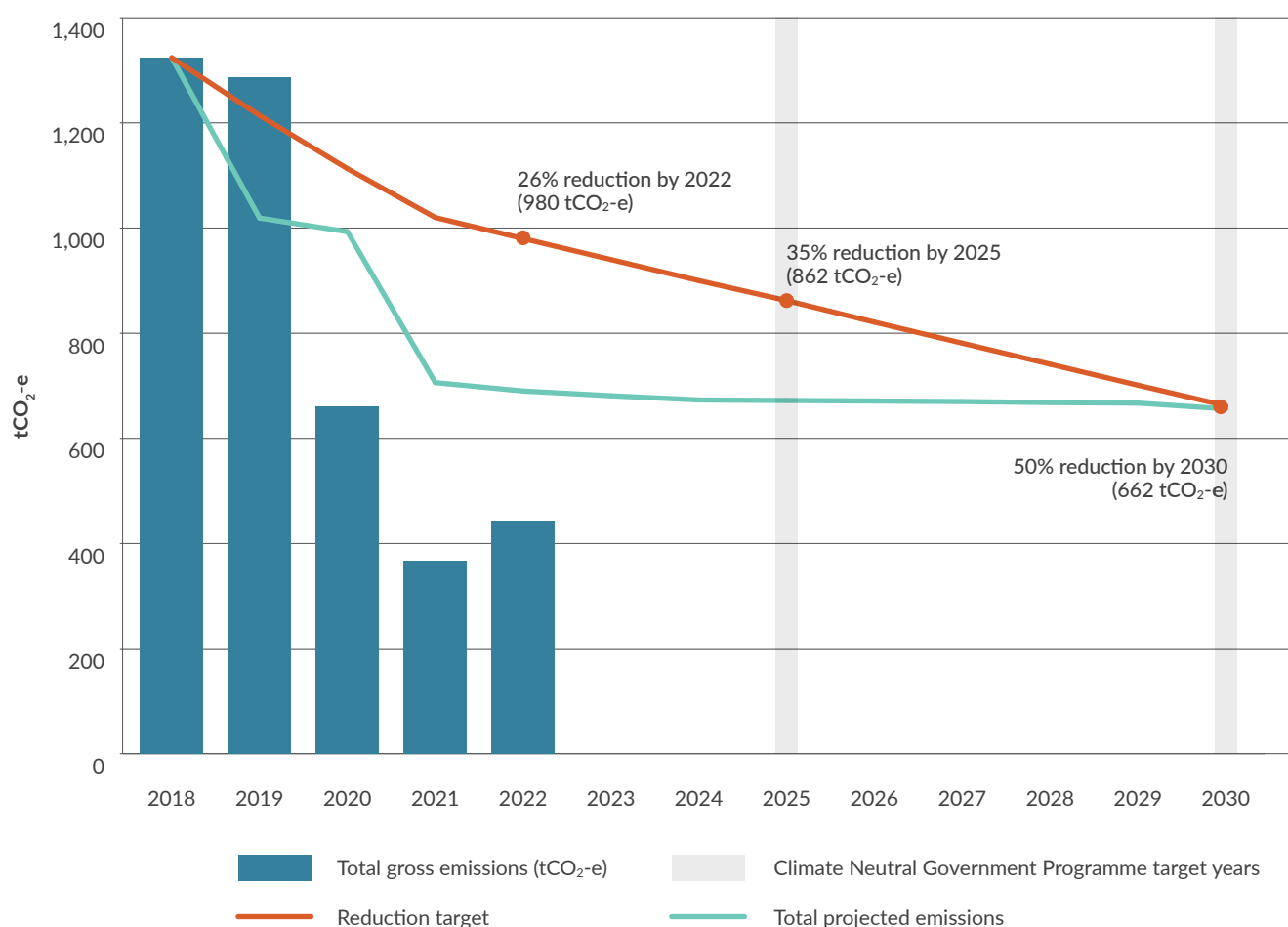
We have set the following targets:

- **2025 target:** Reduce emissions by 35 per cent from the 2017/18 base year by 2025
- **2030 target:** Halve emissions from the 2017/18 base year in 2030, in line with reducing warming by 1.5° Celsius.

## Progress towards our targets

We have made significant progress towards the 2025 and 2030 targets, surpassing both for the past three consecutive years. COVID-19 had a significant impact on reducing our travel emissions, together with our travel policy and internal carbon budgets. Our challenge will be maintaining this level of success as the travel restrictions ease.

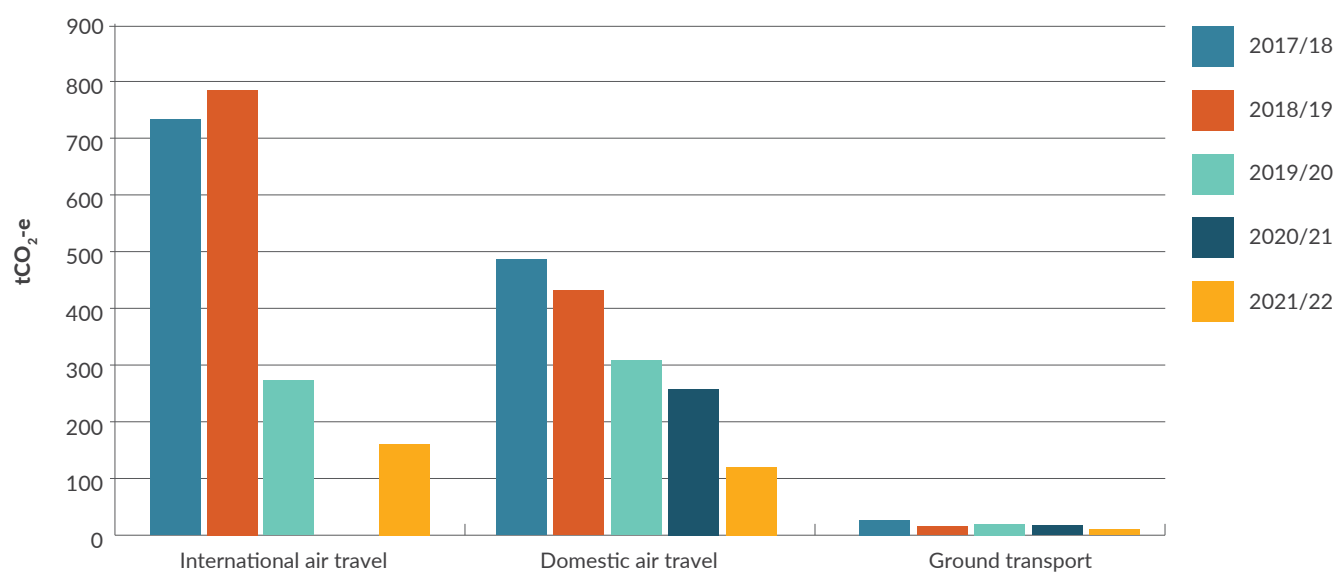
**FIGURE 11: PROJECTIONS AND TARGETS FOR THE MINISTRY FOR THE ENVIRONMENT**



## Our transport emissions

Our biggest source of emissions is work-related transport.

**FIGURE 12: TOTAL TRANSPORT EMISSIONS (tCO<sub>2</sub>-e), 2017/18 - 2021/22**



In 2020/21, no international flights were taken as we suspended all international travel.

We have measures to reduce our travel emissions, including:

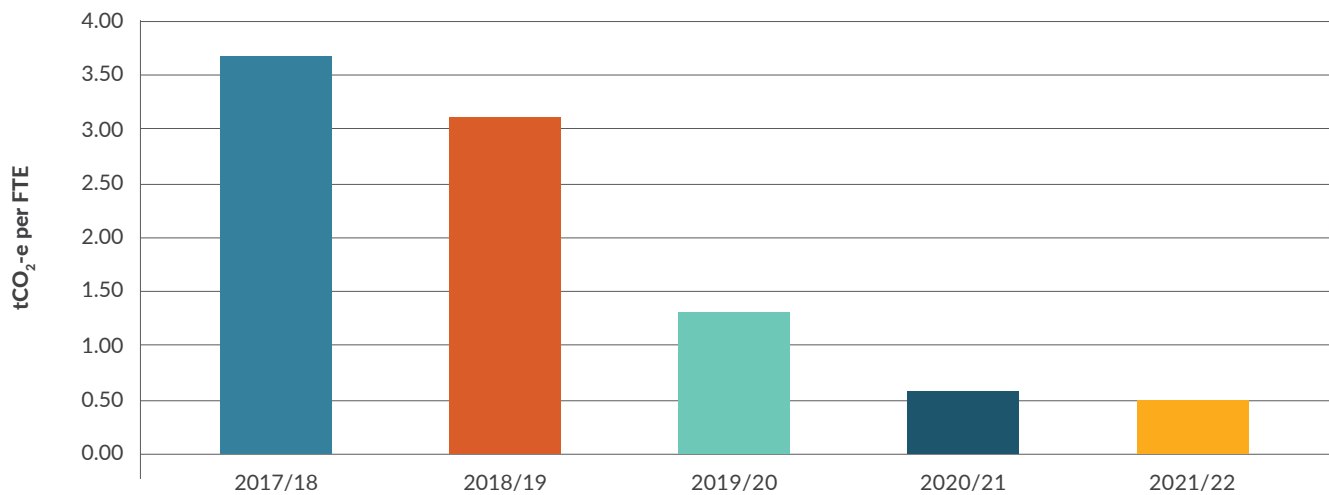
- guiding staff on sustainable travel options and behaviours
- setting internal carbon emissions budgets, alongside financial budgets
- rolling out better video conference technology for working remotely and meeting stakeholders around the country
- providing a low-emissions fleet of an e-bike, bikes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



### Emissions per full-time equivalent

Despite growing our full-time equivalent (FTE) staff numbers over the past five years, our overall greenhouse gas emissions and emissions per FTE have dropped (figure 13). Emissions per FTE (tCO<sub>2</sub>-e) have decreased by 85.5 per cent compared to the 2017/18 base year, despite a larger work programme and growing staff numbers.

**FIGURE 13: TOTAL GROSS GREENHOUSE GAS EMISSIONS PER FULL-TIME EQUIVALENT, 2017/18 – 2021/22**



## Our second climate-related disclosure

As a government agency at the forefront of climate-related policy development, we set a high ambition for assessing, managing and disclosing our own climate-related risks and opportunities.

Our disclosure this year largely follows that of 2020/21 and remains based in the recommendations of the Taskforce on Climate-related Financial Disclosure. This was our first year of implementing our ambitious list of actions. We have made headway on some and laid the groundwork for others for our focus in 2022/23.

We continue to use our disclosures to share our actions and performance as we address our climate-related risk, build organisational resilience, and become carbon neutral.

## Our commitment to ongoing improvement

To date, we have focused on:

- regular scenario planning to identify and assess our climate-related risk
- renewing our sustainability strategy to stay on track to carbon neutrality by 2025, as part of the Carbon Neutral Government Programme. We have targets to reduce emissions by 35 per cent by June 2025, and halve absolute emissions by 2030 from 2017/18 levels
- joining the Climate Leaders Coalition and Sustainable Business Council to signpost our intentions and be part of a network of organisations committed to improving performance
- publicly disclosing our yearly emissions reduction performance, and developing an action plan to reduce our carbon emissions under the Toitū carbonreduce programme
- setting up governance, risk management, and accountabilities to manage climate-related risk.

Our plans for the 2022/23 financial year include:

- renewing our commitments to improving performance and signalling our intentions by signing on to the new Climate Leaders Coalition Statement of Ambition 2022 and Sustainable Business Council
- using climate risk as a lens to look at our investments and policy work, to ensure they consistently address climate-related risk
- furthering work on governance and risk management to ensure efficacy and embed climate risks and opportunities in our reporting cycles
- developing new scenarios based on latest projections, drawing on in-house and subject matter expertise
- supporting stakeholders and partners with their planning for climate change
- preparing an annual 'Climate change – risk and opportunities' report detailing our climate risk as found through scenario planning.

You can read the full **climate-related disclosure** for 2021/22 on our website.

# Our funding and impacts

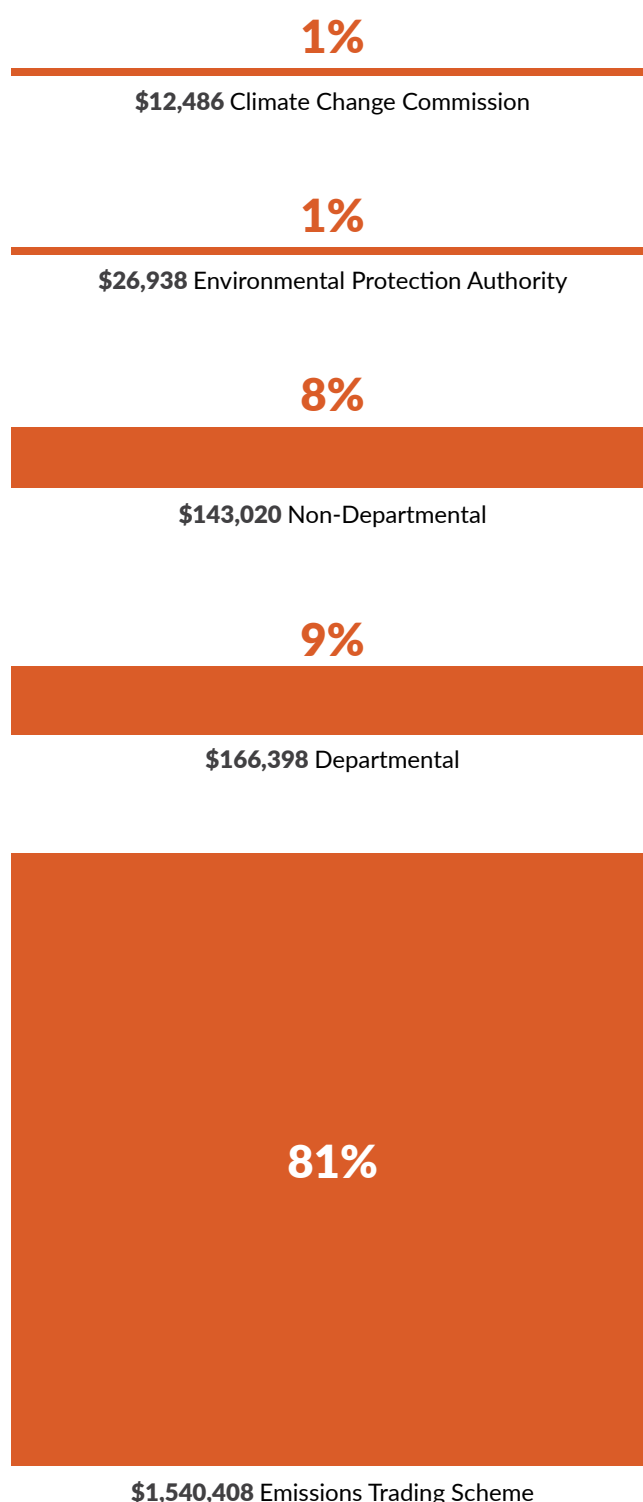
## Vote Environment

Figure 14 shows the 2021/22 expenditure in Vote Environment. This is further divided into:

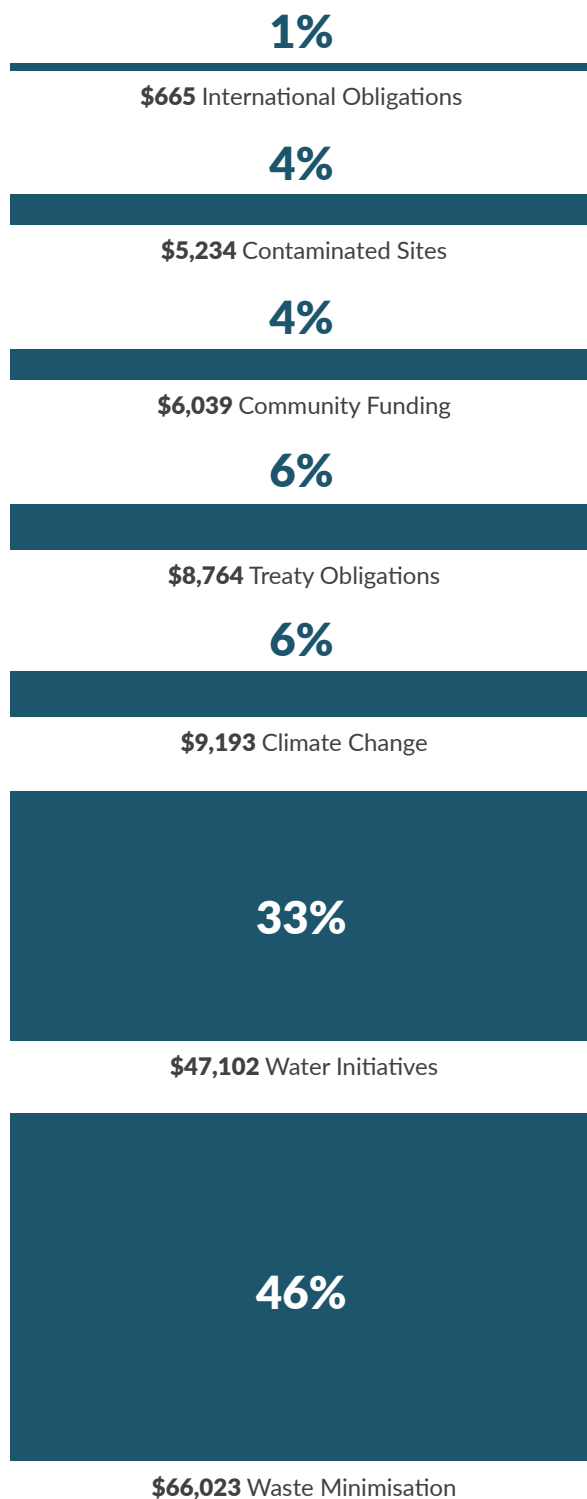
- figure 15 which shows non-departmental funding administered on behalf of Ministers and distributed externally (eg, for clean-up projects). The New Zealand Emissions Trading Scheme is not shown in this figure due to the scale of the appropriation
- figure 16 which shows departmental funding for our work programme. We show the types of funding separately because of their size and significance.

All figures are \$000.

FIGURE 14: VOTE ENVIRONMENT



**FIGURE 15: NON-DEPARTMENTAL FUNDING**



**FIGURE 16: DEPARTMENTAL FUNDING**











# 02

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

*Summary of the state of  
New Zealand's environment,  
based on our environmental  
reporting.*

### Key topics

- 
- 40 About environmental reporting
  - 42 Our ecosystems and biodiversity
  - 44 How we use our land
  - 46 Pollution from our activities
  - 48 How we use our freshwater and marine resources
  - 50 Our changing climate

# About environmental reporting

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## State of the environment snapshot

This section summarises the state of New Zealand's environment, based on environmental domain reporting under the Environmental Reporting Act 2015.

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## Environmental reporting PSI framework

Environmental reporting follows a pressure, state, and impact (PSI) framework as set out in the Environmental Reporting Act. The logic is that pressures change the state of the environment, and these changes have impacts that warrant responses and careful management.

In the Māori worldview (te ao Māori), wellbeing is intrinsically connected with mauri. Mauri is an important concept that describes the health and vitality of living systems. It has been described as an active component in the spark of life, and the binding force that holds together the physical and spiritual components of a being or thing. Mauri is found in water, land and forests, as well as mist, wind, soil and rocks. The essential bond between the physical and spiritual components is weakened when actions negatively affect the mauri of something. Broken bonds can separate the physical and spiritual elements, causing the loss of capacity to support life.

To link the state of the environment with impacts on wellbeing, we address nature's contributions to people. This snapshot includes links between changes in the state of the environment and wellbeing.

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## Deepening our understanding with mātauranga Māori

While there is no single accepted definition of mātauranga Māori, here we are using a definition from the Environmental Protection Authority's mātauranga guide. This is based on the definition by Ranginui Walker, who recognises that "Mātauranga has a strong oral tradition – it is transmitted in a variety of forms, including whakapapa, waiata, haka, whakataukī, pūrākau, kōrero tuku iho, and whakairo. Whakapapa is a central principle that connects and orders the universe, linking the physical and spiritual worlds, tracing the universe back to its origins".

Mātauranga Māori represents a valuable record of our environment that is unique to Aotearoa New Zealand and complements our science and evidence base. For this reason, mātauranga Māori can enrich our understanding of New Zealand's natural world. It has great potential as a complementary form of knowledge about the environment, to inform our decisions and actions for better environmental outcomes.

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## Improving the environmental reporting evidence base

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

Key areas include:

- a shift from passive harvesting of data to active capturing. This will support reporting on environmental issues at a national level, across time and place
- implementing a national monitoring network. This will improve consistency while serving multiple users of environmental data
- exploring alternative monitoring technologies
- improving the integration of mātauranga Māori. More work is needed to enhance the resourcing, access and integration of mātauranga Māori into the environmental monitoring and reporting system.

For further context and links, see the latest [environmental reporting series](#) on our website.

For more information about the data used here, see Stats NZ's [environmental indicators](#).





# Our ecosystems and biodiversity

## Our ecosystems and biodiversity are under pressure

Pressures from human activities are degrading ecosystems and threatening species. Land-use intensification and land-cover change are affecting ecosystems and native species. These pressures are also fragmenting habitats and allowing invasive species to spread, a process that climate change is exacerbating.

Changing climatic conditions can have many effects on species and their interactions. These can depend on their tolerance to change, and how quickly they can adapt. For example, shifts in the timing and severity of frosts, as well as reduced snowfall, could create mismatches between when some plants flower and when their insect pollinators are active. Such impacts on species interactions can strongly affect ecosystems, particularly those we rely on for food production.

Structures for diverting or controlling water such as dams, weirs, fords and floodgates also put pressure on ecosystems. Blocking waterways and altering flow patterns changes the natural integrity of rivers and their ability to meander, which affects their mauri. These barriers and changing flows can also affect the migration and spawning of taonga species. The mauri of the river is adversely affected by obstruction to its flow from the mountains to the sea. The spiritual significance to iwi rests in the river as a whole system rather than individual catchments.

## Nature's contribution to wellbeing

New Zealand's less common and rare ecosystems are threatened by pressures from our activities. They provide production, regulating, and supporting contributions to people, and support a variety of rare and threatened species.

Forests provide important economic benefits which support people's livelihoods and wellbeing. Native forests in New Zealand have been steadily removed since human occupation, with less than one-third of their original extent remaining. Little of the lowland and coastal forests remains. Between 2012 and 2018, the area of native forest remained fairly static.

Wetlands (repo) are an integral part of environmental and cultural landscapes. Repo act like giant filters, removing excess nutrients and sediment from water. Only about 10 per cent of New Zealand's pre-human wetland area remains. The wetlands that remain still provide enormous benefits, but wetland loss is continuing. Between 2012 and 2018, freshwater wetland area decreased by 1,498 hectares (0.6 per cent), and saline wetland area by 69 hectares (0.1 per cent).

Similar to wetlands, estuaries also filter water and protect against flooding, with additional protection from coastal inundation. Estuaries generally have worse water quality than the open coast and are more polluted where there is higher urban or agricultural land cover upstream. Nutrient run off and leaching, pollution, and discharges from development and other activities contribute to high nutrient levels in estuaries or the sea. These can cause dense growth of algal blooms and aquatic plants, which can kill marine life by depleting oxygen levels and reducing water quality. Modelling estimates show that more than a quarter of New Zealand's estuaries are highly or very highly susceptible to ecosystem harm due to excess nutrients.

## RARE ECOSYSTEMS AND WETLANDS

# 45 of 71

**rare ecosystems were  
classified as threatened  
with collapse.**

## MARINE

2016



31% of seabirds were threatened with extinction.

58% were at risk of becoming threatened.

47% of shorebirds were threatened with extinction.

35% were at risk of becoming threatened.

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

## FRESHWATER

2017



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

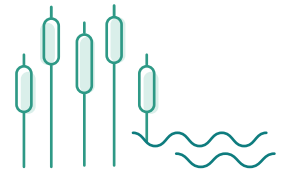
33% were at risk of becoming threatened.

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

2014

90% of historic wetland extent has been converted to other land uses.

Wetland loss continues.  
Freshwater wetland  
area decreased by  
1,498 ha (0.6%) from  
2014 to 2018.



## LAND

2016

## 31%

31% of terrestrial  
birds were threatened  
with extinction.

## 43%

43% were at risk of  
becoming threatened.

2017

15% of vascular plants were threatened with extinction.



31% were at risk of becoming threatened.

2021

49% of reptiles were threatened with extinction.

54% were at risk of becoming threatened.



# How we use our land

## Soil health

Mātauranga Māori tells us that shifts in the mauri of any part of an ecosystem eventually affect the whole system. For example, the Hua Parakore Framework<sup>1</sup> is informed by Māori values for soil health and wellbeing that elevate the mana (power, authority) of soil to restore and nurture her wellbeing. The framework explains that soils underpin our land systems and economy. The mauri of the soil is reflected in its capacity as a living ecosystem to sustain and support all life, including microbes, plants, animals and humans. Soil is the ancestor of our food (kai) and affects our wellbeing as consumers. Recognising the diverse societal and cultural values of soil can help us manage it in a more sustainable way.

Soil also provides benefits beyond production. It is a source of raw material for building; it can also filter nutrients and contaminants, store water and mitigate floods, decompose waste, sequester carbon, and maintain biodiversity. These benefits are lost if soils erode or are degraded.

The quality of our soils is not always within target ranges. Each quality indicator has set target ranges, for the best crop yields and the least environmental damage. Values that fall above or below a target range can limit production from the soil, or indicate negative effects on the wider environment.

## Intensification

We have intensified our use of agricultural land in recent decades, particularly through dairy farming and horticulture. Intensification involves increasing inputs such as fertiliser and irrigation, to increase production – for example, having more animals per hectare of land or increasing the number or volume of harvests. Intensive use of food-producing land can degrade soil health, which has flow-on effects on soil productivity and the wider environment.

The area of irrigated agricultural land almost doubled between 2002 and 2017, from 384,000 hectares to 747,000 hectares – a 94 per cent increase. Between 2017 and 2019, this fell by 11,666 hectares, a 1.6 per cent drop compared to 2017. Also, as of 2018, an estimated 10 per cent of land was artificially drained.

## Land fragmentation and erosion – soil losses

We continue to lose productive soils to erosion, development and land fragmentation.

Highly productive land (which makes up only 15 per cent of the total land area) is increasingly under pressure from the demand for more housing, especially around cities. The area of highly productive land with urban or residential land use (and hence no longer available for crops and livestock) increased by 54 per cent from 2002 to 2019.

Erosion is a widespread natural process in New Zealand, mainly due to weak and highly erodible rocks and high rainfall events. However, human actions have made large areas of land more susceptible to erosion, especially the deforestation of hill country for pastoral farming. There is a knowledge gap on monitoring erosion, and we have limited understanding of where, how, and to what extent it is happening. Data from 2012 showed that an estimated 192 million tonnes of eroded soil entered the rivers each year. Forty-four per cent of this (84 million tonnes) was estimated to have come from land with exotic grass cover (including pastoral farmland). Eroded soils often have limited biodiversity and yield fewer benefits.

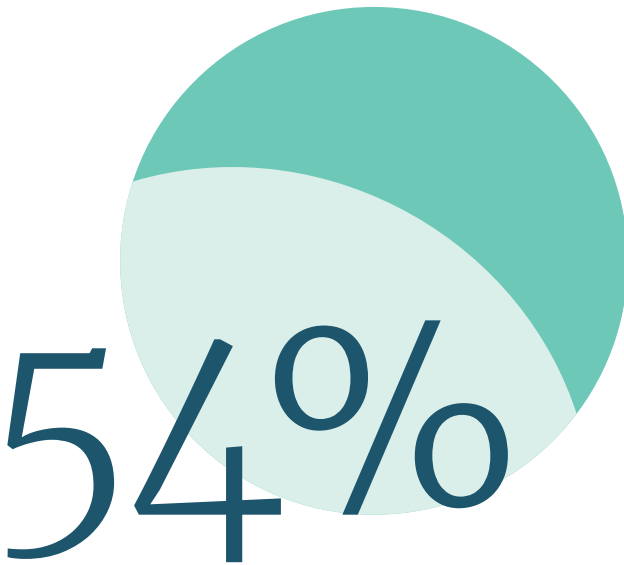
<sup>1</sup> Hua parakore is a kaupapa Māori system and framework for growing kai (product and food), developed by Te Waka Kai Ora (National Māori Organics Authority).

## LAND FRAGMENTATION

Highly productive land only makes up 15% of New Zealand's total land area.



2002–19



**The area of highly productive land with an urban or residential land use (no longer available for crops and livestock) increased by 54%.**

## FARMING ECONOMIC CONTRIBUTION

In the year ended March 2020, agriculture contributed 4.3% of GDP, equating to \$14 billion.

4.3%

## CARBON STORED IN SOILS

Nearly 80% of land-based carbon is stored in soils.

## BIODIVERSITY IN SOILS

Soils are home to over 25% of the world's total biodiversity



## SOIL QUALITY

2014–18

80% of measured sites failed to meet the targets for at least 1 of the 7 soil quality indicators.

Nearly half of all sites were below the target range for macroporosity.<sup>2</sup>



<sup>2</sup> Macroporosity is a measure of the proportion of large pores in the soil that provide the air supply to roots.





# Pollution from our activities

## Our waste is unsustainable

The way modern societies extract, use, manage and dispose of materials is not sustainable. It is estimated that each New Zealander sent nearly 700 kilograms of waste to municipal landfills in 2021. That approach doesn't recognise the finite nature of our planet's resources, the ongoing value that sits in products and materials, and the environmental harm that results from past and current disposal practices. Old disposal sites are increasingly at risk from erosion or flood damage, and waste disposal also generates greenhouse gas emissions. In 2019, the waste sector contributed around 4 per cent of New Zealand's total greenhouse gas emissions, and around 9.1 per cent of its biogenic methane emissions.

## Water quality is degraded in areas modified by humans

Our waterways are particularly vulnerable to pollution in various forms, as waste from the land is washed, pumped or leached into the rivers and then to the sea. The number of pollutants entering streams, rivers and the ocean is linked to intensified agriculture and forestry, drained wetlands, industry and urban development. Many rivers, lakes and groundwater have unnaturally high levels of nutrients, chemicals, disease-causing pathogens, and sediment.

Pollution and sediment flowing from rivers into estuaries and coastal waters reduce water quality in the coastal zone, and the quality of benthic habitat<sup>3</sup> through sediment deposition. This in turn harms kai moana (seafood) species and the ecosystems they depend on.

## Healthy air allows us to live healthy lives, but poor-quality air has health consequences

Good air quality allows us to live healthy, active lives. However, air pollution from vehicles, wood burning and industry is taking a toll on human and environmental health. Air quality is commonly measured by the levels of particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>) and the concentration of four gases: nitrogen dioxide (NO<sub>2</sub>), sulphur dioxide (SO<sub>2</sub>), carbon monoxide (CO), and ground-level ozone (O<sub>3</sub>). Exhaust emissions from vehicles and solid fuel (wood and coal) for home heating combine to produce unacceptable air quality in some locations, particularly during winter and in areas with high traffic levels.

The length of time people are exposed to air pollutants, the concentration of the pollutants, and the sensitivity of those people exposed together determine the likelihood and magnitude of health effects.

In 2021, the World Health Organization lowered the safe exposure levels for most air pollutants in its guidelines, reflecting recent research which found that air pollution negatively affects human health even at very low concentrations. Exposure to PM<sub>2.5</sub> and NO<sub>2</sub> pollution from anthropogenic (human-made) sources contributed to more than 3,300 premature deaths in adult New Zealanders in 2016.

## Our behaviours drive air pollutant levels

Studies have found that restrictions during the COVID-19 pandemic in 2020 improved air quality and reduced respiratory disease rates in New Zealand. During the most restrictive periods in the first lockdown (March to June 2020), most car trips were not allowed. This led to a large and immediate reduction in NO<sub>2</sub> in urban areas – between 38 and 66 per cent below the long-term mean, adjusted for weather. Changes in air quality due to the lockdown show how much our behaviours affect the world around us, and how quickly we can see changes in the environment when we change the way we live.

The recent WHO global air quality guideline update and the latest Health and Air Pollution in New Zealand study add to discussions about air pollutants and health and highlight the need to focus on mitigating harmful emissions.

3 Benthic refers to anything associated with or occurring on the bottom of a body of water.

## LANDFILL

We generate an estimated 17.49 million tonnes of waste per year.

An estimated 12.59 million tonnes of this waste goes to landfill.

2009/10 – 2018/19



# 47%

Waste sent to Class 1 landfills (accepting household waste) increased by 47%. Per capita waste increased from 580 kg to 740 kg per annum (about 28%).

## AIR QUALITY AND HEALTH

2016

Exposure to PM<sub>2.5</sub> and NO<sub>2</sub> from anthropogenic sources contributed to the premature deaths of more than 3,300 adults, and over 13,200 asthma cases in children 18 years and under.

## AIR QUALITY TRENDS

Air quality is slowly improving at most measurement sites, although pollution levels exceed, for some of the time, the WHO guidelines for most air pollutants.

## COVID-19 LOCKDOWN IMPACT ON AIR QUALITY

The 2020 lockdown led to an immediate, but temporary, reduction in NO<sub>2</sub> in urban areas of 38–66% below the long-term mean, adjusted for weather.

## HUMAN MODIFICATION OF WATERWAYS

1977–2013

Compared to modelled natural baseline levels, human influence led to an estimated 74% increase in total nitrogen loads into the ocean, a 159% increase in nitrate-nitrogen loads, a 48% increase in total phosphorus, and an 18% increase in dissolved reactive phosphorus.



2008–17

Across 9 of 12 marine water quality variables measured, more sites showed an improving rather than worsening trend.



# 296

**296 out of 485 registered drinking water supplies did not meet all the requirements of the drinking-water standards for New Zealand.**



# How we use our freshwater and marine resources

## The mauri of the environment affects the mauri of those dependent upon it

Water is fundamental for life, our existence and the food we eat. The mauri of freshwater and the marine environment affect the mauri of all beings that depend on them. Our ability to interact with freshwater and the ocean (moana) through recreation and mahinga kai activities (traditional food-gathering) are indicators of its mauri. However, if the water is too polluted to do these safely, its mauri is degraded and so too is the mauri of the communities who engage with it.

## Interacting with the marine environment is important for our health and wellbeing

There are physical, social and psychological benefits from ocean recreation. It creates strong bonds between people and the coastal places they visit, as well as relieving stress and enhancing mental and physical wellbeing. For many Māori, the ability to gather kai moana is an important indicator of the ocean's mauri and is reflected in the extent to which mahinga kai can be carried out. A national survey estimated that nearly 600,000 adults participated in recreational marine fishing between October 2011 and September 2012.

We also rely on the ocean to support the economy and provide jobs. Data for the year ending March 2017 show that the total direct contribution of the marine economy was \$3.8 billion, equating to 1.4 per cent of total GDP. This includes contributions from shipping, offshore minerals, fisheries and aquaculture, and marine services.

## Our freshwater resources

New Zealand has plenty of freshwater, but we are also heavy users of freshwater (2.2 million litres of consented water per person in 2014). Consented freshwater takes show where water is taken, how much is allocated, and the purpose. Although we know how much water is consented for use, we don't have a national view of how much water is actually taken from the freshwater system, how much we have, or the full effects of taking too much water, on river habitats and on water quality. This will improve over time, with stricter regulation of measuring and reporting under the Resource Management (Measurement and Reporting of Water Takes) Amendment Regulations 2020.

## Our oceans are warming and becoming more acidic

Climate change is having a profound effect on our oceans. Reversing many of these changes will take thousands of years, even if carbon emissions are reduced. Sea-surface temperatures are rising, and marine heatwaves are becoming more common. Changes in temperature are likely to have a major impact on the marine environment and the people who depend upon it. Evidence suggests that many marine species will be affected, though quantifying these effects is difficult due to a lack of data on species' responses, and the challenges they may face.

Increased carbon dioxide in the atmosphere from burning fossil fuels is absorbed by seawater, which increases its acidity. Ocean acidification affects key species in several ways. For example, higher acidity means that pāua larvae cannot establish themselves easily, and can suffer other negative effects including slower growth, lower survival rates, smaller sizes, and abnormal shapes. Some of these effects are also seen in oysters, sea urchins and corals.

## CONSENTED FRESHWATER IRRIGATION AND HYDROPOWER

**2017/18**

Hydroelectric generation had the largest consented allocation of surface water for consumption, at 45%.



45%

Irrigation was the second largest consumptive primary use for consented freshwater takes, at 37% of total consented volume.

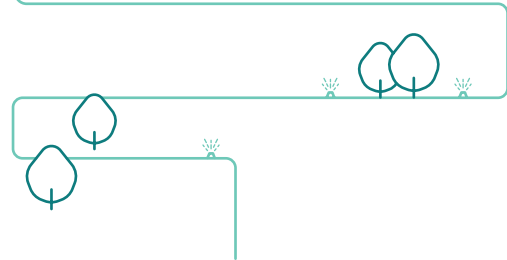
37%

**2002–17**

The area of irrigated agricultural land almost doubled, increasing to 747,000 hectares.

**2017–19**

This area (of irrigated agricultural land) fell 1.6%.



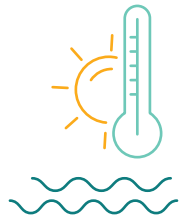
## MARINE CLIMATE CHANGE

**1981–2018**

0.2°C

**On average, coastal waters have warmed by 0.2 degrees Celsius per decade between 1981 and 2018.**

Sea surface temperatures are projected to continue increasing by between 1.1° and 2.5° Celsius above the mean sea-surface temperature observed between 1976 and 2005 by the end of this century.



Marine heatwaves are projected to increase from about 40 days per normal year currently, to 80–170 days per normal year by 2100.

The rate of increase in ocean acidification is projected to accelerate in New Zealand and global waters.

**1998–2020**

Ocean acidity increased 8.6% at the monitoring site off the Otago coast. This provides data for the longest-running record of ocean acidification in the Southern Hemisphere.





# Our changing climate

## Our emissions have increased, and our climate is changing

Our climate is changing, and this will continue to increase the pressures on all parts of the environment. In 2020, New Zealand's gross greenhouse gas emissions (or total emissions) were 21 per cent higher than 1990 levels, but have been relatively stable over the last decade despite increases in population and economic activity. The agriculture and energy (including transport) sectors were the two largest contributors, at 50 per cent and 40 per cent respectively. These greenhouse gases are contributing to a warming effect on the climate. In New Zealand, overall annual average temperatures increased by 1.13° Celsius ( $\pm 0.27$ ) from 1909 to 2019.

## Extreme rainfall, wind and drought

A warming atmosphere also affects weather patterns, including precipitation, seasonal temperature and wind patterns. In New Zealand, our future climate will likely include higher temperatures across the country and a consequent increase in the number of warm days (defined as days with a maximum temperature of 25° Celsius or higher). As Earth warms, scientists expect that extreme rainfall will be more frequent, and rainfall across New Zealand will change. The combination of warmer temperatures and rainfall changes are projected to also bring more severe and frequent droughts in some places. Hotter, drier and windier conditions are also expected to increase the days with a high or very high risk of extreme fires.

## Impacts of climate change on our cultural practices, economy and mental wellbeing

A changing climate can jeopardise the links between people and the environment. It is likely to affect tikanga Māori (customs/protocols) including mahinga kai (traditional food gathering), rongoā (medicine), and the transfer of mātauranga Māori across generations. Climate change forces these activities to adapt to changing conditions and extreme events, as the availability and distribution of species tied to these practices change.

The agricultural sector relies heavily on rainfall and is particularly vulnerable to the extremes of high and low rainfall. As farmland is often on fertile floodplains, it is particularly exposed to the risk of flooding, while the reduction of available water due to drought also poses a high risk. Climate change contributed to 12 extreme rainfall events in New Zealand between 2007 and 2017, which resulted in \$471 million in total insurance costs across the economy.

Although we can assess the financial impacts of floods and droughts, it is much more difficult to assess how these events could affect mental wellbeing. International studies have found higher incidences of depression, Post Traumatic Stress Disorder and anxiety related to droughts and floods. Following events like the Bay of Plenty flooding in April 2017, farmers highlighted the importance of community resilience, social cohesion, and supporting others.

## COVID-19 lockdown temporarily reduced greenhouse gas emissions

The first lockdown contributed to a 3 per cent decrease in New Zealand's greenhouse gas emissions between 2019 and 2020. This was largely due to fewer emissions from the energy sector (7 per cent), as less fuel was used in road transport, manufacturing, construction and domestic aviation due to COVID-19 restrictions. However, emissions from the agriculture and waste sectors only decreased by small annual variations of 0.2 and 1.3 per cent respectively, since emissions are not driven by fossil fuel use in these sectors.

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## TEMPERATURE INCREASE

### 1901–2019

New Zealand's temperature rose by 1.13° Celsius.

### 1972–2019

28 of 30 sites showed an increase in annual average temperature.

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## RAINFALL PATTERNS

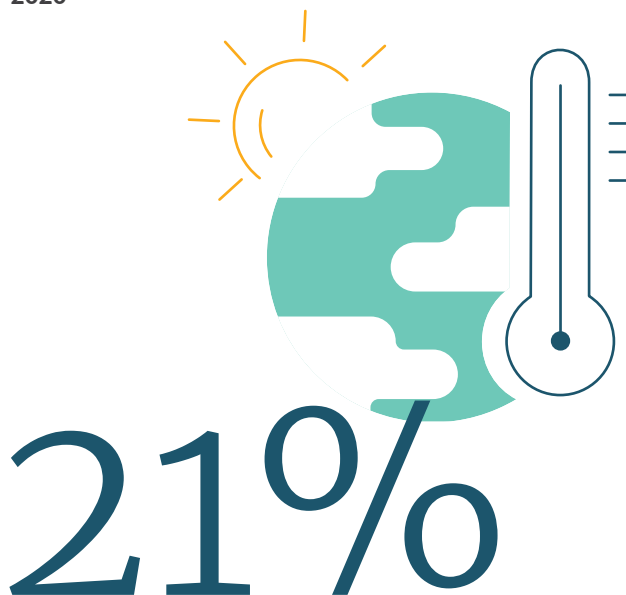
Rainfall patterns are projected to change, generally with wetter areas getting wetter, drier areas becoming drier, and extreme rainfall events becoming more common in many areas.




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## GREENHOUSE GAS EMISSIONS

### 2020



Gross greenhouse gas emissions (or total emissions) were 21% higher than in 1990, but have been relatively stable over the last decade despite increases in population and economic activity.

Agriculture accounted for 50% of total gross emissions, and energy (including transport) contributed 40%.

Emissions from the waste sector decreased by 17% (674 kt CO<sub>2</sub>-e) since 1990, due to ongoing improvements in solid waste disposal at municipal landfills.

The land use, land-use change and forestry sector offset 30% of gross emissions.

Gross greenhouse gas emissions were 78,778 kilotonnes carbon dioxide equivalent (kt CO<sub>2</sub>-e), comprising:

**44% carbon dioxide**

**44% methane**

**11% nitrous oxide**

**2% fluorinated gases.**









# 03

## Our performance *Ngā mahi kua mahia*

*How we performed in 2021/22.*

### Key topics

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# Our strategic priorities

*The Ministry has seven strategic priorities, covering a work programme that spans every aspect of New Zealand's natural and built environments.*

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

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

The 'impact indicators' help us understand our progress against the outcomes, impacts and critical shifts identified in our Statement of Intent. The indicators do not have fixed targets, but show the direction we want to take over time (eg, Impact: 3–5 years).

The next section shows our shifts over one to two years.



## Strategic Priority 1. Transform the environmental management system

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

### Environmental outcome 1: Improvement in multiple domains



Over the past 15 months we have considered substantial changes to our resource management system. A Ministerial Oversight Group was convened and made decisions on the policy that will inform two new Acts: the Natural and Built Environments Act and the Spatial Planning Act.

A third Act (the Climate Adaptation Act) will be progressed on a separate timeline. It will address the complex legal and technical issues of managed retreat, and funding and financing adaptation.

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

### Our role and impact

FUNCTION	
<b>Legislative and regulatory change</b> To develop new planning and environmental management legislation	<b>IMPACT: 3-5 YEARS</b>
	New planning and environmental management legislation is in place to drive improved environmental outcomes in the medium and long-term
	<b>IMPACT INDICATOR</b>
	The Government has a robust basis for reform and policy change, informed by evidence-based advice*
	Primary target: At least 3.5 out of 5 (70%)
	<b>Not achieved – 3.1 out 5 (62%)</b>
	Quality of technical advice panel process is used to assess this performance measure. During 2021/22 the panel assessed 21 papers relating to the Natural and Built Environments Act. No papers on the Strategic Planning Act were assessed. The drop in performance is partly due to the team's high number of outputs over a short period, that is, they prepared more than 2,000 policy recommendations for the 17 meetings of the Ministerial Oversight Group.
	<b>SHIFT: 1-2 YEARS</b>
	New planning and environmental legislation is introduced to Parliament*
	<b>2020/21</b>
	<b>2021/22</b>
	<b>Achieved</b>
	<b>On track</b>
	Our exposure draft of the Natural and Built Environments Act was introduced to the House and released for public submissions on 29 June. We are working on the draft Natural and Built Environments Act and the Strategic Planning Act. These will be introduced to the House at the end of March 2022.
	Majority of policy decisions now sought and being drafted. On track for introducing the Bills to Parliament later in 2022. At year-end the drafting instructions for the Spatial Planning Bill were largely complete for the policy directions confirmed by Ministers up to this point. Finalising the drafting instructions will continue into July and August as Ministers determine the remaining matters and we continue to refine the draft with the Parliamentary Counsel Office.

\*The Ministry and the Strategic Planning Reform Board both contribute to these performance measures.

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



The National Planning Framework is secondary legislation that will provide an integrated and cohesive set of direction (bringing together all existing national direction and setting new direction). This will guide the implementation of the Natural and Built Environments Act and Spatial Planning Act and support decision-makers in reconciling competing matters across the system.

We have progressed the development of new Resource Management Act 1991 (RMA) national direction and amendments to existing national direction, as agreed with Ministers. This includes:

- proposed National Policy Statement for Indigenous Biodiversity
- proposed National Policy Statement for Highly Productive Land
- proposed National Policy Statement / National Environmental Standard for Greenhouse Gases (industrial heat)
- National Policy Statement for Freshwater Management / National Environmental Standards for Freshwater
- National Environmental Standards for Plantation Forestry.

These instruments will support the effective and efficient implementation of the RMA by councils as we transition to a new resource management system.

### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To develop and update national direction (national policy statements and national environmental standards)	<b>IMPACT: 3–5 YEARS</b>	
	Environmental expectations are clear and support better decision-making across central and local government	
	<b>IMPACT INDICATORS</b>	
	Stakeholders have greater clarity and certainty about New Zealand's environmental policy settings	
	<b>On track</b> We have continued engaging on the Resource Management Act and future national directions with various stakeholders. Ongoing engagement with the local government steering group (LGSG) has enabled the group to give independent advice to officials and Ministers. The LGSG's advice on key matters has informed policy work. We have continued regular engagement with Freshwater Iwi Leaders Group and Te Tai Kaha to support policy development during the Ministerial Oversight Group and the delegated decisions processes.	
	Environmental decision-making is more consistent across central and local government	
	<b>On track</b> Statutory decisions made by the Minister under the RMA were upheld through legal challenge. There is ongoing litigation on the National Policy Statement for Freshwater Management provisions on horticulture exceptions. National monitoring system data is collected and reported at least annually, with a report released for 2019/20 data released in September 2021.	
	<b>SHIFT: 1–2 YEARS</b>	
	National direction is delivered as agreed with the Government and will support the transition to the future system	
	<b>2020/21</b>	<b>2021/22</b>
	<b>Achieved</b> All national direction meetings were held and the programme overview timeline is updated at least quarterly.	<b>Partially achieved</b> Held quarterly meetings for all government agencies working on RMA national direction. Resource management reforms will continue to be progressed in the 2022/23 financial year in line with Ministerial direction.

### Environmental outcome 3: Improvement in multiple domains



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

- working with several regions on model regional spatial strategies and Natural and Built Environments Act (NBA) plans
- supporting and increasing capacity and capability throughout the system (including for Māori/iwi/hapū and local authorities)
- setting up the institutional arrangements to carry out central government's function in the new system.

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

We have begun work on the National Planning Framework (NPF). The focus is on redrafting existing national direction, new infrastructure content and other critical new content to direct work on the first regional spatial strategies. This will include Regional Spatial Strategy (RSS) and NBA plan templates to support implementation. We will work with other agencies, iwi/Māori, local government, sector interests, and other stakeholders as we develop the NPF.

In the long term, the proposed National Māori Entity will input to the board of inquiry process, and NPF policy. It will have a role in monitoring the resource management system in relation to Te Tiriti o Waitangi performance, once established.

The Government introduced the COVID-19 Recovery (Fast Track Consenting) Act 2020 (the FTCA) as one of its measures to address potential adverse effects of the pandemic. The purpose of the FTCA is to urgently promote employment to support New Zealand's recovery from the economic and social impacts of COVID-19, and to support the certainty of ongoing investment across New Zealand, while continuing to promote the sustainable management of natural and physical resources.

FTCA consenting is a two-stage process. The Ministry administers the first stage, a Ministerial referral process, and the Environmental Protection Authority administers the second stage, where independent panels consider and decide on referred applications. Since its enactment until the end of the 2021/22 financial year the FTCA process has drawn 96 applications. Applicants advise that 54 applications could allow construction of up to 10,193 residential units and create 23,755 jobs.

## Our role and impact

FUNCTION	
Policy implementation  To support the efficient and effective operation of the Resource Management Act	IMPACT: 3-5 YEARS
	The resource management system is supported effectively to deliver improved environmental outcomes
	IMPACT INDICATOR
	Central and local government can access technical support and capacity to support planning and decision-making, including transition to the future system*
	On track
	<p>The Ministry has given written and verbal advice to the Ministerial Oversight Group (MOG) set up by Cabinet to progress resource management reform, as well as decisions delegated to Ministers by the MOG. Regular engagement was held with local government steering group and technical experts on specific issues.</p> <p>The Strategic Planning Reform Board met regularly through 2021/22. Effective, collaborative working arrangements are progressing policy advice to inform the draft Spatial Planning Act (SPA) Bill. The Board has engaged with local government and iwi/Māori. It is preparing for transition and implementation of the SPA and resource management system, including working with local government and iwi/Māori in several regions to prepare for the first regional spatial plans.</p> <p>Programme implementation continues in 2021/22, with new learning resources added in parallel. Stage 1 review of the current programme was completed in the fourth quarter of 2020/21. Further review of programme needs in transition to the new resource management system is pending. Actioned new implementation support resource. Information updates reflecting the Resource Management Amendment Act 2020 were progressed.</p>
	SHIFT: 1-2 YEARS
Fast-track consenting and streamlined planning applications are delivered within agreed timeframes	
2020/21	2021/22
Achieved	Achieved
<p>The fast-track consenting process had received 55 applications by the end of the financial year. Of those, 22 were referred to the Environmental Protection Authority to allow expert consenting panel consideration by year-end. We have received positive feedback from the industry on time saved by this consenting pathway option.</p>	<p>Since its enactment until the end of 2021/22 financial year, fast-track consenting received 96 applications. Of those, 54 were referred to the Environmental Protection Authority. An independent review of the efficacy of fast-track consenting has been completed, and a post-implementation survey report is in the final stages.</p>

\*The Ministry and the Strategic Planning Reform Board both contribute to these performance measures.

## Environmental outcome 4: Improved outcomes for oceans



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

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

The new resource management system brings opportunities to improve protection and restoration, and sustainable development of the marine economy within environmental limits. It also strengthens management of the land-sea interface, so that New Zealand can respond more effectively to the impacts of climate change.

We are continuing to contribute our expertise to efforts to improve the health and resilience of oceans globally. This includes rules to govern seabed mining in the areas beyond national jurisdiction, and negotiations for a new Global Biodiversity Framework, which could change global targets for marine protection.

### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To provide a system perspective on oceans policy to ensure alignment with wider reforms	<b>IMPACT: 3-5 YEARS</b>	
	Strategic goals are established for an integrated oceans management system	
	<b>IMPACT INDICATOR</b>	
	The Government has a robust basis for oceans management reform	
	<b>On track</b> Tracking well to build basis for advice to Ministers on oceans reform. The Environmental Defence Society (EDS) released its first report on oceans reform in 2022. We are co-funding a second EDS report that will recommend a management model and practical options for reform. Cabinet agreed to a vision, objectives and principles for oceans in 2021. The Minister for Oceans and Fisheries reported back to Cabinet with an update on the work programme in June 2022.	
	<b>SHIFT: 1-2 YEARS</b>	
	The oceans work programme is aligned with the new planning and environmental management system	
	<b>2020/21</b>	<b>2021/22</b>
	<b>Achieved</b> Oceans work programme aligns with decisions on resource management reform, where relevant.	<b>Achieved</b> Oceans work programme continues to align with decisions on resource management reform and have provided integrated advice on marine components of resource management reform.



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

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

### Environmental outcome 1: Improvement in multiple domains



Te Manatū Mō Te Taiao recently embarked on a major programme of work to improve the agency's capacity and capability to improve our Māori-Crown relationship, and ensure we uphold our commitments as a Treaty partner. Central to this work is an awareness that Māori have a right, as Treaty partners, to be involved in environmental policy and decision-making. The Treaty Partnerships Team provides advice, tools, information and resources for staff to develop a more inclusive approach – one that includes relevant iwi, hapū and rights holders throughout the development of policy.

Much of our work relies on a full understanding of previous agreements with iwi/hapū as part of Treaty settlements across the country. The Treaty Partnerships Team maintains a central repository that records the details of settlement commitments and related legislation. The team draws on this essential resource to inform Ministry staff on commitments that must be considered when developing new policy and legislation.

The team (working with Te Arawhiti) also negotiates contemporary settlement and relationship agreements. These negotiations seek to redress the loss of natural resources that occur when new policy or legislation impacts on past and current settlements. The team also leads our response to whole-of-government Treaty issues, including implementing Te Pae Tawhiti (Wai 262) and the UN Declaration on the Rights of Indigenous People.

This work can only occur in the context of an active, respectful and reciprocal relationship between iwi/hapū and the Ministry. The National Iwi Chairs Forum (NICF) is a significant relationship, and the team leads the coordination of the relationship between NICF and Ministers on behalf of the Ministry. Work includes supporting the Ministry as the Crown's lead agency to progress shared priorities for climate (Te Pou Āhuarangi) and the environment (Te Pou Taiao).

## Our role and impact

FUNCTION	
<b>Partnerships and engagement</b> To provide advice on environmental redress in Treaty settlements and ensure its effective implementation	<b>IMPACT: 3-5 YEARS</b> The Ministry meets its Treaty settlement commitments, including when delivering policy advice and implementation programmes
	<b>IMPACT INDICATORS</b> Policy advice reflects the Treaty of Waitangi and any specific requirements included in Treaty settlements
	<b>On track</b> Released Treaty impact guides for policy teams to use. Feedback, advice, support on Treaty impacts and settlement commitments can be requested through the Tono Āwhina process (which allocates and disseminates work for response). Set up quality support group to review important papers with Treaty links.
	Implementation work programmes include specific actions to address commitments in Treaty settlements
	<b>On track</b> Recorded all Treaty commitments we are responsible for in a database. This can be used for reporting on their status and identifying future actions to meet commitments. It builds on information from Te Arawhiti but has actions for the environment and the Ministry.
	Other specific actions in Treaty settlement agreements are met
	<b>On track</b> Completed analysis of all existing Treaty commitments we are responsible for (with Te Arawhiti).
	<b>SHIFT: 1-2 YEARS</b> The development and implementation of a Treaty settlements policy toolkit
	<b>2020/21</b> <b>Achieved</b> A toolkit has been developed and implemented for resource management reform and we have almost completed a toolkit for water and climate. Policy teams will be responsible for using the toolkit, with feedback on its impact centralised. The toolkit is being reviewed within the Treaty Partnerships team.
	<b>2021/22</b> <b>Partially achieved</b> We trialled a Treaty analysis template in resource management and climate and supported implementation of this via Tono Āwhina. The lessons learnt from the trial are yet to be incorporated into the final Treaty analysis template and toolkit. This will occur in the 2022/23 financial year, and will be followed by implementation of the toolkit across the Ministry.

## Environmental outcome 2: Improvement in multiple domains



Alongside the work by the Treaty Partnership Team, Tūmatakōkiri (a business group within the Ministry) is engaged in activities to lift the capability and capacity of staff within the Ministry to meet the Crown's Treaty commitments.

Tūmatakōkiri is working with our People and Capability group to develop the Ao Hurihuri strategy – an initiative to achieve the objectives of Whāinga Amorangi (the Māori–Crown Relations Capability Framework recently released by Te Arawhiti). Over the past year, Tūmatakōkiri and the Quality of Policy Advice Team have worked together to incorporate Te Tiriti o Waitangi-related practices and behaviours in the policy development process as a business-as-usual approach. A key aspect is the full integration of Māori policy standards into the wider organisational policy refresh, rather than stand-alone additions. This strategy will embed Māori rights and interests in policy development throughout the Ministry.

Tūmatakōkiri established a quality assurance process to support the Ministry, for consistent policy advice on Te Tiriti o Waitangi and Māori rights and interests. This has operated throughout 2022 and has started to normalise consideration of Tiriti commitments and analysis of Māori rights and interests. It ensures that policy options and advice show Māori perspectives, and how Māori interests and rights have shaped the options.

### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To provide advice on options to strengthen consideration of the Treaty of Waitangi in environmental decision-making	<b>IMPACT: 3-5 YEARS</b>	
	Central and local government are clear on how to meet their obligations under the Treaty of Waitangi in environmental decision-making	
	<b>IMPACT INDICATOR</b>	
	Māori and iwi engaged as Treaty partners in the policy options	
	<b>On track</b> Project governance board approved a project to improve Māori quality standards for policy. Work is underway on guidance and tools to support development of policy. To be rolled out in 2022/23.	
	<b>SHIFT: 1-2 YEARS</b>	
	Advice is developed on options to strengthen consideration of the Treaty of Waitangi	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> A Treaty clause was included in the exposure draft of the Natural and Built Environments Act. The Select Committee process is underway to address public submissions on this and other provisions in the exposure draft. Treaty analysis is being completed, and we are working to improve the quality of this analysis with support from the Māori policy and partnering workstream of the resource management reform.	<b>On track</b> On track to deliver policy advice for the introduction of the Natural and Built Environments Act and Spatial Planning Act Bills in 2022/23 that includes a stronger Treaty clause and Te Oranga o te Taiao (an intergenerational environmental test).

### Environmental outcome 3: Improvement in multiple domains



Te Ao Hurihuri, the Ministry's Transformational Gains Strategy, seeks to raise staff capability to work more closely with Māori, and to address systemic and structural imbalances in the Ministry. This includes creating a work environment that is more hospitable for Māori employees. It also prepares all employees to build and maintain more respectful, more effective, and stronger relationships with hapū/iwi.

Te Ao Hurihuri focuses on four areas:

- normalising te reo Māori, tikanga Māori, and mātauranga Māori
- raising Māori capability, with a focus on roles that engage directly with Māori
- strengthening our approach and frameworks for genuine partnership and engagement with Māori
- improving and adapting our policies, systems and approaches so they are mana enhancing, and deliver on our commitment to bring Te Tiriti o Waitangi and te ao Māori to work every day.

Lifting individual and organisational Māori capability is fundamental to building stronger and more effective relationships with Māori. To achieve this, a bespoke foundational programme, Tōnui, has been designed to support all our people. The programme will cover areas of New Zealand history and Treaty of Waitangi literacy, te reo Māori, tikanga/kawa, understanding racial equity and institutional racism, worldview knowledge, and engagement with Māori.

Tōnui meets the requirements of the Whāngai Amorangi framework.

## Our role and impact

FUNCTION		
<b>Organisational development</b> To implement the Te Ao Hurihuri programme to lift Ministry capability	<b>IMPACT: 3-5 YEARS</b>	
	The Ministry's engagement with Māori and iwi is competent, confident and effective	
	<b>IMPACT INDICATOR</b>	
	The Ministry's capability to engage with Māori and iwi is developed and maintained	
	<b>On track</b> Appointed a new Organisational Development Advisor – Māori. Procured two providers of foundation-level te ao Māori education for all Ministry staff. Rollout to begin in July 2022, with the aim of all staff completing the training by the end of 2022.	
	<b>SHIFT: 1-2 YEARS</b>	
	Te Ao Hurihuri is implemented across the organisation	
	<b>2020/21</b>	<b>2021/22</b>
	<b>Achieved</b> Programme aligned to Te Arawhiti (Office of Māori Crown Relations) standards. For the 2020/21 financial year we targeted the training and development standard at a 'comfortable' level. Initiatives included: <ul style="list-style-type: none"> <li>• putting language planning in place as per the Maihi Karauna</li> <li>• providing training to ensure staff have a basic understanding of:               <ul style="list-style-type: none"> <li>– why the Māori Crown relationship is important (Te Arawhiti – Engagement with Māori workshops)</li> <li>– te reo Māori me ona tikanga Māori</li> <li>– New Zealand history and the Treaty of Waitangi</li> </ul> </li> <li>• being open to secondments when staff proactively identify opportunities (eg, secondment to Te Arawhiti to help develop Whāinga Amorangi).</li> </ul>	<b>Achieved</b> Held te reo lessons across the organisation. Ran New Zealand history and Treaty workshops throughout the year, along with Courageous Conversation sessions.



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

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

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



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

The NPS-UD was gazetted in July 2020 and the RMA-EHS passed into law in December 2021. The NPS-UD directs councils to open up more development capacity for housing and business land close to jobs, community services, public transport, and other amenities. The RMA-EHS introduced the Medium Density Residential Standards (MDRS) to enable development of up to three dwellings and three storeys on most residential sites as of right. The RMA-EHS also introduced the Intensification Streamlined Planning Process, which certain councils will use to implement the MDRS and the NPS-UD.

The NPS-UD and RMA-EHS require tier 1 and 2 councils to notify plan changes providing for housing capacity by 20 August 2022. We are working with Te Tūāpapa Kura Kāinga Ministry for Housing and Urban Development to support councils to implement the NPS-UD and RMA-EHS. We have produced guidance for councils and the public on the RMA-EHS and published the *National Medium Density Design Guide* to encourage quality design for developments. We are monitoring this implementation and reporting on it to relevant Ministers.

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

Work is underway on transitioning the policy intent of the NPS-UD and the MDRS into the National Planning Framework in the new system, as well as further urban design guidance that will give decision-makers the tools and direction to create well-functioning urban environments.

We are also working on the Urban Growth Agenda, and relevant actions in the emissions reduction plan.

## Our role and impact

FUNCTION		
Policy implementation To implement the National Policy Statement on Urban Development	IMPACT: 3-5 YEARS	
	Urban development is planned, designed and delivered to meet the needs of current and future communities	
	IMPACT INDICATORS	
	The needs of current and future communities are clearly identified by local authorities as required by the National Policy Statement on Urban Development	
	<b>On track</b> All tier 1 councils have informed us that they will notify the intensification plan changes by August 2022, as required. Early draft plan changes show councils are mostly on track to notify compliant plan changes with the NPS-UD and Amendment Act. However, areas of concern have been communicated with the councils and Ministers. Most, but not all tier 2 councils will notify plan changes on time. All tier 1 and 2 councils have removed car parking minimums.	
	Local councils are monitoring whether communities' needs are being met in accordance with the National Policy Statement on Urban Development	
	<b>On track</b> Reviewed all housing and business assessment reports received from councils by December 2021. Sent a summary of the reports to the Ministers in February 2022. Currently considering recommendations for the next housing and business assessments; seeking feedback from councils on what would be most constructive.	
	SHIFT: 1-2 YEARS	
	An implementation plan for the National Policy Statement on Urban Development is developed	
	2020/21	2021/22
<b>Partially achieved</b> A good working relationship has been developed with the Ministry of Housing and Urban Development, and joint decisions have been made about the implementation activities. However, the implementation plan has not been signed off because the focus in the last half of the year was on re-setting some policy aspects. This diverted resources from implementation activities and will significantly change the scope of the implementation actions.	<b>Achieved</b> Progressed the implementation plan, including monitoring local government implementation of the NPS-UD and the RMA Enabling Housing Supply Amendment Act 2021. It allows for regularly advising Ministers as needed.	
The Auckland Joint Work Programme is implemented		
<b>Achieved</b> We have developed our relationship with Auckland Council through our involvement in the joint work programme, detailed discussion on National Policy Statement on Urban Development implementation, working with the Council to explore trends seen in the National Monitoring System data, and identifying opportunities for improved practices.	<b>Achieved</b> Attended regular monthly Joint Auckland Council and Central Government Steering meetings.	

## Environmental outcome 2: Improved urban water quality



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

The Three Waters reform has established a new regulator (Taumata Arowai) and new regulatory requirements (under the Water Services Act 2021). Service delivery reform and the formation of four new water service delivery entities is progressing. The Ministry is liaising with Taumata Arowai as they set environmental oversight of the performance of public wastewater and stormwater systems.

To support new drinking water regulatory requirements, we continue to work on proposed amendments to the National Environmental Standards for Sources of Human Drinking Water, which will benefit both urban and rural environments. Work is also underway to support regional councils to better manage heavy metal contaminants in urban waterways.

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

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

### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To support the effective regulation and integrated management of urban land use and water infrastructure	<b>IMPACT: 3-5 YEARS</b>	
	Urban water is well managed by local authorities and water service providers and contributes to upholding Te Mana o te Wai	
	<b>IMPACT INDICATOR</b>	
	Local authorities and water service providers can demonstrate progress towards improving urban water outcomes and upholding Te Mana o te Wai	
	<b>On track</b> Held public consultation over eight weeks in early 2022; working through matters raised in submissions. More policy work is underway ahead of the gazettal of an amended National Environmental Standards for Drinking Water.	
	<b>SHIFT: 1-2 YEARS</b>	
	A new regulatory framework for Three Waters is enacted through the Water Services Bill and any necessary changes under the resource management system	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> We are working with the Department of Internal Affairs on the Water Services Bill and wider Three Waters reform. Work to amend the National Environmental Standards for Sources of Human Drinking Water is underway, with gazettal expected early 2022.	<b>On track</b> The Department of Internal Affairs convened a Planning Technical Working Group to provide expertise and support on policy advice, for an effective interface between the new three waters services and the resource management system. We attended as support. We anticipate a report on these workshops to the Minister of Local Government by the end of September 2022.

## Environmental outcome 3: Improvements in air quality measures



This work programme is on hold due to other programme commitments and because we need to consider new scientific evidence from the WHO and the Health and Air Pollution in New Zealand model. We propose to address air quality as a mandatory topic in the new National Planning Framework under the Natural and Built Environments Act.

### Our role and impact

FUNCTION	
<b>Policy implementation</b> To support local government to implement the National Environmental Standards for Air Quality	<b>IMPACT: 3-5 YEARS</b> New Zealand's air quality standards reflect our improved understanding of the health impacts of air pollution
	<b>IMPACT INDICATORS</b> Statutory functions are carried out to support the implementation of the National Environmental Standards for Air Quality* Regional plans are updated to reflect the requirements of the National Environmental Standards for Air Quality (cancelled)** Local government participate in the National Air Quality Working Group (cancelled)**
	<b>Achieved</b> We have supported the Associate Minister for the Environment to make delegated statutory decisions under the National Environmental Standards for Air Quality during the year – for example, on the gazettal of airsheds, and exceptional circumstances air quality exceedances.
	<b>SHIFT: 1-2 YEARS</b> The National Environmental Standards for Air Quality are amended
	<b>2020/21</b> <b>Not achieved</b> Amendments to the National Environmental Standards for Air Quality have been postponed. This is partly due to having to shift focus to other parts of our work programme. Work undertaken in the last financial year included a public consultation process. The summary of submissions was published in 2020.
	<b>2021/22</b> <b>Not achieved</b> Assessment of the National Environmental Standards for Air Quality amendments is on hold, due to the delay of two external research reports, and reprioritising resources to other government programmes.
	Local government is well supported to implement the National Environmental Standards for Air Quality
	<b>Not achieved</b> The air quality work programme is awaiting evidence updates from the WHO ambient air quality guidelines update and the Health and Air Pollution in New Zealand update.
	<b>On track</b> Maintaining support of current policy settings. No change anticipated until National Planning Framework policy work begins.

\*This is a substitute for the two cancelled measures.

\*\* Cancelled measures – not being relevant or appropriate performance indicators.

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

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

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



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

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

- preparing for the implementation of farm plans
- assisting councils to amend their freshwater plans by 2024 to give effect to the initiatives in the National Policy Statement for Freshwater Management 2020
- supporting the implementation of the National Environmental Standards for Freshwater 2020
- funding initiatives on private land that will help us reach our goals.

### Our role and impact

FUNCTION		
<b>Policy implementation</b> To implement the Essential Freshwater package on a kaupapa of Te Mana o te Wai	<b>IMPACT: 3-5 YEARS</b>	
	Landowners and councils know what is required of them and how to achieve improvements in water quality in their local catchments	
	<b>IMPACT INDICATORS</b>	
	Councils update their Freshwater Management Plans as required by the National Policy Statement for Freshwater Management	
	<b>On track</b> Councils continue to report on progress towards plan notification by the end of 2024. Work continues on ways to help councils meet this target. We are actively engaging with the councils to shape our implementation effort and manage any capacity issues for the freshwater planning process.	
	Technical guidance products are utilised by landowners and councils	
	<b>On track</b> The use of technical guidance is an indicator that landowners and councils will follow best practice to implement the Essential Freshwater package, with a good understanding of the policy intent. This means they are more likely to be effectively contributing to improving the health of waterways, lakes and groundwater.	
	<b>SHIFT: 1-2 YEARS</b>	
	Essential Freshwater package implemented with the Freshwater Implementation Group	
	<b>2020/21</b>	<b>2021/22</b>
	<b>Achieved</b> Freshwater Implementation Group was set up, providing governance and oversight of key freshwater programmes.	<b>Achieved</b> The membership of the Freshwater Implementation Group has been re-purposed into a series of groups enabling each partner/stakeholder group to be able to have the level of conversation appropriate to them. These groups (environmental non-government organisations, industry, iwi/Māori and councils) continue to support us in implementation.

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



Nitrous oxide and methane from agriculture make up almost half of Aotearoa New Zealand's total greenhouse gas emissions. To address this and to meet our commitments under the Paris climate agreement, the Government has set up a collaborative partnership – He Waka Eke Noa. This involves us working with the Ministry for Primary Industry, iwi/Māori, and the private sector to bring in a framework by 2025 to reduce agricultural greenhouse gas emissions and build the agriculture sector's resilience to climate change. This will empower farmers and growers to measure, manage and reduce on-farm emissions; recognise, maintain or increase integrated sequestration on farms; and adapt to a changing climate.

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

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



## Our role and impact

FUNCTION	
<b>Legislative and regulatory change</b> To develop a farm-level greenhouse gas emission pricing mechanism and regulations to give effect to a freshwater farm planning system	<b>IMPACT: 3-5 YEARS</b> Landowners understand their on-farm emissions and take actions to reduce them Freshwater farm plans support improved outcomes for freshwater and freshwater ecosystems
	<b>IMPACT INDICATORS</b> Landowners know their total on-farm emissions and have plans to manage them
	<b>Off track</b> Progress on the legislated milestones: <ul style="list-style-type: none"> <li>• 25% of farms know their number by 31 December 2021 – complete</li> <li>• 25% of farms have a greenhouse gas farm plan by 1 January 2022 – not met</li> <li>• 100% of farms know their number by 31 December 2022 – will not be met</li> <li>• 100% of farms have a greenhouse gas farm plan by 1 January 2025 – can be met.</li> </ul>
	Freshwater farm plans are being put in place across New Zealand
	<b>On track</b> Implementation planning and testing for the freshwater farm plan system is well advanced. On-the-ground testing is underway, and we are working with regional councils to pilot the system. The programme to implement the regulations is on track for 2022/23.
	<b>SHIFT: 1-2 YEARS</b> Farm level emission pricing is designed and implemented
	<b>2020/21</b> <b>On track</b> The He Waka Eke Noa Partnership achieved its first statutory milestone by publishing greenhouse gas farm planning guidance in December 2020. The Partnership is on track to achieve its next milestone of 25% of farms knowing their target greenhouse gas emissions by the end of 2021. Advice on a farm-level pricing system is due to Ministers in March 2022. Implementation will take place between 2022 and 2025.
	<b>2021/22</b> <b>On track</b> He Waka Eke Noa Partnership recommendations were delayed to the end of May 2022. Decision on the option to proceed is on track for October 2022. Implementation programme to be developed in 2023.
	Freshwater farm plan regulations are implemented
	<b>On track</b> Regulations are due at the end of 2021. The implementation will begin in early 2022.
	<b>On track</b> Testing for the Freshwater Farm Plan system before rollout in 2022/23 is well underway. Drafting of regulations to start in the third quarter of 2022. Programme to implement the regulations is on track for 2022/23.

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



The Government's \$1.219 billion investment in Jobs for Nature is an environmentally friendly recovery package in response to COVID-19. This includes biosecurity, conservation, fencing and riparian management and tree planting. Within this, we are responsible for a \$456.6 million funding package to address contamination of New Zealand's waterways, create environmental jobs, and empower communities to implement the Essential Freshwater reforms.

To date, \$387.5 million of \$456.6 million Jobs for Nature funding has been allocated to 102 projects. We expect these projects to:

- deliver 8,402 km of stock exclusion fencing
- plant 7 million riparian plants
- mitigate 2,980 impediments to fish passage
- restore/protect 580 hectares of wetlands in vulnerable catchments across New Zealand.

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

There has been a positive reception and engagement from local communities, businesses, iwi, hapū, private landowners, and local councils. These projects are expected to generate 1,824 FTEs and provide training to 832 people in community groups. This shows the success of the programme, which aimed to provide relief in response to the COVID-19 pandemic.

## Our role and impact

FUNCTION	
<b>Investment</b> To invest in action to improve water quality	<b>IMPACT: 3-5 YEARS</b> Ecosystem health is improved through targeted investment
	<b>IMPACT INDICATOR</b> Funded projects achieve their stated objectives to improve ecosystem health
	<b>On track</b> There is significant investment being delivered by the freshwater investment portfolio to improve ecosystem health. One hundred and sixteen projects are on track to achieve their stated objectives. Funding and performance of freshwater funds is further described on pages 95-97.
	<b>SHIFT: 1-2 YEARS</b> There is a clear strategy for prioritising projects for funding
	<b>2020/21</b> <b>Achieved</b> While there isn't a single investment strategy document for all freshwater funds, every fund's objective and funding criteria are clearly stated and documented. A Cabinet or Ministerial mandate guides these.
	<b>2021/22</b> <b>Achieved</b> Every funding programme has a clear strategy for prioritising projects, including milestones such as programme design; appropriate approvals from Ministers; and management and assessment against the funding criteria by a panel.
	Funding is allocated to projects each year
	<b>Achieved</b> In the 2020/21 financial year, all freshwater funding has been allocated to projects according to the approved investment criteria and processes.
	<b>Achieved</b> Freshwater funding has been allocated to projects according to the approved investment criteria and processes. Our Policy Implementation and Development Division does not have an annual funding cycle. However, in the 2021/22 financial year multiple funding programmes have allocated funding including Freshwater Improvement Fund Round 3, Te Mana o te Wai Fund, At Risk Catchments and Essential Freshwater Fund. There are no funding rounds scheduled for 2022/23.

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



The Resource Management Act 1991 provides the main framework for maintaining and protecting indigenous biodiversity from adverse effects on private land (through sections 5, 6, 7, 30 and 31). However, these provisions don't have detailed direction and are often subject to different interpretation, use and monitoring by councils. This has led to repeat litigation costs, confusion, uncertainty and an undervaluing of biodiversity in decision-making. We continue to lose our indigenous biodiversity and taonga – regardless of current efforts to protect and restore them.

The objective of the National Policy Statement for Indigenous Biodiversity (NPSIB) is to protect, maintain and restore indigenous biodiversity. The first draft of the current proposed NPSIB was developed by a Biodiversity Collaborative Group between March 2017 and October 2018.

In 2019 and 2020, we consulted the public on the proposed NPSIB and received more than 7,000 submissions. Changes were made in response to this feedback. We released an exposure draft of the NPSIB for feedback in June 2022.

It is intended that the NPSIB will be in force by 2023. Implementation of the NPSIB will be phased over 10 years and will be backed by several support measures, including piloting different ways to incentivise positive action for biodiversity.

### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To provide advice on the development of national direction on indigenous biodiversity	<b>IMPACT: 3–5 YEARS</b>	
	New national direction is in place to maintain indigenous biodiversity	
	<b>IMPACT INDICATOR</b>	
	Significant indigenous vegetation and habitats of significant indigenous fauna are being identified and managed by councils	
	<b>On track</b> Implementation planning and support for the proposed national direction, including pilots to encourage biodiversity action is underway. On track for national direction to be in force by 2023.	
	<b>SHIFT: 1–2 YEARS</b>	
	National direction on indigenous biodiversity is developed	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> We have delivered a recommendations report and advice to Ministers and put in place systems to enable the delivery of the National Policy Statement for Indigenous Biodiversity in 2021/22. We are on track to have national direction in force in 2021/22.	<b>On track</b> Released an exposure draft of the National Policy Statement for Indigenous Biodiversity in June 2022.

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

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

### Environmental outcome 1: Greenhouse gas emissions decrease

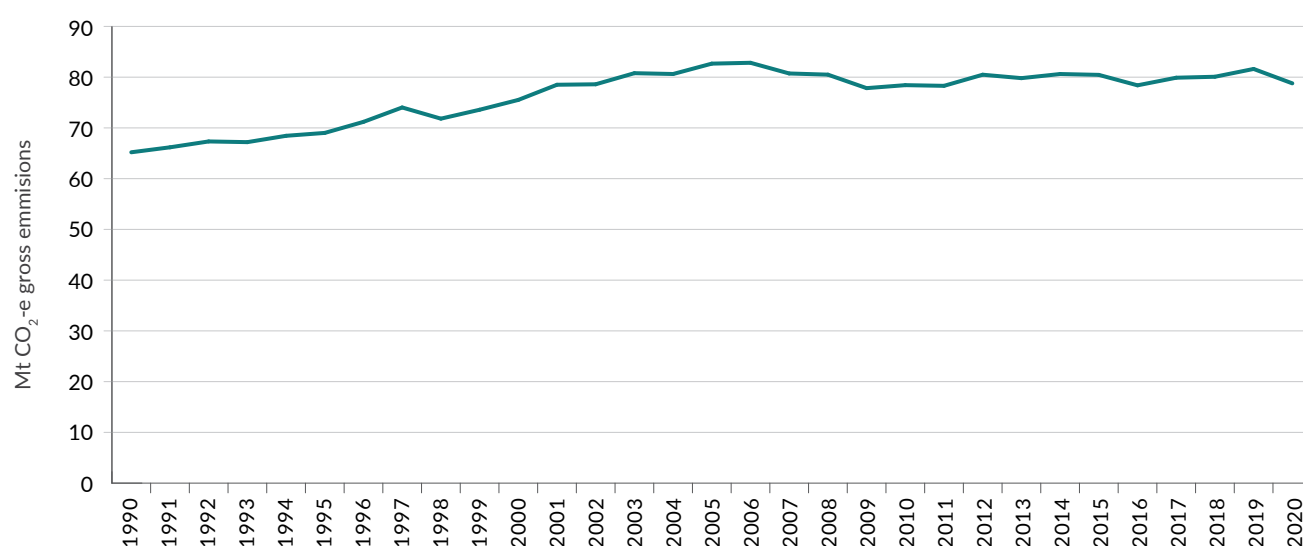


#### How New Zealand is tracking towards our greenhouse gas emissions targets

New Zealand has several greenhouse gas emissions reduction targets. They include both domestic and international targets up to the year 2050. We continue to collect data and track progress towards domestic and international climate change targets, and to build a robust, scientific basis for policy. Quantifying greenhouse gas emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of greenhouse gas sources are still evolving, as are greenhouse gas reporting and assurance standards.<sup>4</sup>

Figure 17 shows New Zealand's gross greenhouse gas emissions as reported in the latest New Zealand greenhouse gas inventory 1990–2020.<sup>4</sup> This shows New Zealand's gross greenhouse gas emissions<sup>5</sup> have remained relatively steady since peaking in 2006.

**FIGURE 17: NEW ZEALAND'S GROSS GREENHOUSE GAS EMISSIONS, 1990–2020**



We combine greenhouse gas inventory data and projections to help us understand how we are tracking towards our emission reduction targets. Our projections<sup>6</sup> show that we have lowered the trajectory of New Zealand's future greenhouse gas emissions since embarking on an ambitious climate change work programme, but more work is needed to meet our 2050 emissions reduction targets. In May 2022, we delivered our first emissions reduction plan. It is the first statutory plan, under the Climate Change Response Act, which lays out the actions we'll take to meet our targets. These will be across every sector of the economy from transport, energy, building and construction, and waste, to agriculture and forestry.

4. The full disclosure on the New Zealand greenhouse emissions, including inventory uncertainties, methodologies and assumptions used in the calculations are included in our latest inventory report: <https://environment.govt.nz/publications/new-zealands-greenhouse-gas-inventory-1990-2020/>.

5. Gross emissions are New Zealand's total emissions from agriculture, energy, Industrial Process and Product Use (IPPU) and waste sectors as well as gross emissions from Tokelau.

6. <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/emissions-reduction-targets/new-zealands-projected-greenhouse-gas-emissions-to-2050/>.



The Climate Change Response Act 2002 requires the Government to prepare emissions reduction plans setting out how we will meet emissions budgets, which will act as stepping stones (or interim targets) towards our 2050 emissions reduction targets.

In May 2022, the Government set the first three emissions budgets, for 2022 to 2035, and released the country's first plan to reduce emissions. The emissions reduction plan has sector-specific and multi-sector policies and strategies to meet the budgets, while ensuring the impact of the transition is fair and equitable to all.

During implementation, ongoing data collection will allow New Zealand to monitor and assess the reduction of greenhouse gas emissions in line with its published emission budgets. Ongoing modelling will be important to demonstrate that the country is on track towards its 2050 targets. Greenhouse gas emissions must be measured to show New Zealand is on track to meet its emission budgets.

Progress is monitored by the Climate Change Commission, as outlined in the Climate Change Response Act 2002.

The New Zealand Emissions Trading Scheme is another major component of the Government's climate change programme, to help us meet our emissions reduction targets.

### Our role and impact

FUNCTION		
<b>Policy implementation</b> To provide advice on the development of an emission reduction plan	<b>IMPACT: 3-5 YEARS</b>	
	New Zealand reduces its greenhouse gas emissions in line with its emission budgets	
	<b>IMPACT INDICATOR</b>	
	New Zealand has a suite of policies and measures that reduce emissions in line with our 2050 target	
	<b>On track</b> New Zealand's first emissions reduction plan was gazetted on 20 May 2022. The plan sets out how Aotearoa New Zealand will meet its first three emissions budgets and put us on a path to meeting our 2050 targets. The <b>emissions reduction plan</b> setting out policies and strategies for meeting emissions budgets was published on 16 May 2022.	
	<b>SHIFT: 1-2 YEARS</b>	
	New Zealand has an emissions reduction plan in place	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> In 2020/21, we defined the scope, timeline, and accountability for the first emissions reduction plan. Draft chapters were developed for the different sectors.	<b>Achieved</b> Publication of the first emissions reduction plan (15 May 2022 and gazetted on 20 May 2022) and the first three emissions budgets met the statutory deadline of 31 May 2022.
	New Zealand reports its greenhouse gas emissions internationally	
	<b>Achieved</b> New Zealand's Greenhouse Gas Inventory report was published in April 2021.	<b>Achieved</b> The New Zealand Greenhouse Gas Inventory 1990-2020 was published on our website and submitted to the United Nations Framework Convention on Climate Change on 15 April 2022.

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



We have consulted on a draft national plan to help New Zealand adapt to and minimise the harmful impacts of climate change. Our first national adaptation plan will build the foundation for adaptation action so that all sectors and communities are able to live and thrive in a changing climate. The public has been consulted, and consultation closed on 3 June 2022. The first national adaptation plan was published in August 2022.

We are developing voluntary guidance to help central government consider the impacts of climate change in policy-making.

A baseline has been established of how prepared policy development and service delivery agencies are for the impacts of climate change. We published the **Adaptation preparedness: 2020/21 baseline report** in August 2021.

A framework for assessing risk at a regional level has been drafted: **A guide to local climate change risk assessments** was published in October 2021.

### Our role and impact

FUNCTION		
<b>Policy implementation</b> To provide advice on the development of a national adaptation plan	<b>IMPACT: 3-5 YEARS</b>	
	Central and local government is coordinated in its efforts to address the impacts of climate change	
	<b>IMPACT INDICATOR</b>	
	Central and local government is taking an active role in planning for the impacts of climate change	
	<b>On track</b> All key work areas are either delivered or on track for delivery in 2022/23: <ul style="list-style-type: none"> <li>• voluntary guidance for central government – in development</li> <li>• framework for assessing risk at a regional level – published</li> <li>• baseline report on adaptation preparedness – published.</li> </ul>	
	<b>SHIFT: 1-2 YEARS</b>	
	New Zealand has a national adaptation plan	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> The 2020/21 goal to have Cabinet agreement (in principle) to the strategic direction of the national adaptation plan was achieved.	<b>Achieved</b> The national adaptation plan was published in August 2022. The public have been consulted and Ministers are considering the final plan.

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



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

Initiatives that aim to reduce the amount of waste produced and disposed of in New Zealand include:

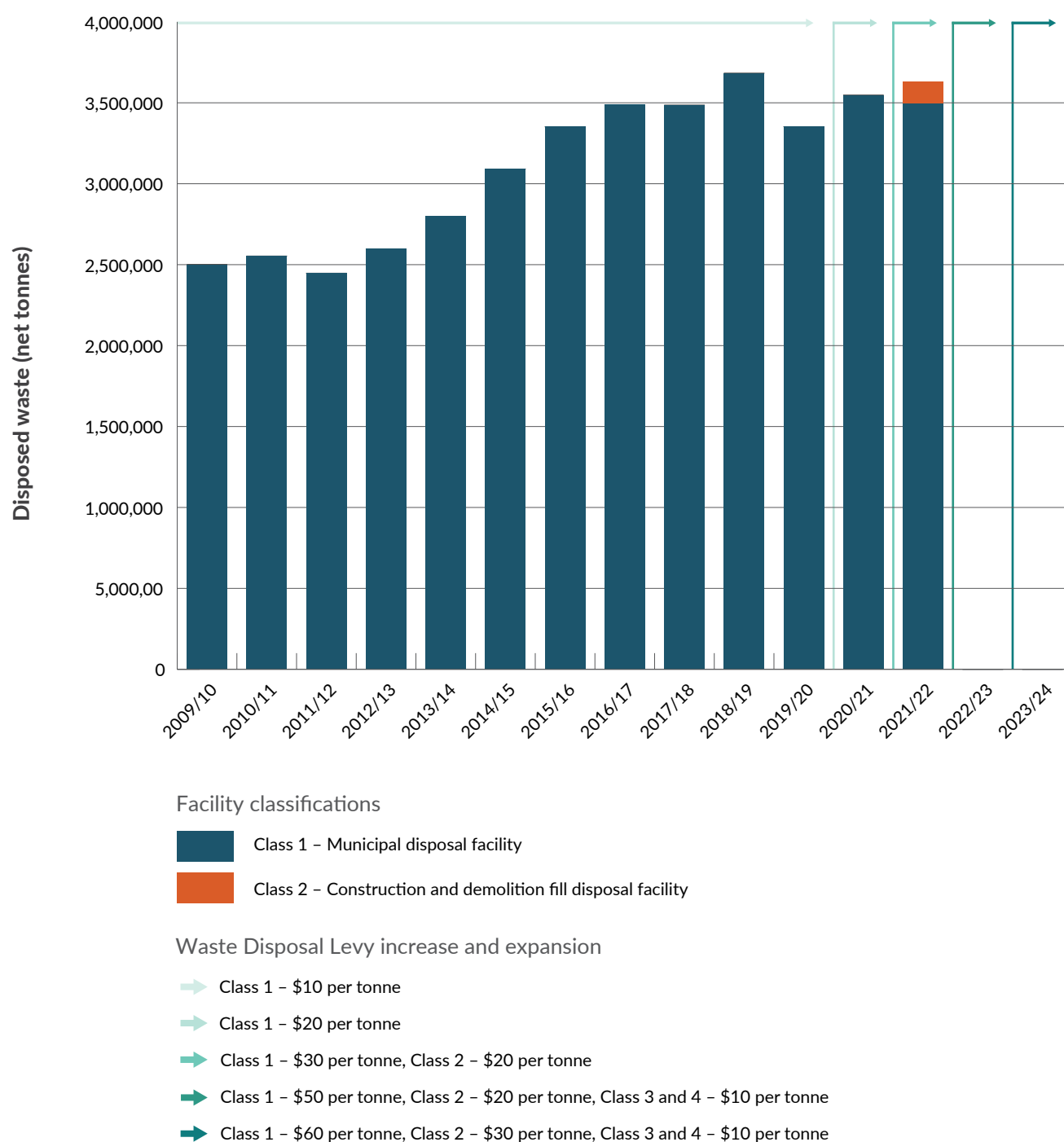
- implementing the Waste Disposal Levy expansion and increase (figure 18)
- implementing actions outlined in the Waste and Fluorinated Gases chapters of the emissions reduction plan
- publishing a National Plastics Action Plan, launching and delivering the \$50 million Plastics Innovation Fund, and continuing to phase out single-use and hard-to-recycle plastics
- designing and implementing regulated product stewardship schemes
- reviewing the New Zealand Waste Strategy and legislation
- standardising kerbside collections and designing a container return scheme, so that domestic recycling systems work better.

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

1. Building the foundations for a transformed waste system
2. Expanding investment in the sector
3. Introducing system-level change
4. Addressing individual material streams and products
5. Strengthening operational and compliance activity.

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

In 2020/21, we introduced regulations to expand the Waste Disposal Levy to additional landfill types, and to raise the levy. This will significantly increase incentives to avoid sending waste to landfill. It will also increase funds for investment back into waste-reduction projects, from around \$40 million per year at present to an estimated \$270 million from the end of 2024/25.

**FIGURE 18: WASTE DISPOSED OF AT LANDFILLS SUBJECT TO A WASTE DISPOSAL LEVY\* (NET TONNES)**

\* Class 1 landfills have been subject to a Waste Disposal Levy and associated reporting obligations since 2009. Class 2 landfills have been required to report tonnage information since 1 January 2022, so the reporting period 2021/22 covers only six months of reporting from Class 2 sites.

Over the last year, we have continued to invest in waste minimisation through the Waste Minimisation Fund and invested in resource recovery infrastructure as part of the response to the economic impact of COVID-19.

## Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To revise the New Zealand Waste Strategy and expand the coverage and level of the Waste Disposal Levy	<b>IMPACT: 3-5 YEARS</b>	
	New Zealand progresses to a more circular economy with lower waste produced and disposed to landfill	
	<b>IMPACT INDICATOR</b>	
	New Zealand has policy measures and targets to guide its transition to a more circular economy	
	<b>On track</b> We consulted on a draft New Zealand Waste Strategy that includes policy measures and targets. In 2022/23, we will finalise and publish the strategy. New waste legislation that will provide more tools to guide the transition to a more circular economy. We held consultation alongside the draft strategy in 2021/22. The initiatives above will also assist with meeting this impact.	
	<b>SHIFT: 1-2 YEARS</b>	
	The New Zealand Waste Strategy is reviewed	
	<b>2020/21</b>	<b>2021/22</b>
	<b>On track</b> A draft New Zealand Waste Strategy, including policy measures and targets, has been reviewed internally. Next year we will undertake public consultation and publish the strategy.	<b>On track</b> Consulted on a draft New Zealand Waste Strategy that includes policy measures and targets. In 2022/23, we will finalise and publish the strategy.
	Changes are made to the Waste Disposal Levy	
	<b>Achieved</b> Waste Disposal Levy changes were confirmed by Cabinet in 2020/21.	<b>Achieved</b> We are implementing changes to the Waste Disposal Levy as part of core work programmes.



FUNCTION	
<b>Legislative and regulatory change</b> To provide advice on the development of new product stewardship schemes	<b>IMPACT: 3-5 YEARS</b>
	New Zealand progresses to a more circular economy with lower waste produced and disposed to landfill
	<b>IMPACT INDICATOR</b>
	The level of waste generated in New Zealand is reduced
	<b>On track</b> Following a decade of growth in disposal of waste to municipal landfills since 2009, waste volumes to these landfills over recent years has reduced (figure 18). The wider work programme for waste (outlined above) is also relevant to this impact measure. Waste tonnages disposed at Class 1 landfills fills per capita decreased 2.5% for the 2021/22 financial year compared to the same period last year. There has been an increase in regulated parties, with Class 2 landfills reporting tonnage data from 1 January 2022 (and paying a levy from 1 July 2022). A full year of data for Class 2 landfills will be available for the 2022/23 financial year.
	<b>SHIFT: 1-2 YEARS</b>
	Three new product stewardship schemes have been designed
	<b>2020/21</b> <b>Achieved</b> The Government has declared six priority products for regulated product stewardship under the Waste Minimisation Act 2008. Co-design has been completed for tyres, refrigerants, and agrichemicals. Co-design is underway for farm plastics, e-waste, and large batteries and is yet to be started for plastic packaging.
	<b>2021/22</b> <b>Achieved</b> Completed co-design for large batteries in addition to tyres, refrigerants, and agrichemicals schemes. Co-design nearing completion for farm plastics and e-waste; plastic packaging expected to start early 2022/23. Completed public consultation for proposed regulations for tyres and large batteries; decisions expected in 2022/23. Tyres now have an accredited scheme.
FUNCTION	
<b>Investment</b> To invest in projects that support resource efficiency, reuse, recovery and recycling, and decrease waste to landfill	<b>IMPACT: 3-5 YEARS</b>
	New Zealand has an innovative sustainable design, manufacturing and resource recovery sector
	<b>IMPACT INDICATOR</b>
	Sustainable design, manufacturing and resource recovery sectors are expanding and reducing the level of waste to landfill
	<b>On track</b> This measure relates primarily to delivering an economic stimulus package allocated to resource recovery infrastructure over three years. In 2021/22, we have been delivering 32 individual projects through deeds of funding valued at \$86.8 million. The Waste Minimisation Fund also approved 32 projects valued at \$12.59 million. The Plastics Innovation Fund was announced in June 2021 and opened for applications on 1 November 2021. Five projects to the value of \$5.6 million were approved and awarded funding in 2021/22.
	<b>SHIFT: 1-2 YEARS</b>
	Investment approved for five large-scale projects
	<b>2020/21</b> <b>Achieved</b> This target was exceeded. Seven large-scale projects had deeds of funding approved in the 2020/21 financial year, representing \$56.24 million in investment. These projects will be delivered over the next two years.
	<b>2021/22</b> <b>Achieved</b> Four more deeds of funding were approved for large-scale waste and resource recovery. To be delivered over the next one to two years.

## Strategic Priority 6. Improve how natural resources are allocated

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

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



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

Māori have been calling for a system that better recognises their rights and interests in freshwater, and provides greater economic opportunities. Industry stakeholders and regional councils recognise that reform is needed. They are looking for certainty so they can make better decisions about how they use and allocate freshwater resources.

The resource management reforms are the process through which we will bring in an improved allocation system. The Resource Management Review Panel noted that the Resource Management Act does not sufficiently recognise and redistribute the private benefits from the commercial use of public resources, and the default first-in first-served approach was not appropriate when resources were scarce. The Panel recommended introducing resource allocation principles of sustainability, equity and efficiency to guide allocation decisions, and enabling a range of allocation approaches.

#### Our role and impact

FUNCTION		
<b>Legislative and regulatory change</b> To provide advice on the development of a new system to allocate freshwater and contaminants	<b>IMPACT: 3–5 YEARS</b>	
	The development of a clear set of options to improve the allocation of freshwater and contaminants in New Zealand that will enhance Te Mana o te Wai	
	<b>IMPACT INDICATORS</b>	
	The Government has a robust basis for improving water allocation in New Zealand, informed by evidence-based advice	
	<b>On track</b> The allocation framework for resources is being revised as part of resource management reform. We are developing the evidence base and advising the Government as part of this process.	
	Options have been consulted on with a broad range of stakeholders	
	<b>On track</b> Engaged with stakeholders (eg, local government steering group) on resource allocation as part of resource management reform. Held discussions with iwi/Māori groups, as Treaty partners. The upcoming select committee process provides for further consultation, and we continue to engage with stakeholders ahead of this.	
	<b>SHIFT: 1–2 YEARS</b>	
	Advice is provided on a new system to allocate freshwater and contaminants	
	<b>2020/21</b>	<b>2021/22</b>
	<b>Not achieved</b> We are seeking further direction from Cabinet on an agreed approach to engagement.	<b>Partially achieved</b> Advising on water allocation as part of wider advice on resource allocation as part of the resource management reform.

FUNCTION	
<b>Legislative and regulatory change</b> To engage with Māori as Treaty partners in developing a new system to allocate freshwater and contaminants	<b>IMPACT: 3–5 YEARS</b>
	The development of a clear set of options to improve the allocation of freshwater and contaminants in New Zealand
	<b>IMPACT INDICATOR</b>
	Māori are engaged as Treaty partners in developing policy options to improve the allocation of water and contaminants in New Zealand
	<b>On track</b> Regular engagement with Te Tai Kaha and National Iwi Chairs Forum collectives of Māori groups since December 2020, on freshwater rights, interests and allocation. This included resource allocation in resource management reform, wānanga on allocation planning, and workshops on the proposed clause to preserve rights and interests in the Natural and Built Environments Act and Spatial Planning Act.
	<b>SHIFT: 1–2 YEARS</b>
	Advice is provided on a new system to allocate freshwater and contaminants
<b>2020/21</b>	<b>2021/22</b>
<b>Achieved</b> We have had ongoing, regular engagement with Te Tai Kaha and the National Iwi Chairs Forum since December on freshwater rights and interests, including freshwater allocation.	<b>Achieved</b> Advice provided to the Ministerial Oversight Group on how resources will be allocated in the new resource management system. We continue to engage with Te Tai Kaha and the National Iwi Chairs Forum on these matters. Advice on allocation is continuing as part of the wider resource management reform process.

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

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

### Environmental outcome 1: Improvement in multiple domains



Under the Environmental Reporting Act 2015, the Ministry and Stats NZ report on the state of different domains of the environment every six months, and the environment as a whole every three years. The environmental reporting programme published three reports during the financial year: *Our air 2021* preliminary and final releases, and *Environment Aotearoa 2022*.

The *Our air 2021* releases assess New Zealand's air quality against the 2005 and 2021 WHO air quality guidelines, as well as the National Environmental Standards for Air Quality.

We assess public interest by the number of long-form reports downloaded. *Our air 2021* drew strong public interest, with downloads exceeding 500.<sup>7</sup>

*Environment Aotearoa 2022*, published in April 2022, provides a picture of the state of the environment across the marine, freshwater, atmosphere and climate, land, and air domains. We pulled together a diverse set of evidence drawing on mātauranga Māori, environmental science, health science, and economics. The integrated approach of mātauranga Māori and science with a wellbeing focus, encourages us to reflect on our connections with environment, and the pressures we place on it.

*Environment Aotearoa 2022* also attracted strong interest, with over 1,000 downloads since its release.

We are currently amending the Environmental Reporting Act 2015. We held public consultation in February 2022. Once proposals are agreed, legislation will be drafted and an amendment to the Environmental Reporting Act (through an amendment bill) is planned to be introduced to Parliament in the 2022/23 financial year.

7. Public interest is classified as: light less than 250, moderate between 250 and 500, strong more than 500.

## Our role and impact

FUNCTION	
<b>Environmental reporting</b> To report on the state of the environment	<b>IMPACT: 3-5 YEARS</b>
	New Zealanders can track the quality of the environment over time and are aware of our key environmental challenges
	<b>IMPACT INDICATOR</b>
	The media and civil society engage in our environmental reporting programme
	<b>On track</b> <i>Environment Aotearoa 2022</i> , published in April 2022, provides a holistic view of the state of the environment across the marine, freshwater, atmosphere and climate, land, and air domains. Although the environmental indicators do not register much change, we explored the evidence in a different way, starting with the importance of nature in our lives and our wellbeing. We pulled together a diverse set of evidence drawing on mātauranga Māori, environmental and health science, and economics. In using a more diverse evidence-base, we consulted a wider network of scientists and experts, and put in place a broader independent peer-review process. <i>Environment Aotearoa 2022</i> drew strong public interest – 1,045 downloads and 6,834 page views. <i>Our air 2021</i> had moderate public interest (513 downloads and 2,003 page views), consistent with its scaled-back release.
	<b>SHIFT: 1-2 YEARS</b>
	Environmental reporting as per the Environmental Reporting Act
<b>2020/21</b>	<b>2021/22</b>
<b>On track</b> We released two state of environment reports in compliance with the Environmental Reporting Act 2015: <i>Our atmosphere and climate 2020</i> (October 2020) and <i>Our land 2021</i> (April 2021).	<b>On track</b> Released two state of the environment reports: <i>Our air 2021</i> (December 2021) and <i>Environment Aotearoa 2022</i> (April 2022).

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



We must work closely with others to achieve the changes we need, at the pace and scale we need. Our partnership outcomes and objectives align with policy. A range of partnerships support environmental innovation, recognising its role in changing at pace and scale. This year we also partnered with business sector groups to offer tools and processes that make it easier, faster and more desirable for the private sector to transition to a low-emission, low-waste, circular economy.

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

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

We are committed to measuring, reducing and reporting publicly on our emissions and have set gross emissions targets in line with a 1.5° reduction pathway. This is outlined in our new Sustainability Strategy 2022–2025. For more detail on our progress this year see part 1 in this report.

### Our role and impact

FUNCTION				
<b>Partnerships and engagement</b> To partner with stakeholders across New Zealand	<b>IMPACT: 3–5 YEARS</b>			
	Partnership agreements complement regulatory tools to achieving environmental outcomes			
	<b>IMPACT INDICATORS</b>			
	The number of partnership agreements and scale of intended impact increases over time			
	<b>On track</b> The number of partnerships in delivery, and the scale of impact increased throughout 2021/22. We have established partnerships that strengthen the pathway for environmental innovation and connect with funding. For example, we have new partnerships to support private sector transition to a low emissions, low waste and circular economy. This includes partnerships with Sustainable Business Network on Go Circular, Circularly to deliver XLABS, with B-LAB, with the Textiles sector, and with Young Enterprise Trust (amongst others). This focus responds to the potential for scaled change when working with the private sector. These partnerships are delivering impact and providing insights and learnings that will inform the continued increase in working with and through others as a way to achieve policy outcomes.			
	Public sector sustainability targets are being met			
	<b>On track</b> Emissions profiles, targets and reduction plans are not due until 1 December 2022 for core government departments and 1 December 2023 for Crown agents and state sector agencies. There is still time for these targets to be met and we will be following up with those slightly behind expected progress for this year, based on a recent survey. Engagement with CNGP agencies has been good: we have provided guidance and conducted surveys on how to meet targets.			
	<b>SHIFT: 1–2 YEARS</b>			
	The Partnerships Strategy is implemented			
	<table> <tr> <th>2020/21</th><th>2021/22</th></tr> <tr> <td> <b>On track</b>            Our Partnerships Strategy was confirmed in early 2020. The Strategy confirms our 'Partnering with Purpose' approach, working with like-minded others to help solve complex environmental problems.         </td><td> <b>Achieved</b>            The Partnerships Strategy is being implemented and is actively guiding our delivery of partnerships.         </td></tr> </table>	2020/21	2021/22	<b>On track</b> Our Partnerships Strategy was confirmed in early 2020. The Strategy confirms our 'Partnering with Purpose' approach, working with like-minded others to help solve complex environmental problems.
2020/21	2021/22			
<b>On track</b> Our Partnerships Strategy was confirmed in early 2020. The Strategy confirms our 'Partnering with Purpose' approach, working with like-minded others to help solve complex environmental problems.	<b>Achieved</b> The Partnerships Strategy is being implemented and is actively guiding our delivery of partnerships.			



FUNCTION				
<b>Partnerships and engagement</b> To undertake public engagement, awareness and communication activities	<b>IMPACT: 3-5 YEARS</b>			
	Individuals and communities take action for the environment			
	<b>IMPACT INDICATOR</b>			
	Level of awareness of environmental issues by the public			
	<b>On track</b> The 2021/22 annual public awareness research was completed as planned with 1,215 New Zealanders participating in the survey. The environment is top of mind for 20% of New Zealanders, behind cost of living (63%), crime (35%) and housing (35%). Seventy-seven per cent of New Zealanders agree environmental issues are important – just not as important as other issues. Sixty-nine per cent of participants agree that pollution of air, land and waterways is important, with climate change at 63%. Participants ranked the Ministry first equal with the Department of Conservation (64% of top three ranked organisations) as a trusted source for environmental information.			
	<b>SHIFT: 1-2 YEARS</b>			
	Stakeholder engagement framework developed			
	<table> <tr> <th>2020/21</th><th>2021/22</th></tr> <tr> <td> <b>Achieved</b>            An engagement framework was approved by our leadership team, Te Pūrengi, in April 2021.         </td><td> <b>Achieved</b>            The engagement team is established. The engagement team's work programme is developed and being implemented. Relationships are established and built with unit engagement specialists.         </td></tr> </table>	2020/21	2021/22	<b>Achieved</b> An engagement framework was approved by our leadership team, Te Pūrengi, in April 2021.
2020/21	2021/22			
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# Our operating performance

## Climate Change

### Departmental Output Expense

#### Managing Climate Change in New Zealand

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

	2020/21 Actual \$000	2021/22 Budget \$000	2021/22 Revised Budget \$000	2021/22 Actual \$000	2022/23 Forecast \$000
<b>Revenue</b>					
Crown	24,849	25,681	28,681	28,681	48,307
Departmental	367	92	752	294	92
Other	236	56	232	192	56
<b>Total revenue</b>	<b>25,452</b>	<b>25,829</b>	<b>29,665</b>	<b>29,167</b>	<b>48,455</b>
<b>Total expenses</b>	<b>25,000</b>	<b>25,829</b>	<b>29,665</b>	<b>28,751</b>	<b>48,455</b>
<b>Net surplus (deficit)</b>	<b>452</b>	<b>-</b>	<b>-</b>	<b>416</b>	<b>-</b>

At Mains Estimates, the 2021/22 budget for this output class was \$25.829 million. During the year, this output class increased by \$3.836 million to \$29.665 million due to:

- a reprioritisation of \$3 million from departmental output expense: Improving New Zealand's Environment appropriation to progress various work programmes related to climate change
- an increase of \$836,000 due to changes in third party revenue.

Actual expenditure for 2021/22 was lower than the revised budget, due to delays in project 'Faire Climate Data'. The Ministry has sought an in-principle transfer to continue work on this project.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Technical quality of advice papers (assessed by a survey with methodical robustness of 100%)	<p>Primary target: 2.75 out of 5.0 (55%)</p> <p>Secondary target: 4.3 out of 5.0 (86%)</p> <p>The secondary target is 80% of papers achieve a rating of at least 4.0 out of 5.0. Prioritising rapid delivery of advice has affected this result given the volume of advice and specialist knowledge required. An improvement programme to support teams is being implemented.</p>	At least 3.5 out of 5.0 (70%)	<p><b>Primary target: 3.55 out of 5.0 (71%)</b></p> <p>Secondary target: 4.2 out of 5.0 (84%)</p> <p>This year's improvement is the result of proactive training and development to improve the quality of policy advice for this vote.</p>
All emissions trading unit auctions are held in accordance with the published calendar	<p>100%</p> <p>The first auction was held in March and the second one in June.</p>	100%	<p><b>100%</b></p> <p>Held all auctions on schedule and without issues. Published all monitor reports.</p>
Percentage of business hours (excluding agreed maintenance outages) web services of national imagery data sets and land-use mapping published by the Ministry for the Environment are available to key stakeholders	<p>99%</p> <p>Achieved the required percentage of business hours the service was available.</p>	98%	<p><b>100%</b></p> <p>Achieved the required percentage of business hours the service was available.</p>
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	<p>100%</p> <p>The national greenhouse gas inventory report 2021 (<i>New Zealand's Greenhouse Gas Inventory 1990–2019</i>) was published on the UNFCCC website on 14 April 2021.</p>	Achieved	<p><b>Achieved</b></p> <p>All key work areas either delivered or on track for delivery in 2022/23 financial year.</p> <p>Published <i>New Zealand's Greenhouse Gas Inventory 1990–2020</i> on 12 April 2022.</p>
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	<p>Achieved</p> <p>The Ministry administered the funding for the ongoing costs of collecting the Synthetic Greenhouse Gas Levy by Waka Kotahi NZ Transport Agency and New Zealand Customs Service in accordance with respective Memoranda of Understanding.</p>	Achieved	<p><b>Achieved</b></p> <p>The Ministry administered the funding for the collection of the Synthetic Greenhouse Gas Levy by Waka Kotahi NZ Transport Agency and New Zealand Customs Service, in accordance with Memoranda of Understanding.</p>

## Non-Departmental Appropriations Performance Measures

The below non-departmental performance measures are not subject to audit and are also presented in a separate non-departmental appropriation report, which will be reported by the Minister of Climate Change.

## Non-Departmental Other Expense\*

### Allocation of New Zealand Units

This appropriation is intended to achieve compensation of eligible participants of the Emissions Trading Scheme who face increased costs as a result of the scheme.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 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	98.5% The Environmental Protection Authority processed 71 industrial allocation applications in 2021. Seventy applicants received their units with 20 working days (98.5%), and the remainder received them within 23 days.	100%	<b>100%</b> The 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 is 100%. There are three that are not yet completed but they have been notified within the timeframe.
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	98.5% There were 608 Voluntary Emission Returns submitted between 1 January – 30 June 2021. Of these, nine were processed outside the legislative timeline.	80%	<b>95.3%</b> There were 887 Voluntary Emission Returns submitted between 1 January – 30 June 2022 with 42 (4.73%) breaching the 20 working day deadline. This excludes Voluntary Emission Returns that have been cancelled or declined.

\* Financials for non-departmental other expense are in part 4.

## Environment

### Departmental Output Expense

#### Improving New Zealand's Environment

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

	2020/21 Actual \$000	2021/22 Budget \$000	2021/22 Revised Budget \$000	2021/22 Actual \$000	2022/23 Forecast \$000
<b>Revenue</b>					
Crown	89,449	127,048	124,747	124,747	154,018
Departmental	1,038	476	988	1,368	476
Other	418	331	715	288	331
<b>Total revenue</b>	<b>90,905</b>	<b>127,855</b>	<b>126,450</b>	<b>126,403</b>	<b>154,825</b>
<b>Total expenses</b>	<b>86,347</b>	<b>127,855</b>	<b>126,450</b>	<b>123,669</b>	<b>154,825</b>
<b>Net surplus (deficit)</b>	<b>4,558</b>	<b>-</b>	<b>-</b>	<b>2,734</b>	<b>-</b>

At Mains Estimates, the 2021/22 budget for this output class was \$127.855 million. During the year, this output class decreased by \$1.405 million to \$126.450 million due to:

- reprioritising \$5 million to other departmental output expense: Strategic Planning Reform appropriation established to oversee the development and implementation of the strategic planning legislation, as part of the resource management reforms
- reprioritising \$3 million to other departmental output expense: Managing Climate Change in New Zealand appropriation to progress various climate change work programmes
- an expense transfer of \$606,000 to 2022/23 and 2023/24 to meet the administration costs of the initiatives for waste minimisation and resource recovery.

The above is offset by:

- an expense transfer of \$4.360 million from 2020/21 to progress various environmental work programmes
- an increase of \$1.250 million related to bringing forward and strengthening the National Policy Statement on Urban Development
- an increase of \$896,000 due to changes in third party revenue
- an increase of \$695,000 related to the Prime Minister's Emerging Priorities Fund: Support for Biodiversity Incentives.

Actual expenditure for 2021/22 was lower than the revised budget, due to delays in work programmes for resource management and freshwater related reforms. The Ministry has sought an in-principle transfer to continue work on these programmes.

## Quality of Advice

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Technical quality of advice papers (assessed by a survey with methodical robustness of 100%)	Primary target: 3.8 out of 5.0 (76%) Secondary target: 4.55 out of 5.0 (91%): The secondary target is 80% of papers achieve a rating of at least 4.0 out of 5.0.	Primary target: At least 3.5 out of 5.0 (70%)	<b>Primary target: 3.45 out of 5.0 (69%)</b> Secondary target: 4.7 out of 5.0 (94%) The secondary target is 80% of papers achieve a rating of at least 4.0 out of 5.0.
The satisfaction of the Minister for the Environment and the Minister of Climate Change with the advice service, as per the common satisfaction survey	3.81 (76%) Includes results from two Ministers.	At least 4.0 out of 5.0 (80%)	<b>3.39 (68%)</b> The survey was completed by all four Ministers. This year's result reflects the Ministry's high volume, complexity and pace of engagement with Ministers over the financial year. For example, the resource management reform programme prepared more than 2,000 policy recommendations for the 17 meetings of the Ministerial Oversight Group.
Percentage of all regulatory impact statements that partially or fully meet quality assurance criteria	100% of regulatory impact statements partially or fully met the criteria. The secondary criteria result was 60% of regulatory impact statements fully meet the quality assurance criteria.	At least 90% (with 70% fully meeting criteria)	<b>96%</b> of regulatory impact statements partially or fully met the criteria. The secondary criteria result was 58% of regulatory impact statements fully meet the quality assurance criteria.
Minimum six weeks public consultation for all national direction workstreams	100% Public consultation period for all national direction workstreams was achieved.	100%	<b>100%</b> Public consultation period for all national direction workstreams was achieved.

## Resource Management Reform

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Drafting instructions of the bills to be introduced to the House	New measure	Achieved	<b>On track</b> Now seeking and drafting majority of policy decisions. On track to introduce the Spatial Planning and Natural and Built Environments Bills later in 2022.
Release of the Ministry's Long-term Insights Briefing in accordance with the requirements of the Public Services Act 2020	New measure	Release of Long-term Insights Briefing in compliance with the legislation	<b>On track</b> Long-term Insights Briefing release expected for 2022/23.



## Ministerial Services

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of ministerial Official Information Act requests submitted within the timeframes agreed with the Ministers' office	84% 75 out of 89 ministerial Official Information Act requests were completed within the agreed timeframes.	95%	<b>94%</b> The Ministry achieved a 12-percentage point increase in Ministerial OIA requests by the agreed date. The Ministry also completed 65% more ministerial OIA requests in 2021/22 (147 OIAs).
Percentage of responses to departmental Official Information Act requests sent within statutory deadlines	93% 217 out of 233 departmental Official Information Act requests were completed within statutory deadlines.	95%	<b>95%</b> The Ministry achieved a 2-percentage point increase in providing responses within statutory deadlines.

## Data and Evidence

Our advice and actions are grounded in science and evidence

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Number of months the Ministry will publish the National Monitoring Systems data after receiving the complete data set from local authorities	On track The last submission of 2019/20 planning and consent data from councils was received in March 2021. The National Monitoring System national dataset has been collated and released to the public in August 2021. Note the Ministry was managing a delay in data submission due to the impact of the COVID-19 lockdown.	No more than six months	<b>On track</b> Aiming to release the 2020/21 data and report in October 2022. This will be six months after the April data deadline for councils.
Produce environmental reports required by the Environmental Reporting Act 2015	Achieved We released two state of the environment reports in compliance with the Environmental Reporting Act 2015: <i>Our atmosphere and climate 2020</i> (October 2020) and <i>Our land 2021</i> (April 2021).	Achieved	<b>Achieved</b> Released preliminary report, <i>Our air 2021</i> , in October 2021. Released final report, <i>Our air 2021</i> (an updated indicator report), in December 2021. Released <i>Environment Aotearoa 2022</i> in April 2022.

## Non-Departmental Appropriations Performance Measures

The below non-departmental performance measures are not subject to audit and are also presented in a separate non-departmental appropriation report, which will be reported by the Minister for the Environment.

### Non-Departmental Output Expense\*

#### Contaminated Sites Remediation Fund

This appropriation is intended to achieve a reduction in the risks from contaminated sites.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of completed contaminated sites projects that achieve stated objectives	100% Two projects were completed and successfully met all their stated outcomes.	100%	<b>N/A</b> There are no completed projects in this financial year; however, the projects are on track to meet milestone objectives.

\* Financials for non-departmental output expense are in part 4.

#### Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme

This appropriation is intended to achieve improved and sustained water quality by targeted interventions in the Rotorua lakes.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of deed funded lakes showing a decrease in their three-year average Trophic Level Index from the previous year	66%* One of the three funded lakes did not show a decrease in Trophic Level Index.	50%	<b>75%</b> Three out of four deed funded lakes showed a decrease in their Trophic Level Index 3 year average.

\* 2020/21 result reflected annual average.

### Freshwater Improvement Fund

This appropriation is intended to achieve improvements in the water quality of New Zealand's freshwater bodies in partnership with others.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of Freshwater Improvement Fund projects reasonably on track to achieve stated objectives (see Note 1)	57%* Four of the seven projects funded by the Freshwater Improvement Fund in 2020/21 achieved their stated objectives. The remaining three projects achieved eight of their 12 objectives. Overall, 86% of the individual objectives were achieved.	80%	<b>94%</b> Forty-seven of the 50 projects funded by the Freshwater Improvement Fund are on track to achieve, or have achieved, their stated objectives in 2021/22.
Percentage of Public Waterways and Ecosystem Restoration Fund projects reasonably on track to achieve stated objectives	There are no completed projects to report on this year.* The fund has contracted all of its 24 projects in the 2020/21 financial year. All projects are on track to meet their stated objectives.	80%	<b>88%</b> Twenty-one of the 24 projects funded by the Public Waterways and Ecosystem Restoration Fund are on track to achieve, or have achieved, their stated objectives in 2021/22.
Percentage of At-Risk-Catchment projects reasonably on track to achieve stated objectives	There are no completed projects to report on this year.* This fund will contract the catchment projects in the 2021/22 financial year.	80%	<b>N/A</b> Projects have been approved by Sustainable Land Use Ministers and funding arrangements are currently being finalised to begin in quarter one of 2022/23.
Percentage of Essential Freshwater Fund projects that are reasonably on track to achieve their stated objectives	New measure	80%	<b>100%</b> All three projects funded by the Essential Freshwater Fund in 2021/22 are on track to achieve their stated objectives.

Note 1 – Based on previous financial year annual report, self-assessment of project status using red, amber, green status. Reasonably on track includes amber and green projects.

\* 2020/21 results were based on completed projects, 2021/22 results are based on active and completed projects.

### Kaipara Moana Remediation

This appropriation is intended to achieve the remediation of the Kaipara Moana by halting degradation and working towards more productive, sustainable, and high value use of land within the Kaipara catchment.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of Kaipara Moana Remediation Programme projects that are reasonably on track to achieve their stated objectives	No results for this financial year.* Six projects were notified (provisionally) as being successfully completed in the 2020/21 financial year and achieving their stated objectives. The performance results will be confirmed in the 2021/22 financial year.	80%	0% Significant progress was made across the Kaipara Moana Remediation (KMR) programme. This included having over 250 'live' sediment reduction plans, constructing over 230 km of fencing, planting 380,000 trees, providing opportunities for over 39 full-time equivalents, and training 38 field advisors. For the programme to achieve its stated objectives, the Ministry is continuing to work collaboratively with the KMR Programme team to improve delivery confidence. The KMR programme was significantly impacted by COVID-19, affecting supply chains, resourcing and engagement activities. As a result, the programme was unable to achieve all stated objectives in 2021/22, hence the use of the 0% performance indicator. The project is undergoing a significant rephasing of their work programme (expected Q2 2022/23). The Ministry has increasing confidence that the project will deliver on its objectives across the life of the programme.

\* 2020/21 results were based on completed projects, 2021/22 results are based on active and completed projects.

### Te Mana o te Wai Fund

Te Mana o te Wai Fund was established to support Māori to improve freshwater quality. The fund objectives are to:

- help Māori improve the health of freshwater bodies of importance to them
- create nature-based employment opportunities
- build capacity and capability for Māori to participate in and make decisions for freshwater management, including in the implementation of Essential Freshwater reforms.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of completed Te Mana o te Wai Fund projects that are reasonably on track to achieve their stated objectives	There are no completed projects to be reported on this year.* We expect to finalise the next funding round by December 2021, with funding deeds in place by June 2022.	80%	<b>100%</b> All of the 29 projects funded by the Te Mana o te Wai Fund in 2021/22 are on track to achieve their stated objectives.

\* 2020/21 results were based on completed projects, 2021/22 results are based on active and completed projects.

### Waste Minimisation and Resource Recovery Initiatives

This category is intended to achieve a resilient system for reducing, recycling, and managing New Zealand's waste responsibly by supporting research and development, innovation and commercialisation opportunities, information and education, regulatory activities (including compliance, monitoring, and enforcement), data, evidence, and evaluation and resource recovery infrastructure by improving New Zealand's capacity to recycle and recover materials.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of completed COVID-19 Response and Recovery Fund projects that have achieved a minimum of 80% of their stated milestone deliverables	100% All milestones as per deeds of funding are on track. Most COVID-19 Response and Recovery Fund projects have recently entered into deed / begun, so only a small number of milestones are in the delivery phase based on the project timeline for the 2020/21 financial year.	80%	<b>N/A</b> There are no completed projects in this financial year; however, the projects are on track to meet milestone objectives.

## Waste Minimisation

### Departmental Output Expense

#### Waste Minimisation Administration

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

	2020/21 Actual \$000	2021/22 Budget \$000	2021/22 Revised Budget \$000	2021/22 Actual \$000	2022/23 Forecast \$000
<b>Revenue</b>					
Crown	7,602	5,906	9,759	9,759	5,906
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>7,602</b>	<b>5,906</b>	<b>9,759</b>	<b>9,759</b>	<b>5,906</b>
<b>Total expenses</b>	<b>7,397</b>	<b>5,906</b>	<b>9,759</b>	<b>9,062</b>	<b>5,906</b>
<b>Net surplus (deficit)</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>697</b>	<b>-</b>

At Mains Estimates, the 2021/22 budget for this output class was \$5.906 million. During the year, this class increased by \$3.853 million to \$9.759 million.

This increase was due to a fiscally neutral transfer from the Contestable Waste Minimisation Fund, which is a non-departmental output expense. The increase is to improve the data systems, processes and capabilities needed to support significantly increased annual waste sector investment and associated compliance activities.

Actual expenditure for 2021/22 was lower than the revised budget due to recruitment difficulties and travel reductions due to the pandemic, as well as system update delays. Under the Waste Minimisation Act 2008, there is no provision for the return of a year-end surplus from the Waste Minimisation Fund to the Crown. Any year-end surplus must remain in the fund.



PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Number of audits of disposal facilities completed	36 (100%) All scheduled audits have been completed. One audit was postponed for safety reasons due to a fire at the landfill.	30 (100%) [Annual Programme Goal]	<b>22 (73%)</b> COVID-19 and challenges with field work are hampering audit efforts. Facilities had to cancel audits due to the pandemic.
Number of audits of territorial authorities completed	48 (100%) All scheduled annual programme audits have been completed for the 2020/21 financial year.	48 (100%) [Annual Programme Goal]	<b>48 (100%)</b> Completed all scheduled annual programme audits for 2021/22.
Deeds are executed within six calendar months from the date the Ministry receives the signed confirmation of intention to proceed	10% The average time for completion of deed of funding negotiations for the 18 projects was 6–7 months, rather than 4 months. Responsible negotiation of deeds of funding balances timeliness to ensure investment in waste minimisation initiatives is achieved.	80%	<b>78%</b> Ongoing impact of COVID-19 delayed some organisations and contributed to not meeting this key performance indicator.

## Non-Departmental Appropriations Performance Measures

The below non-departmental performance measures are not subject to audit and are also presented in a separate non-departmental appropriation report, which will be reported by the Minister for the Environment.

### Non-Departmental Output Expense\*

#### Contestable Waste Minimisation Fund

This category is intended to boost New Zealand's performance in waste minimisation through grants for waste minimisation initiatives.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of completed Waste Minimisation Fund projects that have achieved a minimum of 80% of their stated objectives	88% This target has been exceeded. 88% of projects met their stated objective.	80%	<b>90%</b> Projects completed this year achieved an average of 90% of their objectives.

\* Financials for non-departmental output expense are in part 4.

### Non-Departmental Other Expense\*

#### Waste Disposal Levy Disbursements to Territorial Local Authorities

This category is intended to provide territorial local authorities their proportion of the Waste Disposal Levy as prescribed under the Waste Minimisation Act 2008.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Percentage of levy payments withheld under section 33 of the Waste Minimisation Act 2008 due to territorial authorities not meeting their requirements	100% The Ministry has met its obligations each quarter to withhold levy funding from councils who do not comply with requirements, in accordance with section 33 of the Act.	100%	<b>100%</b> All levy payments were withheld under section 33 of the Waste Minimisation Act 2008 where territorial authorities did not meet their requirements.
Percentage of levy payments to qualifying territorial authorities paid on time	100% The Ministry has met its obligation to distribute levy payments on time each quarter to councils which have met their obligations.	100%	<b>100%</b> The Ministry has met its obligation to distribute levy payments on time each quarter to all councils which have met their obligations.

\* Financials for non-departmental output expense are in part 4.

## Departmental Capital Expenditure

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

	2020/21 Actual \$000	2021/22 Budget \$000	2021/22 Revised Budget \$000	2021/22 Actual \$000	2022/23 Forecast \$000
Expenditure is in accordance with the Ministry's capital asset management plan					
Property, plant and equipment	575	1,400	1,225	1,809	1,400
Intangibles	2,097	1,500	2,100	(16)	1,500
<b>Total</b>	<b>2,672</b>	<b>2,900</b>	<b>3,325</b>	<b>1,793</b>	<b>2,900</b>

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Expenditure is in accordance with the Ministry's capital asset management plan	Partially achieved We met the target for software, partially met the target for hardware (one large order was delayed due to supply-chain issues arising from COVID-19), and due to our national office move being deferred by 12 months the timing of the furniture and fittings spend was deferred.	Achieved	<b>Achieved</b> Expenditure is in accordance with the Ministry capital management plan. Contributing to the underspend was a Software as a Service reclassification of capital expenditure (capex) to operating expenditure (opex). The reclassification followed Treasury guidance issued in January 22. Deferral of ICT projects to the 2022/23 financial year has also contributed to the underspend.

## Strategic Planning Reform

This appropriation is intended to support the Strategic Planning Reform Board to lead and oversee the policy development of the strategic planning legislation, as part of the wider resource management reforms.

	2020/21 Actual \$000	2021/22 Budget \$000	2021/22 Revised Budget \$000	2021/22 Actual \$000	2022/23 Forecast \$000
<b>Revenue</b>					
Crown	-	-	5,000	5,000	3,700
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	-	-	<b>5,000</b>	<b>5,000</b>	<b>3,700</b>
<b>Total expenses</b>	-	-	<b>5,000</b>	<b>4,916</b>	<b>3,700</b>
<b>Net surplus (deficit)</b>	-	-	-	<b>84</b>	-

This is a newly established appropriation in 2021/22.

A fiscally neutral transfer of \$5 million was approved from the departmental output expense: Improving New Zealand's Environment.

Actual expenditure for 2021/22 was lower than the revised budget. This represents cost savings.

PERFORMANCE MEASURE	2020/21 PERFORMANCE	2021/22 TARGET	2021/22 PERFORMANCE
Drafting instructions of the Bills to be introduced to the House	New measure	Achieved	<b>On track</b> At year-end the drafting instructions for the Spatial Planning Bill were largely complete for the policy directions confirmed by Ministers up to this point. Finalising the drafting instructions will continue into July and August as Ministers determine the remaining matters and the team refines the draft with the Parliamentary Counsel Office.

The Strategic Planning Reform Board 2021/22 annual report is provided in part 5.

# Our emissions reporting

## Independent verification

The Ministry's greenhouse gas emissions measurement (emissions data and calculations) have been independently verified by Toitū Envirocare (Enviro-Mark Solutions Limited).

We have been certified as a Toitū carbonreduce organisation. This means we are measuring, managing and reducing our emissions according to ISO 14064-1:2018 and Toitū requirements.

A copy of our Toitū carbonreduce certification disclosure can be viewed on the Toitū website.

Our emissions results align with the Ministry's 2022 measuring emissions guidance, which uses the 100-year Global Warming Potentials (GWPs) in the IPCC Fourth Assessment Report (AR4). This aligns with the approach used in *New Zealand's Greenhouse Gas Inventory 1990–2020*. There are a small number of 'other gases' that are included in the IPCC Fifth Assessment Report (AR5) but not AR4; in these cases the AR5 GWPs are used. From 2023, the rest of the Ministry's Measuring Emissions Guidance will be updated to align with AR5 GWPs as we enter the reporting period for the Paris Agreement.

## Emissions by category

**TABLE 1: EMISSIONS PROFILE BY SCOPE AND TOTAL ANNUAL EMISSIONS (tCO<sub>2</sub>-e), 2017/18 – 2021/22**

Category	Scope	2017/18 tCO <sub>2</sub> -e	2018/19 tCO <sub>2</sub> -e	2019/20 tCO <sub>2</sub> -e	2020/21 tCO <sub>2</sub> -e	2021/22 tCO <sub>2</sub> -e
1 Direct emissions	Scope 1	13.31	3.49	10.45	0.00	0.00
2 Indirect emissions from imported energy	Scope 2	71.78	51.94	52.23	64.29	60.29
3 Indirect emissions from transportation	Scope 3	1,239.03	1,231.90	597.63	299.68	360.36
4 Indirect emissions from products and services used by the organisation		0.00	0.00	0.00	3.50	22.32
5 Indirect emissions associated with the use of products and services from the organisation		0.00	0.00	0.00	0.00	0.00
6 Indirect emissions from other sources		0.00	0.00	0.00	0.00	0.00
Total gross emissions (all measured emissions) in tCO <sub>2</sub> -e		1,324.12	1,287.33	660.31	367.46	442.97
Change in gross emissions (all categories) from previous financial year			-2.78%	-48.71%	-44.35%	+20.55%
Change in gross emissions (all categories) since base year			-2.78%	-50.13%	-72.25%	-66.55%

## Emissions by source

Table 2 shows all the Ministry's measured and reported emissions sources, from largest to smallest.

**TABLE 2: TOTAL GROSS EMISSIONS BY SOURCE, 2021/22**

Activity	2021/22 tCO <sub>2</sub> -e
Air travel long haul (business)	149.00
Electricity	124.47
Air travel domestic (medium aircraft)	61.93
Air travel domestic (jet aircraft)	47.25
Accommodation – New Zealand	10.34
Electricity distributed transmission and distribution losses	10.11
Wastewater for treatment plants (average)	9.26
Air travel long haul (economy)	5.04
Air travel domestic (small aircraft)	4.28
Taxi (regular)	3.66
Air travel short haul business class fare (b/f) class	3.41
Private car average (fuel type unknown)	3.14
Rental car large (petrol 2000–2999cc)	2.41
Air travel short haul (economy)	1.49
Paper use office 100% recycled	1.43
Rental car small (petrol 1350–1600cc)	1.40
Freight air travel domestic (average)	0.85
Waste landfilled landfill gas recovery mixed waste	0.79
Water supply	0.72
Rental car medium hybrid – post-2015	0.42
Freight road all trucks (average)	0.31
Accommodation – Switzerland	0.24
Accommodation – Germany	0.22
Freight road van (average)	0.17
Car XL (diesel over 3000cc) – 2010–15	0.15
Car large (petrol 2000–2999cc) – pre-2010	0.11
Accommodation – Australia	0.08
Car large (diesel 2000–2999cc) – pre-2010	0.06
Car large (petrol 2000–2999cc) – 2010–15	0.05
Accommodation – UK	0.04
Car large (diesel 2000–2999cc) – post-2015	0.03
Car XL (diesel hybrid over 3000cc) – post-2015	0.02
Car large (diesel 2000–2999cc) – 2010–15	0.02
Car large (petrol PHEV 2000–2999cc) – petrol consumption – 2010–15	0.02
Car XL (diesel hybrid over 3000cc) – pre-2010	0.01



Activity	2021/22 tCO <sub>2</sub> -e
Freight shipping Ro-Ro ferry (freight, average)	0.01
Rental car medium (petrol 1600–2000cc)	0.01
Bus travel (city)	0.01
Freight rigid and articulated trucks	0.00
Paper use – default	0.00
<b>Total gross emissions</b>	<b>442.97</b>

TABLE 3: DIRECT CATEGORY EMISSIONS BY GREENHOUSE GASES IN TONNES OF CO<sub>2</sub>-e, 2021/22

Mobile combustion	Category 1 emissions
CO <sub>2</sub> (tCO <sub>2</sub> )	0
CH <sub>4</sub> (tCO <sub>2</sub> -e)	0
N <sub>2</sub> O (tCO <sub>2</sub> -e)	0
NF <sub>3</sub> (tCO <sub>2</sub> -e)	0
SF <sub>6</sub> (tCO <sub>2</sub> -e)	0
HFC (tCO <sub>2</sub> -e)	0
PFC (tCO <sub>2</sub> -e)	0
Desflurane (tCO <sub>2</sub> -e)	0
Sevoflurane (tCO <sub>2</sub> -e)	0
Isoflurane (tCO <sub>2</sub> -e)	0

TABLE 4: KEY PERFORMANCE INDICATORS (KPI) FOR FULL-TIME EQUIVALENTS (FTE) AND EXPENDITURE BY FINANCIAL YEAR

KPI	2017/18	2018/19	2019/20	2020/21	2021/22
FTE	360	414	504	659	828
Expenditure (\$m)	70.39	77.46	95.54	123.96	170.33
Total gross emissions per FTE (tCO <sub>2</sub> -e)	3.7	3.1	1.3	0.6	0.5
<b>Total gross emissions per million dollars of expenditure (tCO<sub>2</sub>-e)</b>	<b>18.81</b>	<b>16.62</b>	<b>6.91</b>	<b>2.96</b>	<b>2.60</b>









# 04

## Our finances *Kōrero pūtea*

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

### Key topics

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# Financial statements for the Ministry for the Environment

for the year ended 30 June 2022

## Performance indicators for the year ended 30 June 2022

	Unit	2021/22 Actual	2021/22 Revised Budget
<b>Operating results</b>			
Revenue: Crown	\$000	168,187	168,187
Revenue: Departmental and other	\$000	2,142	2,687
Output expenses	\$000	166,398	170,874
Gain on sale of assets	\$000	–	5
Net surplus	\$000	3,931	5
<b>Working capital</b>			
Net current assets	\$000	6,169	6,810
<b>Resource utilisation</b>			
<b>Plant and equipment</b>			
Plant and equipment at year end	\$000	1,827	2,440
Value per employee	\$000	2.21	2.51
Additions as % of plant and equipment	%	98.25	92.21
Plant and equipment as % of total assets	%	4.96	6.91
<b>Intangible assets</b>			
Intangible assets at year end	\$000	798	2,286
Value per employee	\$000	0.96	2.35
Additions as % of intangible assets	%	25.81	28.43
Intangible assets as % of total assets	%	2.16	6.48
<b>Taxpayers' funds</b>			
Level at year end	\$000	7,242	9,940
Level per employee	\$000	8.74	10.23
<b>Net cash flows</b>			
Surplus/(deficit) from operating activities	\$000	11,205	807
Surplus/(deficit) from investing activities	\$000	(1,791)	(2,895)
Surplus/(deficit) from financing activities	\$000	(5,215)	2,693
Net increase/(decrease) in cash held	\$000	4,202	605
<b>Human resources</b>			
Staff turnover	%	19.5	16
Average length of service	Years	3.0	3.0
Total staff (full-time equivalent)	No.	828	972

The content of this page is not subject to audit.

## Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Budget* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Revenue</b>					
Funding from the Crown		121,900	158,635	168,187	216,102
Other revenue	2	2,059	955	2,142	955
Gains		–	5	–	5
Total revenue		123,959	159,595	170,329	217,062
<b>Expenses</b>					
Personnel costs	3	69,289	89,086	99,910	119,345
Depreciation and amortisation expense	9, 10	1,016	1,703	1,541	1,567
Capital charge	4	312	497	362	362
Finance cost	5	62	–	–	–
Other expenses	6	48,065	68,304	64,585	95,783
Total expenses		118,774	159,590	166,398	217,057
<b>Net surplus and total comprehensive revenue and expense</b>		<b>5,215</b>	<b>5</b>	<b>3,931</b>	<b>5</b>

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

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



## Statement of financial position as at 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Budget* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	12,888	5,203	17,090	13,879
Receivables	8	16,211	12,100	16,643	16,203
Prepayments		1,518	100	504	300
Total current assets		30,617	17,403	34,237	30,382
<b>Non-current assets</b>					
Plant and equipment	9	866	2,059	1,827	4,184
Intangible assets	10	2,188	2,686	798	2,775
Total non-current assets		3,054	4,745	2,625	6,959
<b>Total assets</b>		<b>33,671</b>	<b>22,148</b>	<b>36,862</b>	<b>37,341</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	11	12,660	6,462	14,737	14,800
Return of operating surplus	12	5,215	5	3,931	5
Provisions	13	958	–	958	–
Employee entitlements	14	6,000	4,545	8,442	11,000
Total current liabilities		24,833	11,012	28,068	25,805
<b>Non-current liabilities</b>					
Employee entitlements	14	1,596	1,196	1,552	1,596
Total non-current liabilities		1,596	1,196	1,552	1,596
Total liabilities		26,429	12,208	29,620	27,401
<b>Net assets</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>9,940</b>
<b>Equity</b>					
Taxpayers' funds		7,242	9,940	7,242	9,940
<b>Total equity</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>9,940</b>

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

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

## Statement of changes in equity for the year ended 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Budget* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Balance as at 1 July</b>		<b>6,242</b>	<b>7,242</b>	<b>7,242</b>	<b>9,940</b>
Total comprehensive revenue and expenses		5,215	5	3,931	5
Return of operating surplus to the Crown	12	(5,215)	(5)	(3,931)	(5)
Capital contribution		1,000	2,698	-	-
<b>Balance as at 30 June</b>		<b>7,242</b>	<b>9,940</b>	<b>7,242</b>	<b>9,940</b>

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

## Statement of cash flows for the year ended 30 June 2022

	2020/21 Actual \$000	2021/22 Budget* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Cash flows from operating activities</b>				
Receipts from the Crown	121,846	158,635	168,187	216,102
Receipts from other revenue	1,934	955	2,674	955
Payments to suppliers	(41,518)	(69,200)	(61,977)	(96,741)
Payments to employees	(67,464)	(89,086)	(97,511)	(116,345)
Payments for capital charge	(492)	(497)	(362)	(362)
Goods and services tax (net)	(202)	–	197	–
Net cash flow from operating activities	14,508	807	11,208	3,609
<b>Cash flows from investing activities</b>				
Receipts from sale of plant and equipment	–	5	–	5
Purchase of plant and equipment	(825)	(1,400)	(1,809)	(2,900)
Purchase of intangible assets	(2,481)	(1,500)	18	(900)
Net cash flow from investing activities	(2,672)	(2,895)	(1,791)	(3,795)
<b>Cash flows from financing activities</b>				
Capital contribution received	1,000	2,698	–	–
Return of operating surplus	(3,845)	(5)	(5,215)	(5)
Net cash flow from financing activities	(2,845)	2,693	(5,215)	(186)
<b>Net increase/(decrease) in cash</b>	8,991	605	4,202	(191)
Cash at the beginning of the year	3,897	4,598	12,888	14,070
<b>Cash at the end of the year</b>	<b>12,888</b>	<b>5,203</b>	<b>17,090</b>	<b>13,879</b>

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

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

## Statement of cash flows for the year ended 30 June 2022 (continued)

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

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Net surplus</b>	<b>5,215</b>	<b>3,931</b>
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	1,016	1,541
Restoration costs	62	–
Net loss/(gain) on sale of fixed assets	–	640
Total non-cash items	1,078	2,181
<b>Add/(less) movements in statement of financial position items</b>		
(Increase)/decrease in receivables	(179)	(432)
(Increase)/decrease in prepayments	(1,429)	1,014
Increase/(decrease) in payables <sup>8</sup>	7,968	2,120
Increase/(decrease) in employee entitlements	1,855	2,394
Total net movement in working capital items	8,215	5,096
<b>Net cash flow from operating activities</b>	<b>14,508</b>	<b>11,208</b>

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

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

## Statement of commitments as at 30 June 2022

### Capital commitments

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

### Non-cancellable operating lease commitments

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

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

The total amount of future sub-lease payments expected to be received under non-cancellable sub-leases at the balance date are \$nil (2020/21: \$137,377).

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Capital commitments</b>		
Intangible assets	238	–
Total capital commitments	238	–
<b>Operating leases as lessee</b>		
<b>The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:</b>		
Not later than one year	2,534	3,474
Later than one year but not later than five years	2,472	14,371
Later than five years	–	39,659
Total non-cancellable operating lease commitments	5,006	57,504
<b>Total commitments</b>	<b>5,244</b>	<b>57,504</b>

## Statement of contingent liabilities and contingent assets as at 30 June 2022

### Contingent liabilities

#### Legal matters

There are 10 potential liabilities in relation to legal matters. Of these, seven proceedings may have potential liability of approximately \$410,000 as at 30 June 2022 (2020/21: six potential liabilities in relation to legal matters at up to \$410,000). Potential liability for the other three proceedings is unquantifiable at this time.

#### Others

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

In December 2020, the Ministry entered into an agreement with Invercargill City Council to licence an area for the storage of aluminium dross by-product in containers. This agreement included an indemnity for any losses or damage caused in the event the Ministry breaches an obligation under the Building Act. This indemnity was granted under section 65ZE of the Public Finance Act 1989, in accordance with the Public Finance (Departmental Guarantees and Indemnities) Regulations 2007, and is for a contingent liability of less than \$10 million. This agreement is no longer required and the Ministry intends to negotiate with the Council to terminate this agreement.

### Contingent assets

There were no contingent assets as at 30 June 2022 (2020/21: \$nil).



# Notes to the financial statements

## 1. Statement of accounting policies for the year ended 30 June 2022

### Reporting entity

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

In addition, the Ministry has reported on Crown activities, which it administers.

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

The financial statements of the Ministry are for the year ended 30 June 2022. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2022.

### Basis of preparation

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

### Statement of compliance

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

### Measurement base

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

### Function and presentation of currency

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

## Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in the Ministry's accounting policies since the date of the last audited financial statements.

The accrual basis of accounting has been used unless otherwise stated.

### Accounting standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

#### *PBE IPSAS 41 Financial Instruments*

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the standard.

#### *PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early adopted permitted. The Ministry has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

## Summary of significant accounting policies

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

### Budgeting and forecasting figures

The budget figures are those included in the Budget Economic and Fiscal Update (BEFU 2021) out-year 1 figures for the year ended 30 June 2022 and were published in the 2020/21 annual report.

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

The forecast figures are those included in the Estimates of Appropriations for the year ending 30 June 2023 (the forecast is 2022 Budget Economic and Fiscal Update (BEFU 2022) out-year 1 figures).

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures. The forecast financial statements were approved for issue by the Chief Executive on 12 April 2022.

Although the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2023 will not be published.

## Significant assumptions – forecast figures

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the year 2022/23. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2022/23 actual financial statements include changes to the baseline forecast through new initiatives, or technical adjustments.

The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the Mains Estimates 2022 was finalised.

The main assumptions were:

- The Ministry's activities will remain substantially the same as the previous year, based on the Government's current priorities. These priorities include the major themes of resource management, climate change policy, waste minimisation, and water management.
- Personnel costs were based on 828 full-time equivalent staff, which takes into account staff turnover.
- Operating costs were based on historical experience and various other factors that were believed to be reasonable under the circumstances.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.
- Estimated year-end information for 2021/22 was used as the opening position for the 2022/23 forecasts.

The actual financial results achieved for 30 June 2023 are likely to vary from the forecast information presented, and the variations might be material.

## Expenses

### Cost allocation

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

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

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

## Foreign currency

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

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

## Cash and cash equivalents

Cash and cash equivalents include cash on hand and funds on deposit with banks.

The Ministry is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

## Statement of cash flows

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

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

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

## Goods and Services Tax (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Income tax

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

## Critical accounting estimates and assumptions

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

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

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

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

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

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

## Commitments

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

## Contingencies

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

## Comparatives

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

## 2. Revenue

### Accounting policy

#### Revenue Crown

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

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

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

#### Revenue other

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

### Breakdown of other revenue

	2020/21 Actual \$000	2021/22 Actual \$000
Departmental	1,405	1,662
Other	654	480
<b>Total other revenue</b>	<b>2,059</b>	<b>2,142</b>

## 3. Personnel costs

### Accounting policy

#### Salaries and wages

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

#### Superannuation schemes

##### *Defined contribution schemes*

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

## Breakdown of personnel costs

	2020/21 Actual \$000	2021/22 Actual \$000
Salaries and wages	65,351	94,303
Employer contributions to defined contribution plans	1,983	2,837
ACC Levy	53	67
Net employee entitlements	1,809	2,553
Other	93	150
<b>Total personnel costs</b>	<b>69,289</b>	<b>99,910</b>

## 4. Capital charge

### Accounting policy

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

### Further information

The Ministry pays a capital charge to the Crown on its equity as at 30 June and 31 December each year.

The capital charge rate for the year ended 30 June 2022 was 5 per cent (2020/21: 5 per cent).

## 5. Finance costs

	2020/21 Actual \$000	2021/22 Actual \$000
Restoration costs (note 13)	62	-
<b>Total finance costs</b>	<b>62</b>	<b>-</b>



## 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

	2020/21 Actual \$000	2021/22 Actual \$000
Audit fees for the financial statement audit	240	328
Operating lease expenses	3,307	5,713
Advertising and publicity	770	816
Contributions and sponsorship	2,402	4,034
External resources		
Contractors and consulting fees	23,420	28,622
Advisory groups	599	853
Legal advice	1,468	2,683
Annual outsourced specialist services	6,782	6,719
Services provided by other government agencies	1,561	5,202
General and administration	3,024	3,193
Other expenses	4,492	6,422
<b>Total other expenses</b>	<b>48,065</b>	<b>64,585</b>

## 7. Cash and cash equivalents

### Accounting policy

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

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

	2020/21 Actual \$000	2021/22 Actual \$000
Cash at bank and on hand	12,888	17,090

While cash and cash equivalents as at 30 June 2022 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

## 8. Receivables

### Accounting policy

Receivables are initially measured at their face value, less an allowance for expected credit losses. 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

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Receivables from non-exchange transactions</b>		
Debtor Crown	16,053	16,053
Total receivables from non-exchange transactions	16,053	16,053
<b>Receivables from exchange transactions</b>		
Debtors other	158	590
Total receivable from exchange transactions	158	590
<b>Total receivables</b>	<b>16,211</b>	<b>16,643</b>

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

The allowance for credit losses is determined as follows:

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

30 June 2021	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	16,160	33	18	0	16,211
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 9. Plant and equipment

### Accounting policy

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

#### Additions

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

Individual assets, or 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 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. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

#### Subsequent costs

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

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

## Depreciation

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

Asset class	Useful life (years)	Depreciation rate (%)
Furniture and fittings	5–13	8.39–20.0
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 value in use.

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

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

## Breakdown of plant and equipment and further information

	Furniture and fittings \$000	Office equipment \$000	Computer hardware \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2020	2,714	365	2,691	5,770
Additions	23	32	507	562
Add: Closing work in progress	66	–	–	66
Less: Opening work in progress	–	–	(53)	(53)
Disposals	–	–	–	–
<b>Balance as at 30 June 2021</b>	<b>2,803</b>	<b>397</b>	<b>3,145</b>	<b>6,345</b>
Balance as at 1 July 2021	2,803	397	3,145	6,345
Additions	153	–	1,643	1,796
Add: Closing work in progress	79	–	–	79
Less: Opening work in progress	(66)	–	–	(66)
Disposals	–	–	(562)	(562)
<b>Balance as at 30 June 2022</b>	<b>2,696</b>	<b>397</b>	<b>4,226</b>	<b>7,592</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance as at 1 July 2020	2,686	353	2,036	5,075
Depreciation expense	17	13	374	404
Elimination on disposal	–	–	–	–
<b>Balance as at 30 June 2021</b>	<b>2,703</b>	<b>366</b>	<b>2,410</b>	<b>5,479</b>
Balance as at 1 July 2021	2,703	366	2,410	5,479
Depreciation expense	43	14	773	830
Elimination on disposal	–	–	(544)	(544)
<b>Balance as at 30 June 2022</b>	<b>2,746</b>	<b>380</b>	<b>2,639</b>	<b>5,765</b>
<b>Carrying amounts</b>				
As at 1 July 2020	28	12	655	695
As at 30 June/1 July 2021	100	31	735	866
As at 30 June 2022	223	17	1,587	1,827

### Restrictions

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

## 10. Intangible assets

### Accounting policy

#### Software acquisition and development

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

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

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

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

#### Amortisation

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

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

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

#### Impairment

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

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

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

### Critical accounting estimates and assumptions

#### Useful lives of software

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



## Breakdown of intangible assets and further information

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

	Acquired software \$000	Acquired software licences \$000	Internally generated software (others) \$000	Internally generated software (LUCAS) \$000	Total \$000
<b>Cost</b>					
Balance as at 1 July 2020	3,902	25	1,429	1,843	7,199
Additions	1,715	–	–	–	1,715
Add: Closing work in progress	451	–	–	–	451
Less: Opening work in progress	(69)	–	–	–	(69)
<b>Balance as at 30 June 2021</b>	<b>5,999</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>9,296</b>
Balance as at 1 July 2021	5,999	25	1,429	1,843	9,296
Additions	207	–	–	–	207
Add: Closing work in progress	226	–	–	–	226
Less: Opening work in progress	(451)	–	–	–	(451)
Disposals	(914)	–	–	–	(914)
<b>Balance as at 30 June 2022</b>	<b>5,067</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>8,364</b>
<b>Accumulated amortisation and impairment losses</b>					
Balance as at 1 July 2020	3,293	25	1335	1,843	6,496
Amortisation expense	558	–	54	–	612
Disposal (reversal of opening WIP)	39	–	–	–	39
<b>Balance as at 30 June 2021</b>	<b>3,890</b>	<b>25</b>	<b>1,389</b>	<b>1,843</b>	<b>7,147</b>
Balance as at 1 July 2021	3,890	25	1,389	1,843	7,147
Amortisation expense	671	–	40	–	711
Disposals	(292)	–	–	–	(292)
<b>Balance as at 30 June 2022</b>	<b>4,269</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>7,566</b>
<b>Carrying amounts</b>					
As at 1 July 2020	609	–	94	–	703
As at 30 June/1 July 2021	2,109	–	40	–	2,149
As at 30 June 2022	798	–	–	–	798

## Restrictions

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

## 11. Payables

### Accounting policy

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

### Breakdown of payables and further information

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Payables under exchange transactions</b>		
Creditors	3,598	1,355
Accrued expenses	8,450	12,574
Total payables under exchange transactions	12,048	13,929
<b>Payables under non-exchange transactions</b>		
GST payable	612	808
<b>Total payables</b>	<b>12,660</b>	<b>14,737</b>

## 12. Return of operating surplus

	2020/21 Actual \$000	2021/22 Actual \$000
Net surplus	5,215	3,931
<b>Total return of operating surplus</b>	<b>5,215</b>	<b>3,931</b>

## 13. Provisions

### Accounting policy

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

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

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

## Breakdown of provisions and further information

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Current portion</b>		
Restoration costs	958	958
<b>Total current portion</b>	<b>958</b>	<b>958</b>
<b>Non-current portion</b>		
Restoration costs	–	–
<b>Total provisions</b>	<b>958</b>	<b>958</b>

Movements for each class of provision are as follows:

	Restoration costs \$000
<b>Balance as at 1 July 2020</b>	<b>896</b>
Additional provisions made	62
Amounts used	–
Unused amounts reversed	–
<b>Balance as at 30 June 2021</b>	<b>958</b>
<b>Balance as at 1 July 2021</b>	<b>958</b>
Additional provisions made (note 5)	–
Amounts used	–
Unused amounts reversed	–
<b>Balance as at 30 June 2022</b>	<b>958</b>

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

## 14. Employee entitlements

### Accounting policy

#### Short-term employee entitlements

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

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

#### Long-term employee entitlements

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

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

#### Presentation of employee entitlements

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

#### Superannuation schemes

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

### Critical accounting estimates and assumptions

#### Long-service leave and retirement gratuities

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

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

The rates used range from 3.34 per cent to 4.29 per cent (2020/21: 0.38 per cent to 3.08 per cent) and a long-term salary growth of 3.10 per cent (2020/21: 3.08 per cent) were used. The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$130,000 higher/lower.

If the salary inflation factor were to differ by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$160,000 higher/lower.

## Breakdown of employee entitlements

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Current portion</b>		
Salary accruals	1,419	2,268
Annual leave	4,169	5,648
Long-service leave and retirement gratuities	412	526
Total current portion	6,000	8,442
<b>Non-current portion</b>		
Long-service leave and retirement gratuities	1,596	1,552
<b>Total employee entitlements</b>	<b>7,596</b>	<b>9,994</b>

## 15. Capital management

### Accounting policy

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

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

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

## 16. Related party transactions

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

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

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

## Key management personnel compensation

	2020/21 Actual	2021/22 Actual
<b>Executive Leadership Team, including the Chief Executive</b>		
Remuneration	\$2,542,218	\$3,268,197
Full-time equivalent staff	9.1	10.6

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

## 17. Events after the balance sheet date

No significant events which may impact on the results have occurred between year end and the signing of these financial statements.

## 18. Financial instruments

### Financial instrument categories

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

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	12,888	17,090
Receivables	158	590
<b>Total financial assets measured at amortised cost</b>	<b>13,046</b>	<b>17,680</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	12,048	13,929

### Financial instrument risks

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

#### Market risk

##### Currency risk

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

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

##### Fair value interest rate risk

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

### Credit risk

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

The Ministry is permitted to deposit funds only with Westpac, a registered bank. Westpac 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.

Cash and cash equivalents (note 7) and receivables (note 8) are subject to the expected credit loss model prescribed by PBE IFRS 9. The notes for these items provide relevant information on impairment.

### Liquidity risk

#### Management of liquidity risk

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

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

#### Contractual maturity analysis of financial liabilities

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

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6 months – 1 year \$000	1–5 years \$000	More than 5 years \$000
<b>2022</b>						
Payables (note 11)	13,929	13,929	13,929	–	–	–
<b>2021</b>						
Payables (note 11)	12,048	12,048	12,048	–	–	–

## 19. Explanations of major variances against budget

Explanations for major variances from the Ministry's original 2021/22 budget figures are:

### (i) Statement of comprehensive income

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Variance \$000
Revenue Crown	168,187	158,635	(9,552)
Revenue other	2,142	955	(1,187)
Personnel	99,910	89,176	(10,734)
Contribution and Sponsorship	2,718	226	(2,492)
External resources	44,078	38,102	(5,976)
Other operating costs	5,783	6,490	707



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

- a transfer of funding from 2020/21 to progress various environment related work programmes
- additional funding allocated for bringing forward and strengthening the National Policy Statement on Urban Development
- additional funding allocated in relation to the Prime Minister's Emerging Priorities Fund: Support for Biodiversity Incentives
- additional funding allocated in relation to various climate change related work programmes.

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

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

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

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

**Other expenses:** The actual expense was higher than budget resulting from increased personnel base (staff and contractors).

## (ii) Statement of financial position

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Variance \$000
Cash and cash equivalents	17,090	5,203	(11,887)
Receivables	16,643	12,100	(4,543)
Payables	14,737	6,462	(8,275)
Employee entitlements (current and non-current)	9,994	5,741	(4,253)

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

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

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

**Employee entitlements:** The higher level of employee entitlements results from the timing of the final payroll payment in the year increasing the salary accrual. Further, there is an increased annual leave and retirement/long-service provision, resulting from increasing staff in the Ministry and leave balances accruing under restricted travel under global COVID-19 conditions.

## (iii) Statement of cash flows

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Variance \$000
Receipts from the Crown	168,187	158,635	(9,552)
Receipts from revenue other	2,674	955	(1,719)
Payments to suppliers	61,977	69,200	7,223
Payments to employees	97,511	89,086	(8,425)

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

## 20. Impact of COVID-19 on the Ministry

During December 2021, the country moved from the Alert Level system to the COVID-19 Protection Framework (traffic lights) to deal with the Omicron variant outbreak.

### Impact on operations

There was minimal impact to operations as the Ministry was able to carry out services as staff were able to work remotely.

## 21. Strategic Planning Reform Board

In April 2021, the Strategic Planning Reform Board (the Board) was established as an interdepartmental executive board. Its purpose is to lead the policy development of the Spatial Planning Act, as part of the Government's resource management reforms. Operating funding of \$5 million in 2021/22 was approved for the new Spatial Planning Act appropriation.

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

### Strategic Planning Reform Board financial information

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Revenue</b>		
Funding from the Crown	603	5,000
<b>Expenses</b>		
Personnel	147	708
Contractors and consultants	229	1,591
Other operating costs	227	2,617
<b>Total costs</b>	<b>603</b>	<b>4,916</b>
<b>Assets</b>		
Cash and cash equivalents	–	84
<b>Liabilities</b>		
Provision for repayment of surplus	–	84

# Non-departmental statements and schedules

for the year ended 30 June 2022

*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 2022

	2020/21 Actual \$000	2021/22 Mains Forecast*	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Revenue</b>				
Royalties	621	750	527	750
Levies	40,897	70,500	77,604	155,500
Emissions trading	1,633,571	1,534,196	3,065,668	3,253,058
Emissions Trading Scheme penalty revenue	674	–	1,482	–
Grants refund	5,000	–	25	–
<b>Total non-departmental revenue</b>	<b>1,680,763</b>	<b>1,605,446</b>	<b>3,145,306</b>	<b>3,409,308</b>

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

Explanations of significant variances against budget are detailed in note 9.

## Schedule of non-departmental capital receipts for the year ended 30 June 2022

The Ministry on behalf of the Crown has no capital receipts (2020/21: \$nil).

## Schedule of non-departmental expenses for the year ended 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Mains Forecast* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Expenses</b>					
Grants and settlements		86,255	187,764	96,224	285,966
Promotions		800	800	800	800
Subscriptions and contributions to international forums		1,144	1,215	1,118	1,215
Crown entity funding		38,089	39,156	39,156	44,968
Levy disbursement		17,515	32,500	34,968	75,000
Allocation of New Zealand Units		875,034	843,940	1,497,992	1,586,462
Net changes in carbon price of New Zealand Units	6	1,507,166	–	4,968,303	–
Loss on sale of New Zealand Units		72,065	–	42,416	–
GST input expense		17,272	38,118	22,518	56,255
Other		1,986	1,677	9,842	1,677
<b>Total non-departmental expenses</b>		<b>2,617,326</b>	<b>1,145,170</b>	<b>6,713,337</b>	<b>2,052,343</b>

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

Explanations of significant variances against budget are detailed in note 9.

## Schedule of non-departmental assets as at 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Mains Forecast* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	2	10,535	5,918	19,337	18,344
Receivables	3	9,713	8,750	19,465	19,750
Total current assets		20,248	14,668	38,802	38,094
<b>Non-current assets</b>					
		–	–	–	–
<b>Total non-departmental assets</b>		<b>20,248</b>	<b>14,668</b>	<b>38,802</b>	<b>38,094</b>

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

Explanations of significant variances against budget are detailed in note 9.

In addition, the Ministry monitors two Crown entities: the Environmental Protection Authority and the 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.

## Schedule of non-departmental liabilities as at 30 June 2022

	Notes	2020/21 Actual \$000	2021/22 Mains Forecast* \$000	2021/22 Actual \$000	2022/23 Forecast* \$000
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	4	78,725	56,986	92,459	83,331
Provisions	6	6,053,023	5,338,510	11,692,346	11,268,200
Total current liabilities		6,131,748	5,395,496	11,784,805	11,351,531
<b>Non-current liabilities</b>					
Payables	4	99,164	93,484	93,484	87,404
Total non-current liabilities		99,164	93,484	93,484	87,404
<b>Total non-departmental liabilities</b>		<b>6,230,912</b>	<b>5,488,980</b>	<b>11,878,289</b>	<b>11,438,935</b>

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

Explanations of significant variances against budget are detailed in note 9.

## Schedule of non-departmental commitments as at 30 June 2022

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2020/21: \$nil).



# Schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2022

## Unquantifiable contingent liabilities and contingent assets

### Environmental liabilities

Under common law and various statutes, the Crown may have responsibility to remedy adverse effects on the environment arising from Crown activities.

Liabilities for contaminated sites are recognised in accordance with PBE IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets. Obligations for the clean up of contaminated sites expressed in announcements or legislation are not recognised where they are executory in nature or have not created a valid expectation in other parties that the Crown will discharge the obligation.

### New Zealand Emissions Trading Scheme

#### Post-1989 forest land

Owners of post-1989 forest land (or those with a registered interest in the forest on the land) may voluntarily become participants in the New Zealand Emissions Trading Scheme (NZ ETS), and in so doing are entitled to receive New Zealand Units (NZUs) for the increase in carbon stock in their forests.

Those landowners who have not registered their post-1989 forest land or who have deregistered from the scheme have until the end of 2022 (the third five-year period beginning 1 January 2018 to 31 December 2022) to decide whether to re-register post-1989 forest land and receive NZUs for the period beginning from 1 January 2018. If they re-register, they can claim NZUs for all the carbon stored in their forest from 1 January 2018, subject to review and approval of their applications.

Participants also have various legal obligations including the surrender of units if the carbon stocks in their registered forest areas fall below a previously reported level (eg, due to harvesting or fire). However, the surrender liability is capped at the amount of units previously received by the participant for that area of forest land (if any).

Assets and liabilities relating to the post-1989 forestry sector have only been recognised in these non-departmental statements and schedules to the extent that participants have registered in the scheme at 30 June 2022.

#### Pre-1990 forest land

Pre-1990 forest land is an area that was forest land on 31 December 1989, and that on 31 December 2007 is still forest land and is covered by predominantly exotic forest species.

Subject to various exemptions, if an area of more than two hectares of pre-1990 forest land is deforested in any five-year period from 1 January 2008, the landowner becomes a mandatory participant in the NZ ETS. The landowner must submit an emissions return and either surrender units or pay cash at a rate of \$25 per NZU for emissions resulting from deforestation occurred up to 2019 and \$35 per unit for emissions resulting from deforestation in 2020.

At 30 June 2022, there may be some deforestation which has not yet been reported to the Crown.

#### Reimbursement of excess New Zealand Units surrendered to the Crown

There may be potential liability of reimbursing New Zealand Emission Units to participants who have surrendered units in excess of their obligations. The extent of potential liability is unknown and unquantifiable at this time.

## Quantifiable contingent liabilities

### Sand royalties

Customary marine title holders under the Marine Coastal Area (Takutai Moana) Act 2011 could have payments issued to them retrospectively with regard to sand and shingle royalties if the royalty is taken in the customary marine title area. The amount could be between \$500,000 and \$2 million (2020/21: between \$500,000 and \$2 million).

The Ministry on behalf of the Crown has no other contingent liability or assets (2020/21: \$nil).

# Notes to the non-departmental statements and schedules

## 1. Statement of accounting policies for the year ended 30 June 2022

### Reporting entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government. For 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 2022.

### Basis of preparation

These non-departmental statements and schedules have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury instructions and Treasury circulars.

Measurements and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

### Function and presentation of currency

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

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

PBE IPSAS 41 Financial Instruments replaces PBE IFRS 9 Financial Instruments and is effective for year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the standard for the non-departmental statements.

### Summary of significant accounting policies

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accrual basis of accounting has been used unless otherwise stated.

### Budgeting and forecasting figures

The budget figures are those included in the Budget Economic and Fiscal Update (BEFU 2021) out-year 1 figures for the year ended 30 June 2022 and were published in the 2020/21 annual report.

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

The Budget 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 2021 forecast. Similarly, the liability provision for the NZ ETS was valued using market prices per carbon unit at the time of Budget forecast. Budget (mains forecast) figure for the appropriation of Allocation of New Zealand Units is based on NZ\$50 per carbon unit and the budget (revised forecast) figure for the appropriation of Allocation of New Zealand Units is based on NZ\$100 per carbon unit to mitigate the risk of breaching the appropriation.

The forecast figures are those included in the Budget Economic and Fiscal Update (BEFU 2022 forecast) out-year 1 figures for the year ending 30 June 2023 except for the figures used in these statements and schedules for the NZ ETS surrender of units and allocation of NZUs. These are valued using market prices per carbon unit at the time of BEFU 2022 forecast. Similarly, the liability provision for the NZ ETS is valued using market prices per carbon unit at the time of BEFU 2022 forecast. The forecast figure for the appropriation of Allocation of New Zealand Units was valued at NZ\$100 per carbon unit.

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

The forecast figures contained in these financial statements reflects the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the 2022/23 financial year. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2022/23 actual financial statements include changes to the baseline forecast through new initiatives, or technical adjustments.

## New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (NZ ETS) is New Zealand's primary response to global climate change. It puts a price on greenhouse gases to provide an incentive to reduce emissions, invest in energy efficiency, and plant trees.

The purpose of the scheme is to help reduce New Zealand's emissions to below business-as-usual levels and help New Zealand meet its international obligations under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. This is achieved by establishing a price on emissions, which creates a financial incentive for emitters to reduce their emissions.

In operation since 2008, the mandatory NZ ETS currently covers emissions from forestry, stationary energy, industrial processes, and liquid fossil fuels, which are collectively responsible for roughly 50 per cent of New Zealand's emissions. Emissions from waste are covered by the NZ ETS from 2013, while emissions from synthetic gases are covered by the NZ ETS or a levy from 2013. Since 1 January 2012, the agricultural sector has had mandatory reporting obligations under the NZ ETS.

The New Zealand Emissions Trading Scheme 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 emission units to account for their direct greenhouse gas emissions or the emissions associated with their products.

Detailed information can be found on the [Ministry for the Environment's website](#).

The Ministry collects forecast information in relation to the allocation and surrender of units from different agencies:

- The Ministry for Primary Industries provides information on post-1989 and Permanent Forest Sink Initiative allocation, deforestation, and deregistration forecast.
- The Ministry of Business, Innovation and Employment provides information for surrender of units for Liquid fossil fuels and Stationary energy and industrial processes.
- The Environmental Protection Authority provides information on allocation of units to industrial sectors and other removable activities.
- The Ministry for the Environment provides surrender forecast for Synthetic Greenhouse Gases (SGG) and the Waste sectors; and allocation forecast for SGG, Waste sectors, and the Negotiated Greenhouse Agreements.

The Climate Change Response (Emission Trading Reform) Amendment Act 2020 introduced auctioning in the NZ ETS, to align the supply of units in the scheme with New Zealand's emission reduction targets. The first auction took place in March 2021, with auctions occurring on a quarterly basis. The units allocated to the market through the auctioning process increases the overall ETS provision in-line with the general ETS accounting treatment. Further information on the auctioning process can be found on the Ministry's website.

## Revenue

The Ministry collects revenue on behalf of the Crown. This revenue includes the Waste Disposal Levy which is legislated under the Waste Minimisation Act 2008, the Synthetic Greenhouse Gas Levy under the Climate Change Response Act 2002, and the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013, and from the surrender of units under the New Zealand Emissions Trading Scheme (NZ ETS).

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

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

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

## Expenses

### Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry has no obligation to award on receipt of the grant application.

For discretionary grants without substantive conditions, the total committed funding over the life of the funding agreement is recognised as expenditure when the grant is approved by the relevant committee or body and the approval has been communicated to the applicant – for example, Environmental Legal Assistance.

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

### Allocation of New Zealand Units under the NZ ETS

Expenses (including accruals) arising from the allocation of NZUs under the NZ ETS are recognised as follows:

- For NZUs issued as one-off compensation (such as the pre-1990 forestry allocation), expenditure is recognised at the point that the participant has provided all relevant information to the Government to show they have met the criteria and rules for the issue of NZUs and are entitled to them under the NZ ETS.
- For NZUs issued for carbon sequestration (such as post-1989 forestry) or as annual compensation for NZ ETS costs (such as the industrial allocation), expenditure is recognised when the carbon is sequestered (based on forecasts of sequestration for registered participants in the scheme at each reporting date) or as the emissions compensated by the industrial allocation occur.

The methodology used to approximate the price at the date of each transaction is the lower of the monthly average NZU price and the spot NZU price at the end of each month.

### Levy disbursement

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

### Settlement expenditure

An expense and an associated provision are recognised for settlement agreements with Waikato River iwi and other iwi on the initialling of the deeds of settlement by the Crown and the relevant iwi.

### Foreign exchange

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental revenue or expenses.

### Goods and Services Tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with the Treasury instructions, GST is returned on revenue received on the behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

### Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into as at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

### Contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

### Critical accounting estimates and assumptions

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

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

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

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

Note 6 provides the key assumptions used in determining the provision for the allocation of NZUs.

## 2. Cash and cash equivalents

### Accounting policy

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.

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

	2020/21 Actual \$000	2021/22 Actual \$000
Cash at bank and on hand	10,535	19,337

While cash and cash equivalents as at 30 June 2022 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

### 3. 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

	2020/21 Actual \$000	2021/22 Actual \$000
Receivables	6,002	13,167
Fines and penalties receivable	379	347
Accrued revenue	3,332	5,951
<b>Total receivables – non-exchange</b>	<b>9,713</b>	<b>19,465</b>

The expected credit loss rates for receivables as at 30 June 2022 and 30 June 2021 are based on the payment profile of revenue on credit over the prior 12 months at the measurement date and the corresponding historical credit losses experienced for that period. Judgement is also applied to determine whether historical loss rates are expected to continue, and any adjustment to the loss rates due to current and forward-looking macroeconomic factors that might affect the recoverability of receivables.

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



The allowance for credit losses as at 30 June 2022 and 30 June 2021 was determined as follows:

30 June 2022	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	19,431	0	0	8,597	28,028
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,563</b>	<b>8,563</b>

30 June 2021	Receivable days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	9,334	330	0	49	9,713
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The movement in the allowance for credit losses is as follows:

	2020/21 Actual \$000	2021/22 Actual \$000
Opening allowance for credit losses as at 1 July	–	–
Increase in loss allowance made during the year	–	8,563
Receivables written off during the year	–	(8,563)
<b>Balance as at 30 June</b>	<b>–</b>	<b>–</b>

## 4. Payables

### Accounting policy

Short-term payables are recorded at the amount payable.

### Breakdown of payables and further information

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Current payables are represented by:</b>		
Waikato River Co-management	5,709	5,711
Waikato River Clean-up Fund	6,905	6,908
Te Pou Tupua	590	590
Transitional Support for Local Government and Iwi	4,647	3,759
GST payable	506	988
Other payables	60,368	74,503
Total current portion	78,725	92,459
<b>Non-current payables are represented by:</b>		
Waikato River Co-management	27,950	24,968
Waikato River Clean-up Fund	69,583	66,984
Te Pou Tupua	1,631	1,532
Total non-current portion	99,164	93,484
<b>Total payables – non-exchange</b>	<b>177,889</b>	<b>185,943</b>

The carrying value of payables approximates their fair value.

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

### Recognition of future discounted cash flows for the Waikato River Funds

	Payables				Total
	2022–23 \$000	2024–28 \$000	2029–33 \$000	2034–38 \$000	\$000
<b>Co-management</b>					
Nominal	6,000	25,000	8,000	–	39,000
Discount	(289)	(5,186)	(2,846)	–	(8,321)
<b>Recognised</b>	<b>5,711</b>	<b>19,814</b>	<b>5,154</b>	<b>–</b>	<b>30,679</b>
<b>Clean up</b>					
Nominal	7,333	36,665	36,665	36,674	117,337
Discount	(425)	(7,610)	(14,959)	(20,451)	(43,445)
<b>Recognised</b>	<b>6,908</b>	<b>29,055</b>	<b>21,706</b>	<b>16,223</b>	<b>73,892</b>

The table above reconciles the cash outflows that will occur over the next 16 years.

**Recognition of future discounted cash flows for the Whanganui River Funds**

	<b>Payables</b>				<b>Total</b>
	<b>2022-23 \$000</b>	<b>2026-30 \$000</b>	<b>2031-34 \$000</b>	<b>2034-35 \$000</b>	<b>\$000</b>
<b>Te Pou Tupua</b>					
Nominal	600	1,000	1,000	200	2,800
Discount	(10)	(191)	(344)	(96)	(678)
<b>Recognised</b>	<b>590</b>	<b>809</b>	<b>456</b>	<b>104</b>	<b>2,122</b>

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

**5. Financial instruments**

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

	<b>2020/21 Actual \$000</b>	<b>2021/22 Actual \$000</b>
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	10,535	19,337
Receivables (excludes fines and penalties receivable)	9,334	19,118
Total financial assets measured at amortised cost	19,869	38,455
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	177,383	184,955

**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 net receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Cash and cash equivalents (note 2) and receivables (note 3) are subject to the expected credit loss model prescribed by PBE IFRS 9. The notes for these items provide relevant information on impairment.

## 6. Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

The provision for the allocation of NZ Units is remeasured using the current spot price at each reporting date.

	2020/21 Actual \$000	2021/22 Actual \$000
<b>Current portion</b>		
Allocation of New Zealand Units	6,053,023	11,692,346
<b>Total current portion</b>	<b>6,053,023</b>	<b>11,692,346</b>
<b>Non-current portion</b>	–	–
<b>Total provisions</b>	<b>6,053,023</b>	<b>11,692,346</b>

	Allocation of New Zealand Units \$000
<b>Balance as at 1 July 2020</b>	<b>3,803,735</b>
Additional provisions made	1,244,109
Amounts used	(574,053)
(Gains)/losses	1,579,232
<b>Balance as at 30 June 2021</b>	<b>6,053,023</b>
Balance as at 1 July 2021	6,053,023
Additional provisions made	3,656,019
Amounts used	(3,027,415)
(Gains)/losses	5,010,719
<b>Balance as at 30 June 2022</b>	<b>11,692,346</b>

### Provision for NZ ETS credits

	2020/21 Units in million	2020/21 Amount in \$million	2021/22 Units in million	2021/22 Amount in \$million
Opening provision	118.5	3,804	139.3	6,053
Auctioned units	9.5	369	33.2	2,158
Use of fixed price option	29.0	1,059	1.0	30
Allocated units	23.3	875	20.5	1,498
Surrendered units	(41.0)	(1,633)	(40.2)	(3,066)
Revaluation (gains)/losses	–	1,579	–	5,011
Other adjustments	–	–	0.1	8
<b>Closing provision</b>	<b>139.3</b>	<b>6,053</b>	<b>153.9</b>	<b>11,692</b>

The revenue and expenses reported under the ETS Scheme are as follows:

	Revenue: Units surrendered				Expenses: Units allocated			
	2020/21		2021/22		2020/21		2021/22	
	Units in millions	\$ millions	Units in millions	\$ millions	Units in millions	\$ millions	Units in millions	\$ millions
Liquid Fossil Fuels	18.4	731	18.4	1,400	–	–	–	–
Stationery Energy and Industrial Processes	19.5	779	18.8	1,433	11.0	411	–	620
Waste	1.1	45	0.9	71	–	–	–	–
Forestry	2.0	78	2.1	162	11.6	437	12.0	878
Conversion of AAUs to NZUs	–	–	–	–	0.7	27	–	–
<b>Total</b>	<b>41.0</b>	<b>1,633</b>	<b>40.2</b>	<b>3,066</b>	<b>23.3</b>	<b>875</b>	<b>20.5</b>	<b>1,498</b>

### Allocation of New Zealand Units

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 NZ Unit) which the Government can allocate freely or sell to entities. The allocation of NZ Units (including auctioned units) creates a provision. An expense is recognised in relation to the allocation of free units. The provision is reduced, and revenue recognised, as NZ Units are surrendered to the Crown by emitters. Emitters can also use the fixed price option of \$25 per unit for emissions occurred up to 2019 and \$35 per unit for emissions occurred in 2020 to settle their emission obligation.

The Ministry has classified the provision for allocation of NZ Units 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 ETS activity, expected recovery/settlement is expected to occur as follows:

- within 12 months: \$3,285.480 million (2020/21: \$1,726.964 million)
- after more than 12 months: \$8,406.866 million (2020/21: \$4,326.059 million).

The carbon price of NZ\$76 (2020/21: NZ\$43.45) has been used to value NZ Units. This price is determined based on the current quoted NZ Units spot price at the end of the reporting date published by Jarden Securities Limited and reported on their Jarden CommTrade carbon website. Details of current climate change policies are listed at on the [Ministry for the Environment's website](#).

### New Zealand's 2012 target under the Kyoto Protocol

New Zealand fully complied with its first commitment period (CP1) commitments under the Kyoto Protocol, including its 2012 emissions reduction target.

### New Zealand's 2020 target under the UNFCCC

Although New Zealand chose to take its 2020 emissions reduction target under the United Nations Framework Convention on Climate Change (UNFCCC) rather than the Kyoto Protocol, we decided to apply the Kyoto Protocol rules to account for it. This is to ensure transparency and consistency with our previous target.

New Zealand's 2020 target is to reduce gross greenhouse gas emissions to 5 per cent below 1990 levels for the period 2013 to 2020. Progress towards meeting our international emissions reduction targets is kept track of by updating our net position each year. The latest net position update is based on New Zealand's Greenhouse Gas Inventory (1990–2020) (the 2022 Inventory), which covers the period from 1990 to 2020. This means we have inventory data and unit information to work out whether we will meet our 2020 target.

Based on the 2022 Inventory:

- New Zealand's gross emissions for the 2013–20 period were 639.6 million tonnes carbon dioxide equivalent (Mt CO<sub>2</sub>-e)
- forestry activities removed 123.3 Mt CO<sub>2</sub>-e from the atmosphere over the 2013–20 period
- New Zealand's net emissions are 1.03 per cent higher than the carbon budget available after accounting for forestry activities.

The difference required to meet the 2020 target will be made up of 6.5 million international units retained from CP1. This will leave a surplus of 21.5 million CP1 units.

Note: The 2022 inventory submission is yet to go through the formal United Nations Framework Convention on Climate Change expert review process. Until then, the findings in this update on New Zealand's target achievement are provisional.

### New Zealand's 2030 target under the Paris Agreement

At the Glasgow COP26 Conference in November 2021, the Government strengthened New Zealand's Nationally Determined Contribution (NDC) to reduce greenhouse gas emissions over the 2021–30 period to a target of a 50 per cent reduction in net emissions from 2005 levels. As there is no enforceable obligation in the Paris Agreement to enforce the achievement of the NDC, no liability is recognised in these financial statements as at 30 June 2022.

The Government has affirmed that the NDC is to be met with a combination of reductions in domestic net emissions using the NZ ETS, other complementary domestic policies, and offshore mitigation. The Climate Change Commission has estimated that approximately 99 Mt CO<sub>2</sub>-e of offshore mitigation will be needed, in addition to planned domestic reductions to meet the NDC target. There is considerable uncertainty around this estimate and the opportunities and costs associated with offshore mitigation in the years up to 2030. The Government is exploring options to source offshore mitigation with environmental integrity, and which prioritises partnering with countries in the Asia-Pacific region in ways that promote sustainable development outcomes and resilience. The feasibility of linking the NZ ETS to international markets with environmental integrity is also being explored.

New Zealand will formally confirm details of the 2021–30 emissions budget calculations together with the accounting rules it will apply as part of the first biennial transparency report to be submitted under the Paris Agreement in 2024.

## 7. Events after the balance sheet date

The price of the New Zealand Unit (NZU) has increased to \$86.80 per carbon unit as at 31 August 2022. This increase has effect on the Allocation of New Zealand Units provision which has increased to \$13,354 million from \$11,692 million.

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

## 8. Memorandum account for the Waste Minimisation Fund

	2020/21 Actual \$000	2021/22 Actual \$000
Provision for statutory information		
Balance as at 1 July	44,060	42,933
Revenue from waste levy collection	35,112	70,101
Expenses	(36,239)	(55,321)
<b>Balance as at 30 June</b>	<b>42,933</b>	<b>57,713</b>

The memorandum account records the Waste Disposal Levy collected which has not been spent to date. As at 30 June 2022, the Waste Minimisation Fund has \$15 million commitments to be paid on delivery of projects. The revenue represents the levy that is collected by waste disposal facilities. The expenses represent the disbursement of the received levy to territorial authorities, the Waste Minimisation Fund, and the administration cost incurred by the Ministry. The disbursements of the levy to territorial authorities and the Waste Minimisation Fund are included as part of the non-departmental schedules of revenue and expenses.

## 9. 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

	2021/22 Actual \$000	2021/22 Mains Forecast \$000	2021/22 Variance \$000
Levies	77,604	70,500	7,104
Emissions trading	3,065,668	1,534,196	1,531,472

**Levies:** Levies include the revenue collected from the waste disposal landfill facility operators and the Synthetic Greenhouse Gas Levy collected by Waka Kotahi NZ Transport Agency.

The revenue collected from the Waste Disposal Levy was higher than mains forecast due to increased activity reported by landfill facility operators.

**Emissions trading:** The actual revenue from surrendering units under the New Zealand Emissions Trading Scheme from emitters was higher than mains forecast primarily due to an increase in the price of New Zealand Units. This was partially offset by lower than forecast units surrendered by the industrial and forestry sectors.

### (ii) Schedule of non-departmental expenses

	2021/22 Actual \$000	2021/22 Mains Forecast \$000	2021/22 Variance \$000
Grants and settlements	96,224	187,754	(91,530)
Allocations of New Zealand Units	1,497,992	843,940	654,052
Net changes in carbon price of New Zealand Units	4,968,303	-	4,968,303
Loss on sale of New Zealand Units	42,416	-	42,416

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

- **Contestable Waste Minimisation Fund:** Expenditure was lower than mains forecast due to projects experiencing delays. Further, each year there is a time lag between the Waste Disposal Levy and the funding round opening. Baseline updates are used to match expected spend over the forecast period, once it is known following the funding round.
- **Contaminated Sites Remediation Fund:** Expenditure was lower than mains forecast due to projects experiencing delays because of significant weather events and seasonal climate conditions. Further, the process of negotiating contracts for projects taking longer time than anticipated. An expense transfer of funding from 2021/22 to 2022/23 is sought to ensure each project has sufficient funds to complete their programme of work.
- **Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme:** No expenditure was incurred in this appropriation against the mains forecast because actual deliverables for the project were lower than anticipated for the 2021/22 financial year.
- **Freshwater Improvement Fund:** Expenditure was lower than mains forecast. These are large scale environmental projects that can be susceptible to delays because of external factors such as significant weather events and seasonal climate conditions, contractual obligations, and supplier/contractor availability.



- **Waste Minimisation and Resource Recovery Initiatives:** Expenditure was lower than mains forecast due to projects experiencing delays. An expense transfer of funding from 2021/22 to 2022/23 is sought to ensure each project has sufficient funds to complete their programme of work.
- **Kaipara Moana Remediation:** Expenditure was lower than mains forecast due to projects experiencing delays due to COVID-19. Underspend from the funding provided to the Northland Regional Council in 2020/21 was carried forward to manage and fund the 2021/22 work programme. This is a multi-year appropriation; total expenditure will be managed over the five-year period.

**Allocation of New Zealand Units:** Expenditure for Allocation of New Zealand Units was higher than mains forecast primarily due to an increase in the price of New Zealand Units. This was partially offset by lower than forecast units allocated to Industrial and Other removal sectors.

**Net changes in carbon price of New Zealand Units:** The actual expense recognised is in relation to changes in carbon price of New Zealand Units. These changes are considered as a remeasurement under the Public Finance Act 1989 and do not require appropriation.

**Loss on sale of New Zealand Units:** The actual expenditure was higher than mains forecast due to some participants using the fixed price option for surrendering units.

### (iii) Schedule of non-departmental assets

	2021/22 Actual \$000	2021/22 Mains Forecast \$000	2021/22 Variance \$000
Cash and cash equivalents	19,337	5,918	13,419
Receivables	19,465	8,750	10,715

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

**Receivables:** The higher level of receivables primarily relates to the Waste Disposal Levy to be received from the landfill facility operators. This is due to the increase in waste levy from \$10 to \$20 per tonne from 1 July 2021.

### (iv) Schedule of non-departmental liabilities

	2021/22 Actual \$000	2021/22 Mains Forecast \$000	2021/22 Variance \$000
Payables	185,943	150,470	35,473
Provisions	11,692,346	5,338,510	6,353,836

**Payables:** The actual payables were higher than mains forecast due to higher than anticipated accruals for both grants and settlements.

**Provisions:** Provisions relate to New Zealand Emissions Trading Scheme Units. This was higher than mains forecast mainly due to increase in the price of New Zealand Units. The market price of the unit increased to \$76 at 30 June 2022 from \$43.45 at 30 June 2021. Further, higher than expected units were sold through the auction and lower than forecast units were surrendered by the industrial and forestry sectors.

## 10. Impact of COVID-19

The COVID-19 pandemic did not have a significant financial impact on the non-departmental statements and schedules.

# Statement of expenses and capital expenditure

for the year ended 30 June 2022

*The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2022.*

# Statement of budgeted and actual expenses and capital expenditure incurred against appropriations for the year ended 30 June 2022

## Annual and permanent appropriations for Vote Environment

	2020/21 Expenditure \$000	2021/22 Budget* \$000	2021/22 Revised Budget* <sup>9</sup> \$000	2021/22 Expenditure <sup>10</sup> \$000	2022/23 Forecast* \$000	Location of end-of-year performance information <sup>11</sup>
<b>Departmental output expenses</b>						
Climate Change Chief Executives Board	–	–	–	–	4,171	1
Improving New Zealand's Environment	86,347	127,855	126,450	123,669	154,825	1
Managing Climate Change in New Zealand	25,000	25,829	29,655	28,751	48,455	1
Strategic Planning Reform	–	–	5,000	4,916	3,700	1
<b>Total departmental output expenses</b>	<b>111,347</b>	<b>153,684</b>	<b>161,115</b>	<b>157,336</b>	<b>211,151</b>	
<b>Departmental capital expenditure</b>						
Capital Expenditure – Permanent Legislative Authority under section 24(1) of the Public Finance Act 1989	2,672	2,900	3,325	1,793	2,900	1
<b>Total departmental capital expenditure</b>	<b>2,672</b>	<b>2,900</b>	<b>3,325</b>	<b>1,793</b>	<b>2,900</b>	
<b>Non-departmental output expenses</b>						
Administration of New Zealand Units held on Trust	177	177	177	177	177	5
Climate Change Commission Advisory and Monitoring Function	9,415	12,486	12,486	12,486	15,532	3
Contaminated Sites Remediation Fund	8,036	6,817	5,550	5,234	8,630	2
Emissions Trading Scheme	6,789	6,515	6,515	6,515	7,021	4
Environmental Protection Authority Functions	21,885	20,155	20,155	20,155	22,415	4
Environmental Training Programmes	1,900	1,900	1,900	1,900	1,900	5

9. This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

10. Departmental appropriations amounts exclude remeasurement of \$311,494 (2020/21: \$198,800).

11. The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

1. The Ministry's annual report.
2. To be reported by the Minister for the Environment in a report appended to this annual report.
3. To be reported by the Climate Change Commission in their annual report.
4. To be reported by the Environmental Protection Authority in their annual report.
5. No reporting due to an exemption obtained under section 15D of the Public Finance Act.

	2020/21 Expenditure \$000	2021/22 Budget* \$000	2021/22 Revised Budget** \$000	2021/22 Expenditure <sup>10</sup> \$000	2022/23 Forecast* \$000	Location of end-of-year performance information <sup>11</sup>
Promotion of Sustainable Land Management	800	800	800	800	800	5
Water science and economics	1,866	1,500	1,834	1,170	1,500	5
<b>Total non-departmental output expenses</b>	<b>50,868</b>	<b>50,350</b>	<b>49,417</b>	<b>48,437</b>	<b>57,975</b>	
<b>Non-departmental other expenses</b>						
Allocation of New Zealand Units	875,034	1,143,550	2,173,100	1,497,992	2,090,200	2
Climate Change Development Fund	300	300	300	300	300	5
Environmental Legal Assistance	651	600	600	600	600	5
Exclusive Economic Zone Major Prosecutions Fund	-	-	500	-	-	5
Framework Convention on Climate Change	154	170	170	153	170	5
Fresh Start for Fresh Water: Waikato River Clean-up Fund	4,902	4,736	4,736	4,736	4,540	5
Impairment of Debt relating to Climate Change Activities	-	147,000	147,000	8,563	147,000	5
Impairment of Debt relating to Environment Activities	-	1,500	1,500	-	1,500	5
International Subscriptions	142	152	152	133	152	5
Loss on Sale of New Zealand Units	72,065	19,000	190,000	42,416	50,000	5
Te Pou Tupua	106	101	101	101	95	5
Transitional Support for Local Government and Iwi	641	-	996	996	-	5
United Nations Environment Programme	548	593	593	532	593	5
Waikato River Co-governance	1,195	910	910	910	910	5
Waikato River Co-management	2,202	2,021	2,021	2,021	1,822	5
<b>Total non-departmental other expenses</b>	<b>957,940</b>	<b>1,320,633</b>	<b>2,522,679</b>	<b>1,559,453</b>	<b>2,297,882</b>	
<b>Non-departmental capital expenditure</b>						
Capital Contribution to the Environmental Protection Authority	1,112	268	268	268	1,800	4
Climate Change Commission: Capital Contribution	-	-	-	-	960	3
<b>Total non-departmental capital expenditure</b>	<b>1,112</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>2,760</b>	

	2020/21 Expenditure \$000	2021/22 Budget*	2021/22 Revised Budget* <sup>9</sup> \$000	2021/22 Expenditure <sup>10</sup> \$000	2022/23 Forecast* \$000	Location of end-of-year performance information <sup>11</sup>
<b>Multi-category appropriations (MCA)</b>						
<b>Waste Minimisation MCA</b>	<b>36,239</b>	<b>59,203</b>	<b>75,000</b>	<b>55,321</b>	<b>162,933</b>	
<b>Departmental output expenses</b>						
Waste Minimisation Administration	7,397	5,906	9,759	9,062	5,906	1
<b>Non-departmental output expenses</b>						
Contestable Waste Minimisation Fund	11,327	20,797	27,741	11,291	82,027	2
<b>Non-departmental other expenses</b>						
Waste Disposal Levy Disbursements to Territorial Local Authorities	17,515	32,500	37,500	34,968	75,000	2
<b>Waste and Resource Recovery (MCA)</b>	<b>18,701</b>	<b>63,239</b>	<b>23,897</b>	<b>19,764</b>	<b>45,000</b>	
<b>Non-departmental output expenses</b>						
Waste Minimisation and Resource Recovery Initiatives	18,701	63,229	23,887	19,764	44,990	2
<b>Non-departmental other expenses</b>						
Fair value write-down of loans	–	10	10	–	10	
<b>Total multi-category appropriations</b>	<b>54,940</b>	<b>122,442</b>	<b>98,897</b>	<b>75,085</b>	<b>207,933</b>	
<b>Total annual and permanent appropriations</b>	<b>1,178,879</b>	<b>1,650,277</b>	<b>2,835,701</b>	<b>1,842,372</b>	<b>2,780,601</b>	

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

## Remeasurement

In 2021/22, the Crown has reported a remeasurement loss of \$4,968 million in relation to the provision of the allocation of New Zealand Units under the Emissions Trading Scheme (2020/21: \$1,507 million).

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

## Statement of budgeted and actual expenses and capital expenditure incurred against appropriations for the year ended 30 June 2022 (continued)

### Details of multi-year appropriations

#### Community Environment Fund

On 1 July 2020, a multi-year appropriation, Community Environment Fund was established in Vote Environment, non-departmental output expense for strengthening partnerships, raising environmental awareness and encouraging participation in environmental initiatives in the community. This appropriation expires on 30 June 2025.

	2021/22 Revised Budget* \$000	2021/22 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Community Environment Fund		
Cumulative expenses to 1 July	2,530	2,530
Current year expenses	2,902	2,739
Cumulative expenses to 30 June	5,432	5,269
Remaining appropriation	6,216	6,379
<b>Total appropriation</b>	<b>11,648</b>	<b>11,648</b>

#### Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme\*\*

On 1 July 2020, 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 2020. This appropriation is established for maintaining and improving the water quality of the Rotorua Lakes. This appropriation expires on 30 June 2025.

	2021/22 Revised Budget* \$000	2021/22 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme		
Cumulative expenses to 1 July	1,000	1,000
Current year expenses	5,391	-
Cumulative expenses to 30 June	6,391	1,000
Remaining appropriation	10,836	16,227
<b>Total appropriation</b>	<b>17,227</b>	<b>17,227</b>

## Freshwater Improvement Fund\*\*

On 1 July 2020, a multi-year appropriation, Freshwater Improvement Fund was established in Vote Environment, non-departmental output expense for initiatives that contribute to managing New Zealand's freshwater bodies within environmental limits. This appropriation expires on 30 June 2025.

	2021/22 Revised Budget* \$000	2021/22 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Freshwater Improvement Fund</b>		
Cumulative expenses to 1 July	23,723	23,723
Current year expenses	53,080	39,820
Cumulative expenses to 30 June	76,803	63,543
Remaining appropriation	217,978	231,238
<b>Total appropriation</b>	<b>294,781</b>	<b>294,781</b>

## Kaipara Moana Remediation\*\*

On 1 July 2020, a multi-year appropriation, Kaipara Moana Remediation was established in Vote Environment, non-departmental output expense for remediating Kaipara Moana by halting degradation and working towards more productive, sustainable, and high value use of land within the Kaipara catchment. This appropriation expires on 30 June 2025.

	2021/22 Revised Budget* \$000	2021/22 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Kaipara Moana Remediation</b>		
Cumulative expenses to 1 July	9,638	9,638
Current year expenses	20,000	50
Cumulative expenses to 30 June	29,638	9,688
Remaining appropriation	70,362	90,312
<b>Total appropriation</b>	<b>100,000</b>	<b>100,000</b>



## Te Mana o te Wai\*\*

On 1 July 2020, a multi-year appropriation, Te Mana o te Wai was established in Vote Environment, non-departmental output expense for helping Māori improve the quality of freshwater bodies, whose health is integral to the social, cultural, economic and environmental wellbeing of communities. This appropriation expires on 30 June 2025.

	2021/22 Revised Budget* \$000	2021/22 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Te Mana o te Wai		
Cumulative expenses to 1 July	–	–
Current year expenses	6,000	6,062
Cumulative expenses to 30 June	6,000	6,062
Remaining appropriation	24,000	23,938
<b>Total appropriation</b>	<b>30,000</b>	<b>30,000</b>

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

\*\* The year-end information for the above multi-year appropriation is reported by the Minister for the Environment in a report appended to this annual report.

## **Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority for the year ended 30 June 2022**

In the 2021/22 financial year, there were no instances of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority (2020/21: \$nil).

## **Statement of expenses and capital expenditure incurred outside of scope of an appropriation and without other authority for the year ended 30 June 2022**

In the 2021/22 financial year, there were no instances of expenses and capital expenditure incurred outside of the scope of an appropriation and without other authority (2020/21: \$nil).

All other expenses in relation to the activities of, or appropriations administered by, the Ministry during 2021/22 were within appropriation.

## **Statement of departmental capital injections for the year ended 30 June 2022**

The Ministry has not received any capital injection for the year ended 30 June 2022 (2020/21: \$1 million).

## **Statement of departmental capital injections without, or in excess of, authority for the year ended 30 June 2022**

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

## Statement of responsibility

I am responsible, as Chief Executive of the Ministry for the Environment (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in this annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Ministry;
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2022 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2023 and its operations for the year ending on that date.



Vicky Robertson  
Chief Executive

30 September 2022

# Independent Auditor's Report

*To the readers of Ministry for the Environment's annual report for the year ended 30 June 2022*

The Auditor-General is the auditor of Ministry for the Environment (the Ministry). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 110 to 137 and 166, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2022 on pages 54 to 89, 91 to 93, 98, 99, 101 and 102;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2022 on pages 159 to 165; and
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 139 to 157 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022;
  - the schedules of expenses; and revenue for the year ended 30 June 2022; and
  - the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- the financial statements of the Ministry on pages 110 to 137 and 166:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Ministry on pages 54 to 89, 91 to 93, 98, 99, 101 and 102:
  - presents fairly, in all material respects, for the year ended 30 June 2022:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 159 to 165 are presented fairly, 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 on pages 139 to 157 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022; and
  - expenses; and revenue for the year ended 30 June 2022.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions**

The Ministry has chosen to include a measure of New Zealand's greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Environmental outcome 1: Greenhouse gas emissions decrease on pages 75 and 76 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Chief Executive for the information to be audited**

The Chief Executive is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent 2020-2025, the relevant Estimates and Supplementary Estimates of Appropriations 2021/22, and the 2021/22 forecast financial figures included in the Ministry's 2020/21 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 175, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: Code of Ethics for Assurance Practitioners 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.



**Rehan Badar**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand









**05**

# **Strategic Planning Reform Board Annual Report 2021/22**

*Interdepartmental executive  
board report on performance  
in 2021/22.*

# Strategic Planning Reform Board

## Annual Report 2021/22

### Background

The Strategic Planning Reform Board (the Board) was established as an interdepartmental executive board through an Order in Council under the Public Service Act 2020 that came into effect on 29 April 2021. Its purpose is to lead the policy development of the Spatial Planning Act (SPA), as part of the Government's resource management reforms.

The SPA will help integrate decision-making under several statutory frameworks and will directly affect a range of portfolios. Recognising that a cross-agency response would be essential to develop the SPA, Cabinet agreed on a remit for the Board across the following agencies:

- **Ministry for the Environment**
- **Ministry of Housing and Urban Development**
- **Ministry of Transport**
- **Department of Internal Affairs**
- **Department of Conservation**
- **The Treasury**
- Te Arawhiti
- Te Puni Kōkiri
- Ministry of Primary Industries
- Ministry for Business, Innovation and Employment
- Ministry for Culture and Heritage.

These agencies have been consulted throughout the development of the SPA.

The membership and chairperson of the Board itself are determined by the Public Service Commissioner and comprise the chief executives (or equivalents) of the departments bolded. The chair is the Secretary for the Environment. The chief executives of Te Arawhiti and Te Puni Kōkiri are invited to attend board meetings.

The Board members are jointly responsible to the Minister for the Environment for the Board's operation and performance.

The purpose of the Board is to:

- provide system leadership to ensure good outcomes for the resource management reform
- advise on and manage the policy development process for the SPA, using a cross-agency approach
- align and coordinate strategic policy, planning and budgeting across government for work related to the SPA
- support departments in priority work for the SPA
- support cross-department initiatives related to the SPA.

### Structure and resourcing

The Board is serviced by the Ministry for the Environment (the Ministry). The Board is supported by a Spatial Planning Act cross-agency unit led by an executive director. Team members are drawn from the Ministry and other agencies within the Board's remit and funded from the Board's appropriation.

The team has consisted of about 16 full-time equivalents over the 12 months to 30 June 2022. It is drawn from member agencies, and for much of the year included a secondment from local government. The SPA team works closely with the Ministry's resource management reform team.

## Strategic intentions and performance reporting

The Board supports the Ministry's wider strategic intention to reform the environmental management system. This means repealing the Resource Management Act 1991 (RMA) and replacing it with three Acts: the Natural and Built Environments Act, the Strategic Planning Act, and the Climate Adaptation Act.

The Ministry's annual performance report on progress against strategic intention includes an update on the three Acts. The performance measures<sup>12</sup> are:

- new planning and environmental legislation is introduced to Parliament
- the Government has a robust basis for reform and policy change, informed by evidence-based advice
- central and local government can access technical support and capacity to support planning and decision-making, including the transition to the future system.

The Board's performance against the measure of "drafting instructions for the Bills to be introduced to the House"<sup>13</sup> is included under the Ministry's estimates performance section.

<sup>12</sup> The Ministry and the Strategic Planning Reform Board both contribute to these performance measures. The results are included in part 3: Our operating performance.

<sup>13</sup> This performance measure relates to Strategic Planning Reform appropriation which is included in part 3: Our operating performance.

## Board performance

The SPA will play a critical role in delivering the Government's objectives for the resource management system. It will help integrate decision-making under several statutory frameworks and will directly affect a range of portfolios. Sustained and effective collaboration is needed to deliver on the strategic intent of the SPA. The Board has been committed to building this, meeting at least fortnightly since its inception through to March 2022, then monthly to June 2022, to guide development of the policy that underpins the draft Spatial Planning Bill.

Inter-agency collaboration has worked well, based on shared understanding, commitment to a successful reform process, and a level of mutual trust. Board members have been open about their concerns and have worked to resolve differences between agencies in their advice to Ministers. This has enabled a significant number of decisions to be made by Ministers during the past year. It has also led to productive cross-agency engagement with iwi/Māori and local government system partners, to explore their perspectives, expectations and concerns. This is in the context of extensive engagement with system partners, and broader engagement on the reform from November to February.

At the end of the Board's first full year of operation, most policy decisions required for the draft Spatial Planning Bill have been made by Ministers. This includes the purpose, what regional spatial strategies will contain, how they will be developed, and how they will work. The Board has also been working with other government agencies to identify consequential amendments to the legislation they administer, where this will be affected by the SPA. Drafting instructions based on decisions to date were due for completion in July and are progressing well. The draft Bill is on track to be introduced to the House before the end of 2022. Planning for implementing the SPA has been progressing in tandem, and will be a focus for the Board in 2022/23.

The next 12 months will see a focus on:

- seeing the Spatial Planning Bill through select committee to enactment
- preparing to implement the SPA, in particular developing the model regional spatial strategies, expected to begin shortly after enactment
- setting up the arrangements for coordinating the central government functions in the new system
- conversations with partners and stakeholders to build their understanding of the spatial planning legislation, ahead of the select committee process and implementation of the SPA.

## Financial performance

The Strategic Planning Reform 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. For financial information about the Board's operation, see Note 21: Strategic Planning Reform Board in the Ministry for the Environment Annual Report, as the servicing department. The strategic planning reform appropriation, which supports the Board, is administered by the Ministry. As the administrator, performance information for the appropriation is reported in the Ministry's annual report.

Budget 2021 established funding for the reform of the Resource Management Act. This included funding for the operation of the Board. For the two months to 30 June 2021, expenditure was \$0.6 million.

A separate appropriation of \$5 million was established for the Board in 2021/22, of which \$4.9 million was spent.

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## Statement of responsibility

The Board is responsible for the accuracy of any end-of-year performance information prepared by the Strategic Planning Reform Board, whether or not that information is included in this annual report.

In the opinion of the Board, this annual report fairly reflects the operations, progress, and organisational health and capability of the Strategic Planning Reform Board.



**Vicky Robertson**

Chair, Secretary for the Environment and Chief Executive



**Caralee McLiesh**

Secretary to the Treasury and Chief Executive



**Penny Nelson**

Director-General of Conservation and Chief Executive



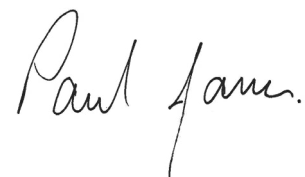
**Andrew Crisp**

Chief Executive of the Ministry of Housing and Urban Development



**Bryn Gandy**

Secretary for Transport and Acting Chief Executive



**Paul James**

Secretary for Internal Affairs and Chief Executive









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



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**Auditor**

Audit New Zealand  
Wellington  
New Zealand  
(on behalf of the Auditor-General)

**Bankers**

Westpac