



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

# Annual Report *Pūrongo ā-Tau*

2023/24



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



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# 1

## Introduction *Kupu whakataki*

*Overview of the Ministry for the Environment and how we contributed to our shared vision in 2023/24.*



# Message from the Secretary for the Environment

I am pleased to present the Annual Report of the Ministry for the Environment | Manatū mō te Taiao for the 2023/24 year – my first full year as Secretary for the Environment and Chief Executive.

This has been a year of unprecedented delivery for the Ministry and also one of significant and ongoing change – both in the environment and climate, and in the Ministry itself.

Over the past seven years, the Ministry has grown considerably as it picked up new functions and delivered a series of major reforms central to Aotearoa New Zealand's economic, social and environmental progress.



The first half of the year saw the culmination of much of that work. For example, our work supported the passing of the Natural and Built Environment Act (NBE Act) and Spatial Planning Act (SP Act), and the introduction of new freshwater farm plan regulations. The Ministry also made significant progress with implementing waste policy, such as through bans on single-use plastic items and investments in projects supported by the Waste Minimisation Fund.

The change in government saw a revised approach to resource management reform in the second half of the year, along with an ambitious new work programme. Within the new Government's first 100 days, the NBE Act and SP Act were repealed, and the Fast-track Approvals Bill was introduced. The Ministry began working on the Government's 'Going for Housing Growth' agenda with the Ministry of Housing and Urban Development (HUD). Together with HUD, we are providing advice to Ministers who are seeking to strike a balance between zoning for housing growth and providing flexibility for councils to determine how that growth is achieved.

The Resource Management (Freshwater and Other Matters) Amendment Bill was introduced in May 2024, and in June consultation began on steps to make it easier to build small, self-contained and detached houses, commonly known as 'granny flats', on sections with existing properties.

Meanwhile, progress toward meeting Aotearoa New Zealand's climate targets was given renewed importance in April, when the Prime Minister set nine priority government targets to be achieved in six years. The focus of Target 9 is on meeting Aotearoa New Zealand's 2050 net zero climate change targets with total net emissions of no more than 290 megatonnes from 2022 to 2025 and 305 megatonnes from 2026 to 2030.

The Ministry produces regular scientific reports on the state of Aotearoa New Zealand's climate and environment. In 2023/24, one of these was *Our atmosphere and climate 2023*, published jointly with Stats NZ in October. This report outlined the impact of greenhouse gas emissions from human activities on Aotearoa New Zealand's climate, environment, communities and economy and is a critical resource for decision-makers.

Ministry staff also contributed a huge amount of work continuing the development of the second emissions reduction plan. This involved collaboration across agencies to draft a discussion document and technical annex for public consultation, and preparatory logistics for this consultation including with stakeholder advisory groups. The plan must be published by 21 December 2024.

On climate change adaptation, the Ministry is supporting Parliament's Finance and Expenditure Committee with an inquiry, started in April, into climate adaptation. This issue was brought into sharp focus after last year's severe weather events showed the importance of both reducing emissions and preparing for increasing climate impacts. In March 2024, we also published updated guidance for managing coastal hazards.

The year has seen significant progress in reducing waste in Aotearoa. Standardised kerbside recycling began to apply from February 2024. In addition, the first phase of Tyrewise (the country's first nationwide product stewardship scheme) launched in March 2024. By September, this scheme will be fully operational. We expect that Tyrewise, working with industry, will double the proportion of tyres that are recycled.

Finally, as part of Budget 2024, amendments to the Waste Minimisation Act 2008 enabled the revenue from the Waste Disposal Levy to be used for a wider range of environmental activities, including restoring water catchments.

## Prepared for change

I'm incredibly proud of the quality of work our people delivered, at pace, over the reporting period – and all the while navigating significant change within the Ministry itself.

In July 2023 we were close to our peak size of 1,060 full-time equivalent (FTE) or 1,100 staff. We knew our budget would decline in the coming four years however, as funding for reform programmes came to an end. To prepare for this, in May 2023 I initiated a review of the Ministry's operating model and introduced a freeze on hiring – ensuring we stayed about 200 FTEs below the level funded in the financial year.

By December 2023, following consultation with staff, we adopted a new operating model shaped around our core functions, a smaller leadership team, and a sharper and more strategic organisational focus.

As a result of this preparation, the Ministry was readily able to adjust to the change of government and for Budget 2024 decisions. These decisions informed a subsequent change proposal released for consultation in June 2024, which was designed to help meet our public sector savings targets, while we continued to manage an already declining budget.

The proposal was for a reduction of 303 full-time equivalent staff from the 993 who were employed as of the beginning of June 2024. This would largely be achieved through the end of fixed-term contracts, and voluntary and delayed redundancies. We expect to implement a new structure by 1 November 2024.

Looking to the future, change will continue to be a feature at the Ministry. A revised strategic intentions framework is due by February 2025, and a business transformation programme will continue to improve our systems, processes, performance and capability well into 2025.



As we become a smaller organisation, our strategic approach will focus sharply on prioritising our work and efforts to deliver maximum impact in the areas that matter the most to Aotearoa New Zealand. To do this, we will be clear on the Ministry's purpose as the Government's primary advisor on the environment and climate, and in our role as stewards of the environmental management system.

This system is where some of the most important social, economic and environmental decisions are made, such as decisions about how we grow our economy, how we use our natural resources, where and how we live and build, and how we prepare for a fast-changing future. It's our job to ensure the system of environmental management is effective, responsive and resilient, and delivers for all New Zealanders.

The Ministry's new operating model is designed to support this task with environmental and climate policy capability in two central business groups, supported by functions dedicated to performance, data and evidence, relationships and enablement, and business services. Te ao Māori strategy and capability are both driven centrally and embedded throughout the Ministry. Their prominence recognises that our work with Te Tiriti o Waitangi (Treaty of Waitangi) partners and post-settlement governance entities is critical to upholding the Crown's Tiriti obligations, and to helping our policy advice to be robust and enduring.

Looking to the future, as climate change and environmental degradation impact virtually every part of life, Aotearoa will continue to be challenged to meet the social and economic needs of people, now and in the future, while protecting the urban and natural places on which we all depend. This will increasingly involve trade-offs and choices.

We have a leading role in advising on options to meet these challenges, informed by robust evidence and data. However, it is communities, businesses, iwi/Māori and the Government who will make these choices and, ultimately, deliver the outcomes for Aotearoa.

I look forward to working with the talented and committed people of Manatū mō te Taiao for another year to provide the evidence, support and advice that Ministers and New Zealanders rely on.

I invite you to read more about our work in this report.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'James Palmer', with a stylized, flowing script.

James Palmer  
Secretary for the Environment

# Highlights and milestones from 2023/24

## July 2023

- » Order in Council made to allow waste caused by severe weather events of early 2023 to be burnt.
- » Order in Council made changes to the Waste Minimisation Act 2008 following severe weather events.
- » Ban on single-use plastic produce bags, cutlery, plates and bowls, and restrictions on using single-use plastic straws came into effect.
- » Levies on various classes of landfills increased.
- » National Policy Statement for Greenhouse Gas Emissions from Industrial Process Heat came into effect.
- » Consultations on a New Zealand Emissions Trading Scheme (NZ ETS) review and a redesign of the permanent forest category began.
- » Consultation on a biodiversity credit system began.

## September 2023

- » Order in Council made it easier to construct new landfills for waste from severe weather events.
- » Order in Council extended statutory timeframes for prosecutions under the Resource Management Act, notification of freshwater planning instruments, stock exclusion, and implementing the National Planning Standards in areas impacted by severe weather events.

## November 2023

- » Ministry staff, including Chief Executive James Palmer, travelled with Climate Change Minister Simon Watts to Dubai, to represent Aotearoa in UN Climate Change Conference (COP28) negotiations.
- » Consultation on the proposed National Policy Statement for Natural Hazard Decision-making.
- » Changes to the National Environmental Standards for Commercial Forestry.
- » Order in Council deferred date when farmers must meet NZ ETS obligations from January 2024 to January 2026.

## February 2024

- » Councils across most of the country were required to accept the same materials in household recycling bins.
- » Freshwater farm plans started in parts of Otago and the West Coast.

## April 2024

- » *Our land 2024* released by the Ministry and Stats NZ (a three-year update).
- » New Zealand's Greenhouse Gas Inventory 1990–2022 published.
- » Freshwater farm plans started in parts of Manawatu-Whanganui.
- » Finance and Expenditure Committee launched adaptation inquiry to develop an adaptation framework for Aotearoa.
- » Aotearoa took part in the fourth round of negotiations towards an international treaty on plastic pollution in Ottawa, Canada.

## June 2024

- » Order in Council made for Hawke's Bay flood protection works.
- » Consultation on making it easier to build granny flats on sections with existing properties.
- » Government announced it will introduce legislation amending the Climate Change Response Act 2002 to prevent agriculture from entering the NZ ETS.
- » Cabinet disestablished He Waka Eke Noa – the Primary Sector Climate Action Partnership.

## August 2023

- » Freshwater farm plans started in parts of Waikato and Southland.
- » Order in Council allowed temporary accommodation needed as a result of severe weather.
- » Spatial Planning Act and Natural and Built Environment Act enacted.
- » Ministerial Inquiry into Land Use that caused damage during severe weather events started.
- » Environment Committee inquiry into climate adaptation launched.

## October 2023

- » *Our atmosphere and climate 2023* released by the Ministry and Stats NZ (a three-year update).
- » Consultation on the National Policy Statement for Highly Productive Land began.
- » Decisions on changes to the Ministry's operating model announced.

## December 2023

- » Resource Management (Natural and Built Environment and Spatial Planning Repeal and Interim Fast-track Consenting) Bill passed.
- » Aotearoa New Zealand's updated emissions projections to 2030 released.
- » Ministry's organisational reset came into effect following an operating model review.

## March 2024

- » Fast-track Approvals Bill introduced to Parliament.
- » Updated guidance for managing coastal hazards published.
- » First stage of Tyrewise, Aotearoa New Zealand's product stewardship scheme for end-of-life tyres, came into effect.

## May 2024

- » Resource Management (Freshwater and Other Matters) Amendment Bill introduced to Parliament.
- » Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill introduced to Parliament.
- » Updated guide to help organisations measure their emissions released.

# Our Ministers

During 2023/24, we worked with five Ministers and one Undersecretary.



**Hon Penny Simmonds**

Minister for the Environment



**Hon Andrew Hoggard**

Associate Minister for the Environment



**Hon Simon Watts**

Minister of Climate Change



**Hon Nicola Willis**

Associate Minister of Climate Change



**Hon Chris Bishop**

Minister for Housing, Infrastructure and Resource Management Reform



**Simon Court**

Undersecretary for Housing, Infrastructure and Resource Management Reform

Note that, until October 2023, Hon David Parker was the Minister for the Environment, Hon James Shaw was the Minister of Climate Change and Associate Minister for the Environment, and Hon Peeni Henare and Hon Rachel Brooking were Associate Ministers 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. Our work programme is aligned to our strategic priorities and our role in the system.



**James Palmer**

Secretary for the Environment  
and Chief Executive



**Laura Dixon**

Chief Operating Officer /  
Deputy Secretary,  
Business Transformation  
Services



**Anna Haira**

Deputy Secretary,  
Partnerships,  
Investments and  
Enablement



**Nadeine Dommissee**

Deputy Secretary,  
Environmental  
Management and  
Adaptation



**Gina Rangi**

Deputy Secretary,  
Tūmatakōkiri (Māori  
Strategy and  
Performance)



**Natasha Lewis**

Deputy Secretary,  
Strategy Stewardship  
and Performance



**Sam Buckle**

Deputy Secretary,  
Climate Change  
Mitigation and Resource  
Efficiency

## Chief of Staff



**Martin Workman**

Chief of Staff

## Chief Science Advisors



**Alison Collins**

Departmental Chief  
Science Advisor



**Simon Lambert**

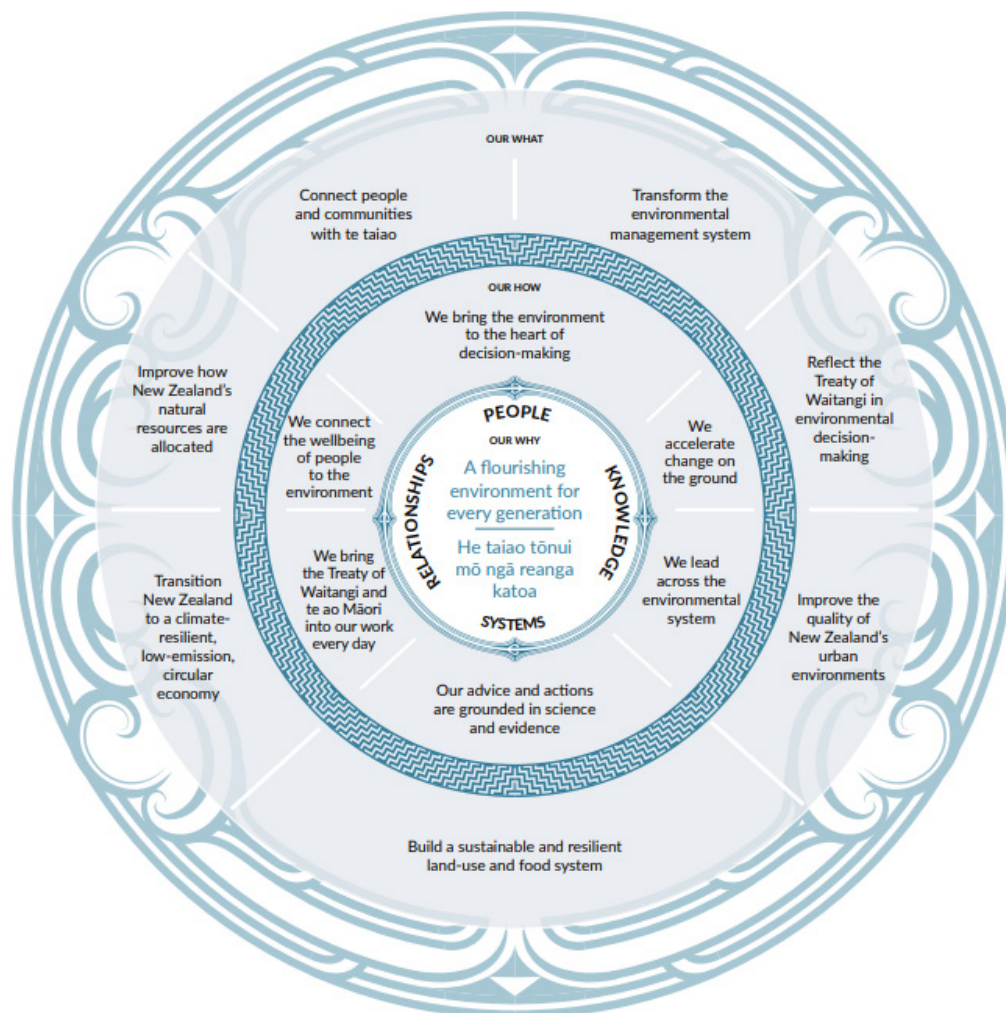
Chief Science Advisor,  
Māori

# Our strategic framework

We developed our strategic framework in 2020/21, and we updated it in 2022/23 to form the basis of our *Strategic intentions 2023–2027*. Following the change of government in October, work began to review the framework, and a revised version is due by February 2025. The existing framework described the Ministry’s ‘why, how and what’.

1. Our ‘why’ is: ‘He taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation’.
2. Our ‘how’ is our operating principles: how we go about our mahi.
3. Our ‘what’ is our [strategic priorities](#): the mahi we are doing.

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



Our strategic framework reflected the variety within our work programme as well as the need to drive change and focus on our core functions.

## Our why

He taiao tōnui mō ngā reanga katoa – a flourishing environment for every generation.

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

The environment underpins Aotearoa New Zealand's economic development and prosperity, and the wellbeing of our communities. We help decision-makers deliver enduring social, environmental and economic outcomes through our stewardship of the environmental management system, which includes managing and exercising our powers under legislation and regulations.

Our establishing Act requires us to think broadly as we develop advice and to consider the intrinsic values of ecosystems, the value people place on and derive from 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.

## Our operating principles

Our operating principles described the values we bring to how we work.

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

We have a leadership role in managing the environmental system. In part, this involves advising on policy, as stewards of the environmental system. Increasingly, the Government and stakeholders have been calling for us to focus more on the performance of the system in its entirety and as a network of organisations and people. In practice, this means working closely with central and local government, iwi/Māori, businesses and communities to help improve environmental outcomes.

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

We help inform the decisions that local and central government and individuals make. While focusing on current decisions, we also consider the intergenerational implications of decisions, so both communities and the environment can flourish now and in the future. We do this through providing evidence-based policy advice, and environmental reporting that helps both the Government and New Zealanders make informed decisions about options for delivering enduring social, environmental and economic outcomes.

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

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



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

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

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

At the heart of our work programme is the aim of enabling others to effectively implement government policy. Changes to the resource management system are an ongoing focus for the Ministry. This builds on further work we do to enable others to deliver solutions on the ground, including by supporting Aotearoa New Zealand's response to climate change, and investing in waste minimisation and resource recovery.

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

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

# 2

## Our performance *Ngā mahi kua mahia*

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



# Our performance context 2023/24

The performance reporting and results provided in this section align with the *Strategic intentions 2023–2027*, developed under the previous Government. Some of the intentions and priorities no longer reflect the focus of the current Government and therefore our updated work plan.

A new strategic intentions document is being developed to better align with the Government's priorities. Until the new strategic intentions document is completed in February next year, our work in 2023/24 is only partly reflected in this section.

Some of the work programmes we were progressing before the election were rescoped or saw a shift of approach and some work was stopped. In these cases, we have reported results as 'not applicable' (results such as 'not achieved', 'achieved' or 'on track' were no longer appropriate).

In addition to the work carried out against our strategic intentions, from November 2023 to June 2024 we supported the Government through their 100-day-plan and their subsequent action plans. To reflect the priorities of our Ministers during this period we have completed the following.

- Developed for introduction a fast-track consenting bill to streamline approvals and make it easier to build the infrastructure and significant development projects.
- Delivered legislation to repeal the National Built Environment Act and Spatial Planning Act.
- Begun working on the Government's 'Going for Housing Growth' agenda with the Ministry of Housing and Urban Development (HUD). Together with HUD, we are providing advice to Ministers on how to provide flexibility for councils to determine how that growth is achieved.
- Developed for introduction the Resource Management (Freshwater and Other Matters) Amendment Bill.
- Sought feedback on proposals to enable granny flats up to 60 square metres to be built without needing a building or resource consent.
- Standardised what can go into kerbside recycling nationwide.
- Supported the launch of the first phase of Tyrewise (the country's first nationwide product stewardship scheme), which became fully operational in September 2024.
- Supported the establishment of a select committee inquiry and independent reference group to help us develop an adaptation framework for Aotearoa.
- Published updated guidance for managing coastal hazards.
- Supported the Government in adopting a climate change mitigation target (Target 9) as one of the Government's headline targets for its performance.
- Supported the repeal of the legislation bringing agriculture into the New Zealand Emissions Trading Scheme.
- Supported the establishment of an independent Ministerial advisory panel to review Aotearoa New Zealand's biogenic methane science and targets.



- Developed amendments, as part of Budget 2024 decisions, to the Waste Minimisation Act 2008 which enabled the revenue from the Waste Disposal Levy to be used for a wider range of environment activities, including restoring freshwater catchments, in addition to minimising waste.

We also achieved two milestones just outside the reporting time period. In July 2024 we released the Government's climate strategy, followed in August by consultation on the Government's second emissions reduction plan.

# Our strategic priorities

Our performance reporting against our strategic priorities complies with generally accepted accounting practice (GAAP) and service performance reporting standard PBE FRS 48. This financial year we are reporting against the *Strategic intentions 2023–2027*.

The *Strategic intentions 2023–2027* outlined seven strategic priorities for the Ministry, covering a work programme that spans Aotearoa New Zealand’s natural and built environments.

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

The tables that follow show our progress towards each long-term outcome.

- ‘Impact(s) 3–5 years’ shows the medium-term direction and is not a fixed target.
- ‘Impact indicators’ help us understand our progress against the outcomes and impacts identified in our strategic intentions.

Performance information from 2022/23 was published in our Annual Report 2022/23.

**We will publish an updated strategic intentions document in the next financial year with a refresh of our strategic framework and a revised set of strategic priorities. These revisions will reflect how we are becoming a smaller organisation that will be prioritising carefully to focus on our purpose as the Government’s primary advisor on the environment and climate, and our role as stewards of the environmental management system.**

# Strategic priority 1: Transform the environmental management system

## Summary of all strategic priority 1 impact indicators

Achieved ✓✓	On track ✓ <sup>1</sup>	Not achieved X	Not applicable Ø
1/10	2/10	0/10	9/10

**Overall progress:** A change in direction for resource management reform impacted our achievement of strategic priority 1 objectives. We provide further information alongside each impact indicator.

### Activity 1: Develop and transition to the new planning and environmental management legislation

#### Long-term outcomes

##### Protect and restore our environment and its capacity to provide for future generations

In 2023/24, reform of the resource management system was progressed, with the Natural and Built Environment Act 2023 (NBE Act) and Spatial Planning Act 2023 (SP Act). Both Acts were enacted on 23 August 2023 and were to be phased in over a period of about 10 years.

Following the October 2023 General Election, the focus shifted to supporting the new Government’s phased approach to resource management reform. During the first phase in December 2023, the NBE Act and SP Act were repealed, although the fast-track approvals regime was retained until new legislation was developed. Before the repeal of the NBE Act and SP Act on 24 December 2023, work was underway to support effective transition to the new resource management system.

In the second phase of work, the Government introduced the Fast-track Approvals Bill and progressed policy work on targeted changes to the resource management system.

##### Enable better development within biophysical environmental limits and targets

We worked on a phased approach to the resource management reforms and the national direction work programme in line with the Government’s commitments.

<sup>1</sup> Includes two ‘partially achieved’ results.

*Impact(s): 3–5 years*

## An effective transition to the Spatial Planning and Natural and Built Environment Acts

**Impact indicator: Planning and environmental legislation is put into effect<sup>2</sup>**

Ø

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

**How we measure progress**

**Standard:** *Not applicable*

Planning and environmental legislation is put into effect to meet Government expectations.

**2023/24**

*Not applicable*

Cannot be measured due to the repeal of the NBE Act and SP Act. ([See note 2](#))

**How we performed last year**

*New measure ([See note 1](#))*

**Impact indicator: The first three regions are supported for the development of regional spatial strategies and national and built environment plans<sup>3</sup>**

Ø

**Definition:** Delivery partners (local government and iwi) in three regions collaborated to scope their preparedness to lead implementation of the regional spatial strategy and NBE Act plan requirements.

**How we measure progress**

**Standard:** *Not applicable*

**2023/24**

*Not applicable*

Cannot be measured due to the repeal of the NBE Act and SP Act. ([See note 2](#))

Before the repeal of the NBE Act and SP Act, the Ministry engaged with local government to seek regions to proceed as the first tranche. Nelson, Tasman and Taranaki were identified to undertake scoping work for regional readiness. Scoping with these regions was carried out over July to December 2023, with an initial focus on the timing of processes, representation and participation requirements, and a stocktake of data/information requirements for the initial phase of implementation.

**How we performed last year**

*New measure*

<sup>2</sup> The Ministry and the Spatial Planning Board both contribute to these performance measures.

<sup>3</sup> The Ministry and the Spatial Planning Board both contribute to these performance measures.



## Activity 2: Develop and maintain the national direction system for the Resource Management Act, and the Natural and Built Environment Act

### Long-term outcomes

#### Greater clarity and certainty about Aotearoa New Zealand's environmental policy settings

National direction under the Resource Management Act 1991 (RMA) (or its proposed NBE Act equivalent, the National Planning Framework (NPF)) is one of the strongest available resource management tools for providing certainty and clarity on environmental policy settings. 'National direction' refers to regulatory instruments that provide central government direction to local decision-makers on important environmental matters.

#### Environmental decision-making is more consistent across central and local government

Inconsistency of environmental decision-making and implementation is one key challenge facing the resource management system. National direction (or its proposed NBE Act equivalent, the NPF) can be a useful tool for standardising decision-making and bridging the gap between the intention of central government and implementation on the ground.

*Impact(s): 3–5 years*

#### RMA national direction continues to be provided

#### The National Planning Framework is established

**Impact indicator:** The RMA national direction work programme (including freshwater, drinking water, biodiversity, highly productive land, and urban development) is delivered as agreed with Ministers



**Definition:** National direction supports local decision-making under the RMA. It is provided by national policy statements, national environmental standards, national planning standards, and section 360 regulations.

#### How we measure progress

##### Standard: *Achieve*

The RMA national direction work programme is delivered as agreed with Ministers.

#### 2023/24

##### *Achieved*

Before the General Election, most RMA national direction was being incorporated into the draft NPF under the NBE Act, although some was still being progressed under the RMA (eg, changes to the National Policy Statement for Highly Productive Land and a new National Policy Statement for Natural Hazard Decision-making).

As part of its second phase of resource management reforms, the new Government has initiated a new national direction work programme. Under this programme, up to 22 RMA national direction instruments will need to be developed or amended on roughly the same timeframe (by mid-2025).

The scope of the work programme was agreed by Cabinet in July 2024, with any subsequent changes subject to Cabinet confirmation in December 2024.

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## How we performed last year

### *Achieved*

All national direction meetings have been held quarterly.<sup>4</sup>

**Impact indicator: The National Planning Framework work programme is delivered as agreed with Ministers**

Ø

**Definition:** The NPF was to be delivered as the next stage of resource management reform, following the passing of the NBE Act and the SP Act. The NPF was intended to be a single, cohesive and coherent body of national regulation to direct regional planning committees to prepare regional spatial strategies and natural and built environment plans, and to direct local authorities to undertake consenting in the new resource management system.

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## How we measure progress

### **Standard:** *Achieve*

The NPF is released for consultation and the hearing panel established.

### **2023/24**

#### *Not applicable*

A draft NPF was released for targeted engagement in August 2023 in line with direction from Ministers. Following the change of government, work on the NPF was halted, as the NBE Act and SP Act were repealed. (*See note 2*)

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## How we performed last year

### *New measure*

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## Activity 3: Support efficient and effective operation of the resource management system

### Long-term outcomes

#### **The resource management system operates efficiently and effectively**

A key focus has been reforming the resource management system to enable local government to manage regional environmental and development issues within a more effective national framework. Initially this work supported transition to the new resource management system, including setting up the Spatial Planning Office, progressing regional readiness, and preparing guidance material for the NBE Act and SP Act.

This focus remains, with a shift to supporting the Government to deliver a phased approach to resource management reform. We also continue to support the effective and efficient operation of the RMA – for example, through providing advice on the statutory functions of Ministers – and we support effective decision-making through the Making Good Decisions programme.

In the second phase of resource management reform, the Government introduced legislation for a new one-stop-shop fast-track consenting regime for regionally and nationally significant housing, infrastructure and development projects.

Work is underway to complete phase two of resource management reform by enabling a more efficient consenting regime and improving stewardship of the resource management system.

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<sup>4</sup> The performance reporting is comparable with last year's reporting on shift indicator 'National direction is delivered as agreed with the Government and will support the transition to the future system' under strategic priority 1.2 from the *Statement of Intent 2020–2025*.

*Impact(s): 3–5 years*

**Maintain and improve the performance of the operational resource management system**

**Improve stewardship of the resource management system across policy domains, practices and implementation**

**Impact indicator: Central and local government can access technical support and capacity to support planning and decision-making, including the RMA and the transition to the new resource management system**



**Definition:** The Spatial Planning Office and the Ministry are set up to provide technical support and capacity to assist local government to transition to the new resource management system.

Guidance material and training are readily available for local government and iwi to transition to the new system.

The Ministry's data and digital systems support our delivery partners.

How we measure progress	2023/24
<b>Standard:</b> <i>Achieve</i>	<i>Not applicable</i>
Increased understanding and practical application of the new processes and instruments available to system implementers following enactment of the new law.	Cannot be measured due to the repeal of the NBE Act and SP Act. ( <i>See note 2</i> )
<b>Standard:</b> <i>Achieve</i>	The Spatial Planning Office was initiated, and it was focused on the development of policy and governance to support the implementation of the SP Act. Following the repeal of the SP Act, spatial planning capability has been moved back within the Ministry to support the phased resource management reform.
The information on the Making Good Decisions website is updated at least quarterly to show the number of certificate holders (including charring endorsements), and the list of currently accredited persons.	Significant material was prepared to support delivery partners and system users to understand the NBE Act and SP Act. This was published after enactment. An additional programme of guidance and training was also developed, which was intended to be rolled out to key partners and stakeholder groups following enactment.
<b>Standard:</b> <i>Achieve</i>	The Local Government Steering Group (LGSG) met monthly with the Ministry until August 2023 to provide advice on the design of new policy. The LGSG was subsequently reset as a smaller group of local government leaders. The Ministry, alongside other agencies, is leveraging this expertise by testing the workability of policy proposals as they are developed for resource management reform.
RMA statutory functions of Ministers are supported.	The Resource Management Reform Digital Futures work programme was underway to support the data and digital needs of the new resource system. Following the repeal of the NBE Act and SP Act, this programme of work was stopped.

#### How we performed last year

*On track*

In 2022/23, the Strategic Planning Reform Board met monthly to support agency collaboration in developing the new resource management system. The LGSG met monthly with the Ministry – providing advice on design of the system and, increasingly, on its implementation. The Ministry worked with iwi and Māori groups, including Te Tai Kaha and Iwi Leaders Group technicians, to advise on system design, transition and implementation.<sup>5</sup>

<sup>5</sup> The performance reporting is comparable with last year's reporting on impact indicator 'Central and local government can access technical support and capacity to support planning and decision making, including transition to the future system' under strategic priority 1.3 from the *Statement of Intent 2020–2025*.

## Activity 4: Provide a system perspective on oceans policy

### Long-term outcomes

#### Ocean and coastal ecosystems are healthy and resilient

Marine spatial planning – and the data and information that support it – can help improve the health and resilience of oceans by enabling integrated decision-making and a system perspective on oceans policy.

*Impact(s): 3–5 years*

#### Establish an integrated marine spatial planning framework that enables the protection and use of marine space and resources

**Impact indicator:** Spatial planning integrates the land/sea interface, accounts for climate change, and incorporates a te ao Māori view



**Definition:** The design and implementation of the resource management system account for the ocean as a receiving environment, and as a risk to coastal communities, biodiversity and infrastructure.

#### How we measure progress

**Standard:** *Achieve*

The NBE Act and SP Act reflect the land–sea interface.

#### 2023/24

*Not applicable (See note 2)*

The NBE Act and SP Act came into effect in August 2023. The legislation was then repealed in December 2023.

#### How we performed last year

*New measure*

**Impact indicator:** The marine spatial planning framework supports the development of scientific evidence and mātauranga Māori



**Definition:** Marine management requirements inform needs for scientific evidence and mātauranga Māori. In turn, science and mātauranga Māori inform the changes to the marine management system that are required to better deliver environmental, social and economic outcomes.

#### How we measure progress

**Standard:** *Trend increase in evidence base*

Number of scientific and policy research projects that the Ministry leads (or contributes to) that increase the evidence base for marine spatial planning approaches.

#### 2023/24

*Not applicable (See note 2)*

No trend identified because the result was not measured last year. However, we undertook the following actions.

- The Ministry invested in various science and policy projects that build the evidence base to support approaches to marine spatial planning.
- We commissioned research on marine impact layers – to build a picture of naturalness. A scoping study on updating our knowledge of rocky reef distribution was also completed.
- The Ministry contributed to the Environmental Defence Society's policy research on the ocean management system, including marine spatial planning.
- The Ministry contributed time to several science and policy projects led by the Sustainable Seas National Science Challenge, including in relation to governance and mātauranga Māori.

#### How we performed last year

*New measure*



## Activity 5: Strengthen the environmental monitoring and reporting system to report on environmental change and outcomes

### Long-term outcomes

#### Advice, decisions and actions are grounded in science and evidence

Environmental data and evidence underpin effective management of natural and built environments. High-quality data and evidence support better decisions and outcomes, delivered faster, more cheaply, and with greater trust and confidence. Everyone – including industry, communities and local and central government – can make more confident and balanced decisions if equipped with robust, locally relevant, and accessible data and evidence.

*Impact(s): 3–5 years*

#### Set the foundations needed to drive consistent, fit-for-purpose national-level data and information, and to support implementation by central and local government

**Impact indicator:** Establish the attributes required to understand Aotearoa New Zealand's environment and limits and targets



**Definition:** Key domains have an agreed set of attributes that are measured and reported in time for the implementation of the National Planning Framework (NPF).

Key domains include air, freshwater, estuaries, coastal waters, soil and indigenous biodiversity.

Limits and targets establish healthy ranges for specific attributes with respect to ecological integrity and human health.

#### How we measure progress

**Standard:** *Achieve*

Exemplar attributes have been proposed for all key domains.

#### 2023/24

*Not applicable due to the repeal of the NBE Act and SP Act. (See note 2)*

Exemplar attributes for estuaries, coastal waters, soil and indigenous biodiversity were developed for the draft (transitional) NPF.

Freshwater and air attributes from existing national direction were proposed to be carried over into the draft (transitional) NPF. Investment in science and evidence enabled the development of these attributes.

#### How we performed last year

*New measure*

**Impact indicator:** Identify future system data architecture for improved management of and access to environmental information and data



**Definition:** Framing and scoping for a future programme of work to develop an overall approach to guide the use of data to support environmental outcomes.

#### How we measure progress

**Standard:** *Achieve*

Deliver statistical and data architecture to guide future development and coordination of the collection, processing, analysis, storage and dissemination of environmental data.

#### 2023/24

*Partially achieved*

Led by programme partner Stats NZ, we delivered a recommended outline and scope of an environmental statistical and data architecture and recommended next steps. This

	<p>work identified three key themes for designing an effective system:</p> <ul style="list-style-type: none"> <li>• strategic direction and operational alignment to improve coordination</li> <li>• interoperability to make data sharing and access easier</li> <li>• statistical and analytical foundations to improve data quality.</li> </ul> <p>The Ministry will implement some of these recommendations from existing baseline funding as programme funding is not available.</p>
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## How we performed last year

### New measure

**Impact indicator:** Develop a blueprint design of a national monitoring network to collect environmental information and data



**Definition:** Collaboration across monitoring networks (in terms of shared objectives and standards) forms a more robust national network for national reporting.

Establish requirements to adhere to the existing national environmental monitoring standards.

## How we measure progress

### Standard: *Achieve*

Develop a blueprint design of a national environmental monitoring network to collect environmental information and data.

## 2023/24

### *Partially achieved*

Common scope, objectives and principles for groundwater quality monitoring and the collective delivery of Aotearoa New Zealand's first national groundwater-level dataset.

This case study provided an opportunity to enhance Aotearoa New Zealand's groundwater monitoring programmes and increase efficiencies through coordinated efforts. The delivery of a national groundwater-level dataset demonstrated how the Ministry, regional councils and GNS Science can collaboratively maximise on Aotearoa New Zealand's investment in monitoring, under the current funding framework.

The process used in the case study to develop monitoring principles for national groundwater reporting is transferable to other domains. It will be used to scale up solutions across other domains and attributes.

The Ministry will continue to develop the monitoring networks required across priority environmental domains through 2024/25.

## How we performed last year

### New measure

# Strategic priority 2: Reflect the Treaty of Waitangi in environmental decision-making

## Summary of all strategic priority 2 impact indicators

Achieved ✓✓	On track <sup>6</sup> ✓	Not achieved X	Not applicable Ø
3/8	4/8	0/8	1/8

**Overall progress:** Overall progress towards achieving the objectives of strategic priority 2 is generally on track, with three impact indicators achieved and a further four impact indicators partially achieved or on track. We provide further information alongside each impact indicator.

## Activity 1: Work in partnership for the best environmental outcomes

### Long-term outcomes

**Māori are actively contributing their knowledge to the design and delivery of fit-for-purpose environmental policy solutions, and the identification of future environmental issues, opportunities and aspirations**

Establishing processes and resourcing for Māori engagement ensures policy co-production reflects te ao Māori and mātauranga Māori. Coordinated Māori engagement plans across the natural resource sector reduce negative impacts on Māori communities. Where Ministry staff understand Māori custodianship and indigenous solutions, policy development can accurately reflect Māori voices and aspirations.

*Impact(s): 3–5 years*

**Māori are engaged early in the policy process to ensure environmental policy is designed collaboratively, and that the voices, experiences, mātauranga and aspirations of Māori are reflected accurately in our work**

**Impact indicator:** We have established processes and resourcing to engage Māori to co-produce and collaborate on policy ✓✓

**Definition:** Projects to deliver improved Māori quality standards for policy have been implemented and processes stood up. Resourcing is established through investments to Māori directly or through the Ministry.

#### How we measure progress

**Standard:** *Achieve*

Te ao and mātauranga Māori are visible in Ministry strategies and policy development processes.

#### 2023/24

*Achieved*

The Ministry has developed mātauranga Māori policy in the reporting period, including integrated processes for Māori engagement in policy.

#### How we performed last year

*New measure*

<sup>6</sup> Includes two 'partially achieved' results.

**Impact indicator: Māori engagement plans are coordinated across the natural resource sector, reducing the negative impact on Māori communities**



**Definition:** Māori engagement plans are underpinned by the Ministry standards and principles and tested against best practice engagement with Māori. Coordination work includes having recurring hui between the Ministry and partner agencies as coordination points.

<b>How we measure progress</b> <b>Standard:</b> <i>Achieve</i> Ministries share their plans for Māori engagements where applicable or hold regular hui to plan engagements.	<b>2023/24</b> <i>Achieved</i> The Ministry has established and implemented an integrated approach to Māori engagement, coordinating activity across the organisation to foster mutually beneficial relationships that support the development and testing of policy.
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**How we performed last year**

*New measure*

**Impact indicator: The role of Māori as custodians of nature, agents of change, and holders of indigenous solutions is understood by policy-makers**



**Definition:** The Ministry is confident in working with Māori solutions for the environment, and te ao Māori concepts are visible and prevalent in all relevant Ministry processes.

Staff are using the approved tools and processes and understand how these contribute to high-quality policy. For example, Tōnui is the baseline Māori cultural capability programme of learning, designed to help the Ministry to deliver on the strategic priority to bring te ao Māori and Te Tiriti into our work every day.

<b>How we measure progress</b> <b>Standard:</b> <i>Over 50%</i> Percentage of staff that completed Tōnui in 2023/24.	<b>2023/24</b> 64% In the reporting period, 64% of Ministry employees had attended Tōnui. For more information, see <a href="#">About us</a> .
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**How we performed last year**

*New measure*

## Activity 2: Honour Te Tiriti o Waitangi commitments

### Long-term outcomes

**Gains made to Crown-Māori relationships through Treaty settlements are maintained and built upon.**

Implementing efficient processes and providing comprehensive resources for accessing Te Tiriti commitment information are essential for maintaining and enhancing Crown-Māori relationships. Transparent and regular reporting on Treaty settlement commitments ensures accountability and trust in advancing settlements.

### We are working together in partnership beyond Treaty commitments

Equipping staff with a thorough understanding of Te Tiriti commitments leads to informed decision-making and cultivates partnerships that extend beyond Te Tiriti obligations.



*Impact(s): 3–5 years*

**Treaty settlement commitments are understood and resourced, and we are tracking our delivery**

**We conduct Tiriti negotiations in good faith**

**Impact indicator: All of our people can access up-to-date information on our Tiriti settlement commitments**



**Definition:** The Ministry ensures all employees have access to current and comprehensive information on Treaty settlement commitments. This access is facilitated through a centralised system (Salesforce CRM and the Treaty Settlement Commitments database), with a team responsible for maintaining and disseminating this information and for tracking progress.

The goal is to promote transparency and accountability within the Ministry, enabling staff to make informed decisions and uphold the Ministry's commitments effectively.

**How we measure progress**

**Standard:** *Achieve*

The Ministry's Treaty Settlement Commitments database is updated regularly, and all relevant information is accessible to staff.

**2023/24**

*On track*

The Ministry's Treaty Settlement Commitments database was established, and work is continuing to ensure its accuracy. Processes are in place to continually update the database.

**How we performed last year**

*New measure (See note 1)*

**Impact indicator: We are transparent about our delivery of Tiriti settlement commitments, and report annually on these through Te Arawhiti**



**Definition:** The Ministry is committed to maintaining transparency in fulfilling its Treaty settlement commitments. The annual reporting to Te Arawhiti through He Korowai Whakamana ensures that all actions and progress are documented and publicly accessible, upholding accountability and trust with iwi and stakeholders. This approach enhances oversight, clarifies the status of commitments and demonstrates the Crown's dedication to honouring its obligations under Te Tiriti. Additionally, Cabinet requires that updates to Te Haeata (the database held by Te Arawhiti) are visible to post-settlement governance entities.

Te Pūrengi, the Ministry's executive leadership team, provides an additional level of oversight.

**How we measure progress**

**Standard:** *Achieve*

Treaty settlement commitment statuses are reported to Te Pūrengi every quarter.

Treaty settlement commitment statuses are updated within Te Haeata, which is visible to post-settlement governance entities.

**2023/24**

*Partially achieved*

Treaty settlement commitment statuses were reported to Te Pūrengi in July 2023 and March 2024 (two out of four quarters).

Treaty settlement commitment statuses were updated within Te Haeata, which becomes visible to post-settlement governance entities from 1 July 2024.

**How we performed last year**

*New measure (See note 1)*

**Impact indicator: Our Tiriti commitments are upheld, transitioned and delivered in the new resource management system**



**Definition:** The NBE Act and SP Act include strong Tiriti clauses and Te Oranga o te Taiao (an intergenerational environment test).

The NBE Act and SP Act propose establishing a national Māori entity with the role of monitoring the resource management system in relation to Te Tiriti performance.

<b>How we measure progress</b> <b>Standard:</b> <i>Achieve</i> The Natural and Build Environment Bill and the Spatial Planning Bill are passed.	<b>2023/24</b> <i>Not applicable (See note 1)</i> The NBE Act and SP Act came into effect in August 2023. The legislation was then repealed in December 2023.
<b>How we performed last year</b> <i>New measure (See note 1)</i>	

## Activity 3: Māori rights and interests, and worldviews are evident in our policy advice

### Long-term outcomes

**Aotearoa New Zealand's environmental policy is stronger because it includes te ao Māori approaches which are holistic, sustainable and intergenerational.**

The quality of Ministry policy is guided and informed by Māori rights, interests and perspectives, ensuring more holistic, sustainable and intergenerational approaches. Tools to assess Māori rights and interests, correct use of mātauranga Māori and Māori data, and appropriate engagement with Māori will protect and enhance Māori rights and interests in environmental policy, reinforcing long-term sustainable outcomes.

*Impact(s): 3–5 years*

**Treaty analysis tools guide the design of policy that accurately reflects the rights and interests of Māori, and gives effect to Te Tiriti o Waitangi principles**

**Impact indicator: The quality of our policy is underpinned by our Māori policy and engagement standards, and are improving annually**



**Definition:** Ministry engagement standards are aligned to Te Tiriti and the Māori principles of:

- whakawhanaungatanga
- manaakitanga
- kaitiakitanga
- kotahitanga.

Engagement guidance, policies and standards will be further developed over time, as the Ministry works to improve engagement. This work includes developing processes for technical quality of advice (TQA) based on Department of the Prime Minister and Cabinet and Te Arawhiti standards.

<b>How we measure progress</b> <b>Standard:</b> <i>Achieve</i> A continuous improvement strategy is in place for developing TQA.	<b>2023/24</b> <i>On track</i> Work continues to embed TQA across the Ministry, including use of the policy toolkit.
<b>How we performed last year</b> <i>New measure (See note 1)</i>	
<b>Impact indicator: The use of mātauranga and Māori data in environmental policymaking is protected through protocols and benefit-sharing agreements</b>	
<b>Definition:</b> Mātauranga Māori is the indigenous knowledge system – the body of knowledge that has been and continues to be developed intergenerationally by Māori.	

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‘Māori data’ means digital information or knowledge that is for, from or about Māori and the environments that Māori have connection with. Māori data include mātauranga – that mātauranga is both qualitative and quantitative, and it is a living taonga of strategic value to Māori.

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**How we measure progress**

**Standard:** *Achieve*

Mātauranga Māori interaction will comply with the Ministry’s Mātauranga Māori Policy. Mātauranga sharing agreements (including data sharing) will be required for all interactions.

**2023/24**

*On track*

The Ministry delivered a draft Mātauranga Māori Policy and a draft Mātauranga Māori Sharing Agreement.

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**How we performed last year**

*New measure*

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# Strategic priority 3: Improve the quality of New Zealand’s urban environments

## Summary of all strategic priority 3 impact indicators

Achieved ✓✓	On track ✓	Not achieved X	Not applicable Ø
0/3	1/3	2/3	0/3

**Overall progress:** Some progress has been made in one measure, but strategic priority 3 was impacted by external events and the complexity of issues.

## Activity 1: Develop and implement urban national direction

### Long-term outcomes

#### Improved functioning of urban environments

The National Policy Statement on Urban Development 2020 requires councils to provide enough capacity in their plans for residential and business growth. The national direction sets a timeframe for councils to implement the changes to their plans to enable this capacity.

*Impact(s): 3–5 years*

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

<b>Impact indicator:</b> The needs of current and future communities are reflected in the planning decisions by local authorities, as required by urban and infrastructure national direction		X
<b>Definition:</b> Urban environments are well functioning, and a greater housing supply is enabled.		
<b>How we measure progress</b> <b>Standard:</b> 100% of tier 1 councils  Percentage of tier 1 councils that have completed their intensification planning instrument (IPI) (unless an extension in timeframe has been approved).	<b>2023/24</b>  57% complete, and 28.5% (four councils) have approved extension requests  Councils’ reasons for not completing their IPI on time range from complexity of issues to natural hazard events affecting current and proposed plan provisions.	
<b>How we performed last year</b> <i>New measure</i>		



## Activity 2: Support the effective regulation and integrated management of urban land use and water infrastructure

### Long-term outcomes

#### Improved ecosystem health in urban water

Regional councils are responsible for delivering freshwater plans that give effect to the National Policy Statement for Freshwater Management 2020 (NPS-FM), which will address ecosystem health – including in urban water. Note the Government has extended the deadline for councils to give effect to the NPS-FM to 31 December 2027, and it has also committed to replacing the NPS-FM and National Environmental Standards for Freshwater 2020.

We continue to work on proposed amendments to the National Environmental Standards for Sources of Human Drinking Water 2007 (NES-DW). The amendments to the NES-DW aim to improve source water protection, which is the first of multiple barriers to drinking water safety. The remaining barriers relate to treatment and are regulated by Taumata Arowai under the Water Services Act 2021. Improved drinking water quality will benefit both urban and rural Aotearoa and will have some co-benefits for ecosystem health.

*Impact(s): 3–5 years*

**Urban water is well protected and managed by local authorities and water service providers and reflects Te Mana o te Wai**

**Impact indicator: Local authorities and water service providers can demonstrate progress towards improving urban water outcomes and upholding Te Mana o te Wai**



**Definition:** The NES-DW requires regional councils to ensure that they consider the effects of activities on drinking water sources in decisions on resource consents and in regional plans.

The [Havelock North Inquiry](#) identified deficiencies within the existing NES-DW. There is an ongoing work programme to ensure that these regulations provide better protection for drinking water sources.

<b>How we measure progress</b>	<b>2023/24</b>
<b>Standard:</b> <i>Achieve</i>	<i>On track</i>
Achieve amendment of the NES-DSW.	NES-DW amendments are being progressed through the integrated national direction programme.

#### How we performed last year

*On track*

In 2022/23, NES-DW amendments were delayed, and further guidance was yet to be released.

## Activity 3: Support local government to implement the National Environmental Standards for Air Quality

### Long-term outcomes

#### Improved air quality measures

The National Environmental Standards for Air Quality 2004 (NES-AQ) are regulations made under the RMA. The NES-AQ defines limits for particulate matter and gaseous pollutants, to protect communities against detrimental health impacts.

Impact(s): 3–5 years

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

Impact indicator: Statutory functions are carried out to support the implementation of the National Environmental Standards for Air Quality		X
<b>Definition:</b> The Ministry considers applications for breaching air quality standards and processes them within statutory timeframes.		
<b>How we measure progress</b> <b>Standard:</b> <i>Achieve</i>  Statutory timeframes for processing applications are met.	<b>2023/24</b>  <i>Not achieved</i>  The Ministry prepared two exceptional circumstances applications during 2023/24. Both were decided outside of the statutory timeframe.	
<b>How we performed last year</b>  <i>Not on track</i>  The Ministry received five exceptional circumstance applications during 2022/23. Four were decided within the statutory timeframe, and one was not.		

# Strategic priority 4: Build a sustainable and resilient land-use and food system

## Summary of all strategic priority 4 impact indicators

Achieved ✓✓	On track ✓	Not achieved X	Not applicable Ø
4/9	0/9	0/9	5/9

**Overall progress:** Overall progress against the objectives of strategic priority 4 has been encouraging, with achievement of four impact indicators. Due to changes in government direction:

- three of the impact indicators are no longer applicable
- one impact indicator did not have an established standard, so achievement was not applicable
- one impact indicator relating to the official emissions projection is not applicable, as the projections will not be released until later in 2024.

## Activity 1: Ensure the implementation of the Essential Freshwater package on a kaupapa of Te Mana o te Wai

### Long-term outcomes

#### Prevent further degradation of, and set the path for restoring our water bodies

The aim is to stop further degradation of our freshwater, improve water quality, reverse any past damage, and bring our waterways and ecosystems to a healthy state within a generation. Actions include speeding up council planning processes, introducing new rules to protect wetlands and streams, and improving farming practices.

*Impact(s): 3–5 years*

The impact of high-risk activities on freshwater is reducing

Prevent loss of key freshwater ecosystems

Support the implementation of the improved freshwater management system

Impact indicator: Effective delivery of the land and water regional plans Ø	
<p><b>Definition:</b> The Ministry supports regional councils to produce effective, compliant and timely land and water regional plans (under the National Policy Statement for Freshwater Management (NPS-FM)).</p>	
<p><b>How we measure progress</b></p> <p><b>Standard:</b> <i>Achieve</i></p> <p>Regional councils notify land and water regional plans by the deadline of December 2024.</p>	<p><b>2023/24</b></p> <p><i>Not applicable</i></p> <p>In December 2023, the Government announced it would review and replace the NPS-FM. The notification deadline has been extended until 31 December 2027. The current measure is no longer applicable due to this change of direction.</p>

## How we performed last year

### Achieved

In 2022/23, councils produced a progress report that indicated satisfactory progress had been made towards completing freshwater management plans.<sup>7</sup>

## Impact indicator: Effective implementation of freshwater farm plans



**Definition:** The freshwater farm planning system has been established in regions where the regulations have been switched on, and a workforce to support the system is being established.

### How we measure progress

**Standard:** No standard

Number of participants in the national training programme for freshwater farm plan certifiers.

### 2023/24

112 people

112 people have applied to become certifiers in the national training programme. This result signifies how regional councils and the rural industry have participated in the existing freshwater farm planning system that began to be implemented in mid-2023. The Government is now considering a pause to the existing system while it explores some improvements.

## How we performed last year

### New measure

## Impact indicator: Risk indicators for freshwater ecosystem health are reducing



**Definition:** The NPS-FM requires councils to use the National Objectives Framework (NOF) to manage freshwater ecosystem health. Ecosystem health can be assessed by comparing water quality measures with the NOF bands (which consider the suitability of a water body to sustain the indigenous aquatic life expected in the absence of human disturbance or alteration).<sup>8</sup>

### How we measure progress

**Standard:** Achieve

NOF bands are monitored and can demonstrate whether ecosystem health has improved.

### 2023/24

Achieved

Note, however, that impacts of NPS-FM/NOF policy cannot be directly linked to improvements in ecosystem health, as changes will not be detectable for at least five years.

## How we performed last year

### New measure

## Activity 2: Develop and implement a pricing mechanism for agricultural greenhouse gas emissions

The Government is committed to:

- taking a split-gas approach to agricultural emissions
- keeping agriculture out of the New Zealand Emissions Trading Scheme (NZ ETS)
- implementing a fair and sustainable pricing system for agriculture no later than 2030.

<sup>7</sup> The performance reporting is comparable with last year's reporting on impact indicator 'Councils update their Freshwater Management Plans as required by the National Policy Statement for Freshwater Management' under strategic priority 4.1 from the *Statement of Intent 2020–2025*.

<sup>8</sup> For more information on freshwater, see Ministry for the Environment and Stats NZ. 2023. *New Zealand's Environmental Reporting Series: Our freshwater 2023*. Wellington: Ministry for the Environment and Stats NZ.

The Government’s approach to mitigating climate change includes a commitment to ensuring producers have the tools and technologies to reduce emissions while maintaining productivity and profitability.

It is also important to continue developing standardised approaches to measuring and monitoring on-farm emissions. The future form of the agricultural pricing mechanism is dependent on Government decisions.

Primary legislation must be passed before 1 January 2025 to avoid activating NZ ETS surrender obligations for agriculture. The independent review of methane science and Aotearoa New Zealand’s targets for consistency with ‘no additional warming’ was appointed in June 2024. Its report will be delivered later in 2024.

**Long-term outcomes**

**Greenhouse gas emissions from agriculture decrease in line with our domestic and international targets and budgets**

The Government has committed to an independent review of the methane science and Aotearoa New Zealand’s targets for consistency with no additional warming. The results of this review will provide an up-to-date evidence base to consider as part of any future policy work.

Policy work is underway to support the passing of primary legislation before 1 January 2025, which will remove agricultural obligations from the NZ ETS.

The Government is focused on accelerating the development of mitigation tools and technologies to reduce on-farm emissions. Development of a standardised methodology for measuring on-farm emissions, to be in use by 2025, remains a priority.

*Impact(s): 3–5 years*

**Farmers understand their on-farm emissions and are taking actions to reduce them**

**Emissions from agriculture are decreasing**

Impact indicator: Percentage of farmers who know their emissions number		Ø
<b>Definition:</b> To support farmers and growers to reduce their emissions, it is important they know: <ul style="list-style-type: none"><li>• what their on-farm emissions are</li><li>• the drivers of those emissions</li><li>• the actions they could practically take to reduce them.</li></ul>		
<b>How we measure progress</b> <b>Standard:</b> 100%  Percentage of farms holding a documented annual total of on-farm greenhouse gas emissions reported in the latest He Waka Eke Noa progress report.	<b>2023/24</b> <i>Not applicable</i>  He Waka Eke Noa Partnership has stopped monitoring progress on this target and has not produced a progress report since September 2023.  The Government announced in June 2024 that He Waka Eke Noa Partnership will be formally disestablished.	



### How we performed last year

In 2022/23, the progress on legislative milestones was reported as follows:<sup>9</sup>

- 25% of farms were to know their emissions number by 31 December 2021 – complete
- 100% of farms were to know their emissions number by 31 December 2022 – not met.

### Impact indicator: Percentage of farmers with a greenhouse gas farm plan

Ø

**Definition:** For farmers and growers to reduce their emissions, it is important they know:

- what their on-farm emissions are
- the drivers of those emissions
- the actions they could practically take to reduce them.

### How we measure progress

**Standard:** 100% by 1 January 2025

Percentage of farms having a written plan to measure and manage their greenhouse gas emissions as reported in the latest He Waka Eke Noa progress report.

### 2023/24

*Not applicable*

He Waka Eke Noa Partnership has stopped monitoring progress on this target and has not produced a progress report since September 2023.

The Government announced in June 2024 that He Waka Eke Noa Partnership will be formally disestablished.

### How we performed last year

In 2022/23, the progress on legislative milestones was reported as follows:<sup>7</sup>

- 25% of farms were to have a greenhouse gas farm plan by 1 January 2022 – complete
- 100% of farms are to have a greenhouse gas farm plan by 1 January 2025 – can be met.

### Impact indicator: Greenhouse gas emissions from agriculture

Ø

**Definition:** Aotearoa has a split-gas target, recognising the different warming impacts of short- and long-lived greenhouse gases.

The 2050 target in the Climate Change Response Act 2002 (CCRA) includes reducing biogenic methane emissions by 10% by 2030, and by 24% to 47% by 2050.

### How we measure progress

**Standard:** Decreasing trend

Progress towards 2030 biogenic methane target.

### 2023/24

*Not applicable because the official projections are not available until late 2024.*

The second emissions reduction plan went out for public consultation on 17 July 2024. This includes a chapter on agriculture, which sets out the Government's plan for reducing emissions in the agriculture sector.

Agricultural emissions have been trending downward since 2014, as reflected in [New Zealand's Greenhouse Gas Inventory](#).

### How we performed last year

*New measure*

<sup>9</sup> The performance reporting is comparable with last year's reporting on impact indicator 'Land owners know their total on-farm emissions and have plans to manage them' under strategic priority 4.2 from the *Statement of Intent 2020–2025*.

## Activity 3: Invest in action to improve the freshwater management system and the health of water bodies

### Long-term outcomes

#### Improved health of waterways, lakes, groundwater and receiving environments

The aims of strategic investments in at-risk and vulnerable catchments are to:

- stop further degradation of our freshwater
- start making immediate improvements so water quality improves
- reverse past damage to bring our waterways and ecosystems to a healthy state.

#### Improved local-level capacity and capability across the freshwater management system

A focus on place-based investments in capability and capacity building has empowered communities to participate in the freshwater management system. These investments include projects to build Treaty partnerships and to enhance the technical and governance skills needed to lead freshwater initiatives.

*Impact(s): 3–5 years*

#### Ecosystem health is improving through targeted investment

#### Councils, Māori and communities can better participate in the freshwater management system

**Impact indicator:** Funded projects achieve their stated objectives to improve ecosystem health



**Definition:** Projects are achieving the objectives set out in their funding agreements, which are intended to improve freshwater ecosystems. Projects include riparian planting, fencing, upskilling and completion of qualifications, water monitoring, and cultural monitoring and reporting.

**Disclosure:** Projects that indirectly improve ecosystem health are included.

For more details, see [Minister for the Environment's Report on Non-departmental Appropriations 2023/24](#).

<b>How we measure progress</b> <b>Standard:</b> 80% Projects are on track to achieve their stated objectives. (See note 3)	<b>2023/24</b> 96% 183 projects funded in 2023/24 are on track to achieve or have achieved their stated objectives.
<b>How we performed last year</b> <i>Achieved</i> Among projects funded in 2022/23, 145 (92%) were on track to achieve, or had achieved, their stated objectives.	

## Jobs for Nature – Ministry administered funding

The Jobs for Nature Programme is a \$1.19 billion investment in nature-based work to support a greener recovery for Aotearoa following the COVID-19 pandemic. This funding was intended to address economic and labour market challenges while restoring and preserving our environment for future generations.

Along with partner agencies (including central and local government, iwi and communities) the Ministry has invested \$428.76 million to support nature-based work, including:

- planting and ecosystem restoration to improve freshwater and biodiversity outcomes
- developing freshwater farm plans
- fencing waterways
- plant and animal pest control
- remediating fish passages
- skills training for career development.

Funding recipients include community groups, councils, iwi and hapū, charitable trusts, and private companies.

The Ministry also houses the cross-central agency secretariat, which continues to drive and amplify cooperation across natural resource management agencies.

**Table 1: Jobs for Nature programme – Funded nature-based work statistics**

Metric category	Metric group	2023/24	Actuals to date	Lifetime plans
		Actuals		
Biodiversity	Area of ecosystem restoration (hectares)	481.95	1,232.87	6,337.41
Employment	Hours worked	792,756.42	2,294,721.16	3,896,889.92
Freshwater	Number of farm environment plans completed	375.00	1,487.00	2,126.86
	Number of fish passages remediated	632.00	1,486.00	2,057.53
	Number of plants planted	2,145,846.00	6,326,299.00	11,963,803.03
	Fencing constructed (kilometres)	623.93	2,640.35	6,242.86
	Area of freshwater restoration (hectares)	758.87	2,908.83	4,000.52
	Area under farm environment plans (hectares)	45,477.55	239,092.15	417,146.40
Pest control	Area of animal pest control (hectares)	14,442.04	63,285.00	55,258.69
	Area of plant pest control (hectares)	3,538.00	8,665.82	7,174.05

Note: Lifetime plans = total planned over the life of the project.

For more information see the [Jobs 4 Nature website](#).

## Activity 4: Provide support for implementing national direction on indigenous biodiversity

### Long-term outcomes

**Protect, maintain and restore indigenous biodiversity, that recognises tangata whenua as kaitiaki and people and communities, including land owners, as stewards**

The National Policy Statement for Indigenous Biodiversity (NPSIB) came into force in 2023 to codify existing RMA requirements on councils to identify and protect significant natural areas (SNAs) and to partner with tangata whenua in this work. The Government is reviewing the approach to identifying SNAs and their operation. It is in the process of putting on hold for three years the requirement for councils to identify SNAs.

Public consultation last year explored a voluntary biodiversity credit market. It drew significant engagement from tangata whenua, communities, land owners and businesses, recognising its potential to support land owners' investment in biodiversity. The Ministry is continuing to investigate potential models for a market-led approach.

*Impact(s): 3–5 years*

**Councils identify significant areas for, and manage impacts on indigenous biodiversity in their plans**

**Support the development of market mechanisms to incentivise active management of biodiversity**

**Investigate a national system for monitoring indigenous biodiversity**

**Impact indicator: Councils have identified Significant Natural Areas in their plans**

✓✓

**Definition:** Councils make progress in identifying SNAs in line with the requirements of the NPSIB.

#### How we measure progress

**Standard:** *Achieve*

The NPSIB is established. It directs councils how to identify SNAs and establish a timeframe for incorporating this in their plans.

#### 2023/24

*Achieved*

The NPSIB came into force in 2023, codifying RMA requirements for councils to identify and protect SNAs.

The Government is reviewing the approach to identifying SNAs and their operation. This includes pausing the requirement to identify SNAs and extending the timeframes for implementation.

#### How we performed last year

*New measure*

**Impact indicator: Market mechanisms are operating to support biodiversity protection**



**Definition:** Public views are sought on a potential model for a market-led approach to effectively catalyse increased private financing for biodiversity protection and enhancement.

**How we measure progress**

**Standard:** *Achieve*

The Government receives advice by the end of 2023/24 on the potential of market mechanisms to support increased private investment in biodiversity protection.

**2023/24**

*Achieved*

The Ministry provided advice in early 2024 on feedback from public consultation on the potential of a biodiversity credit market.

The Ministry continues to investigate potential models for a market-led approach to unlock private financing for biodiversity.

**How we performed last year**

*New measure*



# Strategic priority 5: Transition New Zealand to a climate-resilient, low-emission, circular economy

## Summary of all strategic priority 5 impact indicators

Achieved ✓✓	On track <sup>10</sup> ✓	Not achieved X	Not applicable Ø
1/6	4/6	0/6	1/6

**Overall progress:** Overall, work is on track to achieve the objectives of strategic priority 5. One impact indicator is no longer applicable, due to a change in focus. We provide further information alongside each impact indicator.

### Activity 1: Lead Aotearoa New Zealand’s efforts to reduce emissions

The second emissions reduction plan has been drafted and went out for public consultation in July 2024. It sets out the Government’s policies and strategies to meet the second emissions budget (for 2026–30). The final plan will be published by the end of 2024.

The Ministry continues to collect data to track progress towards domestic and international climate change targets, and to build a robust, scientific basis for policy. We calculate historical emissions through compiling Aotearoa New Zealand’s Greenhouse Gas Inventory each year, and we use this as a basis to develop projections to help understand how Aotearoa is tracking towards emissions reduction targets.

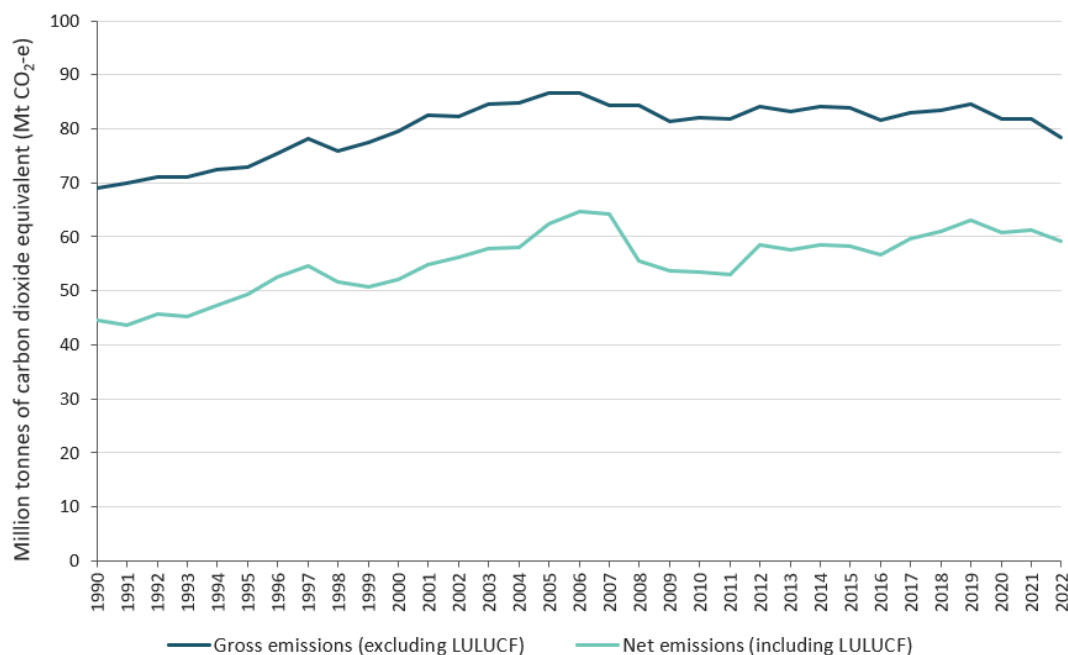
Figure 1<sup>11</sup> shows Aotearoa New Zealand’s gross and net greenhouse gas emissions as reported most recently in the Greenhouse Gas Inventory 1990–2022. This shows that Aotearoa New Zealand’s gross greenhouse gas emissions<sup>12</sup> peaked in 2006 and were relatively stable through to 2019. However, since 2019, gross emissions have been declining year on year.

<sup>10</sup> Includes one ‘partially achieved’ result.

<sup>11</sup> For the full disclosure on Aotearoa New Zealand’s greenhouse gas emissions, including inventory uncertainties, methodologies and assumptions used in the calculations, see Ministry for the Environment. 2024. *New Zealand’s Greenhouse Gas Inventory 1990–2022*. Wellington: Ministry for the Environment.

<sup>12</sup> Gross emissions are Aotearoa New Zealand’s total emissions from agriculture, energy, industrial processes and product use, and waste sectors as well as gross emissions from Tokelau.

**Figure 1:** Aotearoa New Zealand's gross and net emissions, 1990 to 2022 (*See note 4*)



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

Between 2021 and 2022, Aotearoa New Zealand's gross emissions decreased by 4 per cent, which is a decrease of 3.4 Mt CO<sub>2</sub>e. For gross emissions, this is the greatest annual decrease seen over the period from 1990 to 2022. Gross emissions in 2022 have now reached their lowest level since 1999. All gross emissions sectors except Tokelau reduced their emissions between 2021 and 2022, for a range of different reasons.

The largest reduction was in emissions from electricity and heat production due to increased renewable electricity generation. Aotearoa New Zealand's levels of renewable electricity generation are highly dependent on where and when rain falls. 2022 was a high-rainfall year, resulting in increased hydroelectricity generation, which displaced coal- and gas-fired power generation. As annual variation in rainfall influenced gross emissions in 2022, the high level of emissions reductions in that year does not ensure a permanent reduction in emissions from this source.

Net emissions include gross emissions combined with the emissions and removals from the land use, land-use change and forestry (LULUCF) sector. Forests remove carbon dioxide from the atmosphere as they grow but can also release it – for example, after being harvested or deforested, or following natural disturbances such as storm damage. Net emissions from the LULUCF sector offset 25 per cent of Aotearoa New Zealand's gross emissions in 2022. This is a decrease from 1990 when the LULUCF sector offset 35 per cent of Aotearoa New Zealand's gross emissions. This change is mainly the result of an increase in gross emissions between 1990 and 2022, and the impact of harvesting cycles on net emissions.

## Long-term outcomes

### Greenhouse gas emissions decrease

To reduce greenhouse gas emissions in the long term, Aotearoa needs a series of well-planned steps to achieve the 2050 target. These steps include having laws, policies and efficient markets to support the emissions reduction plan.

Impact(s): 3–5 years

## Aotearoa reduces greenhouse gas emissions in line with emissions budgets

**Impact indicator:** Aotearoa has an agreed suite of policies and measures to achieve our emissions reduction plans and budgets



**Definition:** Aotearoa is using a system of emissions budgets to meet our 2050 target. In May 2022, the Government published the first three emissions budgets (2022–25, 2026–30, 2031–35). Emissions reduction plans set out policies and strategies for meeting the respective emissions budgets.

### How we measure progress

**Standard:** *Achieve*

Implement first emissions reduction plan by 31 December 2025.

Deliver second emissions reduction plan by 31 December 2024.

### 2023/24

*On track*

The primary purpose of the first emissions reduction plan is to achieve the first emissions budget. Our most recent projections confirm Aotearoa is on track to achieve the first emissions budget. Implementation of the first emissions reduction plan continues, with regular reporting to the Climate Change Chief Executives Board and Ministers on the implementation of actions in the first emissions reduction plan. The Government has consulted on amending the first emissions reductions plan to align it with the new Climate Strategy.

The discussion document for the second emissions reduction plan has been drafted and was released for consultation in July 2024. The plan is required to be finalised no later than 31 December 2024 and final policy development, following consultation, is underway to enable this.

### How we performed last year

*Achieved*<sup>13</sup>

The first emissions reduction plan, setting out policies and strategies for meeting emissions budgets, was published on 16 May 2022.<sup>14</sup>

**Impact indicator:** Aotearoa New Zealand's emissions are reducing in line with the emissions budgets and the 2050 target



**Definition:** Under the CCRA, Aotearoa has set a 2050 target of:

- net zero emissions of all greenhouse gas emissions other than biogenic methane by 2050
- 24% to 47% reduction below 2017 biogenic methane emissions by 2050, which includes the step of achieving a 10% reduction below 2017 biogenic methane emissions by 2030.

The CCRA also establishes a series of emissions budgets to act as 'stepping stones' to the 2050 target.

The Government published the first three emissions budgets (2022–25, 2026–30, 2031–35) in May 2022.

<sup>13</sup> The performance reporting is comparable with last year's reporting on shift indicator 'New Zealand has an emissions reduction plan in place' under strategic priority 5.1 from the *Statement of Intent 2020–2025*.

<sup>14</sup> Ministry for the Environment. 2022. *Te hau mārohi ki anamata. Towards a productive, sustainable and inclusive economy: Aotearoa New Zealand's first emissions reduction plan*. Wellington: Ministry for the Environment.

<p><b>How we measure progress</b></p> <p><b>Standard: Achieve</b></p> <p>Aotearoa is on track to meet the emissions budgets.</p>	<p><b>2023/24</b></p> <p><i>On track</i></p> <p>Aotearoa is on track to overachieve on emissions budget 1 with existing measures. The central projections shows that emissions budget 2 is achievable with the additional policies proposed in the Government’s second emissions reduction plan discussion document. Proposed second emission reduction plan policies include: energy, transport, agricultural and forestry, and waste.</p> <p>The projections indicate that there is greater uncertainty about meeting the third emissions budget but achieving emissions budget 3 remains within the range of uncertainty. The uncertainty arises from both projections becoming more uncertain the further out they look and the fact that additional actions may be required but have not yet been identified. The Government will develop a plan to meet the third emissions budget in 2029.</p> <p>For more information refer to: <a href="#">First report on Government Target 9 released   Ministry for the Environment</a></p> <p><i>(see note 5)</i></p>
<p><b>Standard: Achieve</b></p> <p>Aotearoa is on track to meet the 2050 target.</p> <p><i>(See note 4)</i></p>	<p><i>On track</i></p> <p>Aotearoa is on track to meet the 2050 target. This means that current projections and policies indicate the country is making sufficient progress toward reducing emissions in line with long-term climate targets. Interim projections prepared in July 2024 to support consultation on the second emissions reduction plan indicate that the 2030 biogenic methane target is on track to be achieved. However, both the ‘net zero<sup>15</sup>’ target for long-lived gases and the 2050 methane target fall within the range of uncertainty. Our central estimate falls 3 Mt CO<sub>2</sub>-e short of our 2050 long-lived gas target. The further out projections look, the less certain they become. The zero-carbon framework will support managing this uncertainty with subsequent Governments required to set and meet emissions budgets aligned with meeting Aotearoa New Zealand’s long-term targets. The Government will set emissions budget 4 for the period 2035–40 in 2025.</p>
<p><b>How we performed last year</b></p> <p><i>New measure</i></p>	

<sup>15</sup> ‘Net zero’ refers to achieving a balance between the amount of greenhouse gases emitted into the atmosphere with the amount removed or offset. By 2050, Aotearoa aims to reduce gross emissions as much as possible and offset any remaining emissions, ensuring no net increase in greenhouse gases.

## Activity 2: Implement the national adaptation plan

Aotearoa is now two years into implementation of the first national adaptation plan. The Government’s response to the report of He Pou a Rangi | Climate Change Commission (Climate Change Commission) on the implementation and effectiveness of the plan is an opportunity to confirm adaptation priorities for the next two years.

### Long-term outcomes

**Aotearoa is less vulnerable, and more resilient, to the impacts of climate change and has a greater capacity to adapt**

Understanding the climate risks that we face, now and in the future, will help central and local government plan for the impacts of climate change. Developing foundational mechanisms to support the implementation of those plans, including how risks and costs are shared, is an important first step.

*Impact(s): 3–5 years*

**Aotearoa makes better-informed decisions by considering climate-related risk**

**Central and local government are driving climate-resilient development in the right locations, including the option of managed retreat**

**Climate resilience is considered across government policy**

Impact indicator: Central and local government are planning for the impacts of climate change ✓	
<p><b>Definition:</b> Under the CCRA, Aotearoa has established a continual process of assessing climate risks, planning to address those risks, monitoring change and adjusting as necessary.</p> <p>Aotearoa New Zealand’s first national adaptation plan was published in August 2022. It sets out the Government’s priorities to make homes, infrastructure and communities more resilient to climate change. Collectively, the actions in the plan aim to ensure all actors – including central and local government – are planning for the impacts of climate change. The focus is now on implementing the actions set out in this all-of-government plan.</p>	
<p><b>How we measure progress</b></p> <p><b>Standard:</b> <i>Achieve</i></p> <p>Implementation of the first national adaptation plan is being monitored, and responsibilities for actions sit across government.</p>	<p><b>2023/24</b></p> <p><i>On track</i></p> <p>Some actions are on track; others are being paused. There are also new actions.</p> <p>The Climate Change Commission is due to report on the implementation and effectiveness of the national adaptation plan by August 2024. The Government is due to respond to that report by February 2025.</p> <p>Following a call for data on adaptation preparedness (issued in March 2024), responses will indicate the extent to which central government and local government are planning for the impacts of climate change. A synthesis of responses was prepared in July 2024.</p>
<p><b>How we performed last year</b></p> <p><i>New measure (See note 1)</i></p>	



## Activity 3: Develop policy and implement the waste strategy

### Long-term outcomes

**Aotearoa progresses to a low-waste, low-emissions, circular economy, meaning less waste is produced and less is disposed of at landfill**

The Aotearoa New Zealand waste strategy<sup>16</sup> provides a high-level roadmap out to 2050 of how Aotearoa is going to transform waste generation and management. The strategy outlines short-term targets, goals and priorities; sets the context for more detailed action and investment plans; and describes how progress will be evaluated and reported. The Ministry has an extensive waste reduction work programme in place that will help achieve the goals of the waste strategy.

*Impact(s): 3–5 years*

**On track for waste strategy 2030 targets for waste generation, disposal and emissions**

Impact indicator: We have in place and are implementing an action investment plan		Ø
<b>Definition:</b> The action and investment plan (AIP) was intended to be a government-led plan for the sector, to guide how to translate the Aotearoa New Zealand waste strategy into action.		
<b>How we measure progress</b> <b>Standard:</b> Completed by March 2024 The AIP is finalised within the timeline.	<b>2023/24</b> <i>Not applicable</i> Following the launch of the Aotearoa New Zealand waste strategy in 2023, development of an AIP began. Stakeholder engagement was undertaken in mid-2023 and progress was advised to the outgoing Minister.  Following the change in government, an AIP is no longer a priority. In May 2024 the new Minister announced new waste investment priorities, enabled by an amendment to the Waste Minimisation Act 2008.	
<b>How we performed last year</b> <i>New measure</i>		

## Activity 4: Strengthen operational and compliance activities for a low-waste, low-emission, circular economy

### Long-term outcomes

**Aotearoa progresses to a low-waste, low-emissions, circular economy, meaning less waste is produced and less is disposed of at landfill**

Support for achieving a low-waste, low-emissions, circular economy will come from having confidence in Aotearoa New Zealand’s waste and compliance data, and from regulated parties playing their part in the system.

<sup>16</sup> Ministry for the Environment. 2023. *Te rautaki para | Waste strategy. Getting rid of waste for a circular Aotearoa New Zealand*. Wellington: Ministry for the Environment. Note that the Government is considering reviewing the waste strategy, so the long-term outcomes and focus may change.

Impact(s): 3–5 years

## On track for waste strategy 2030 targets for waste generation, disposal and emissions

Impact indicator: Improved compliance in the waste sector, and harm from waste is reduced<sup>17</sup>



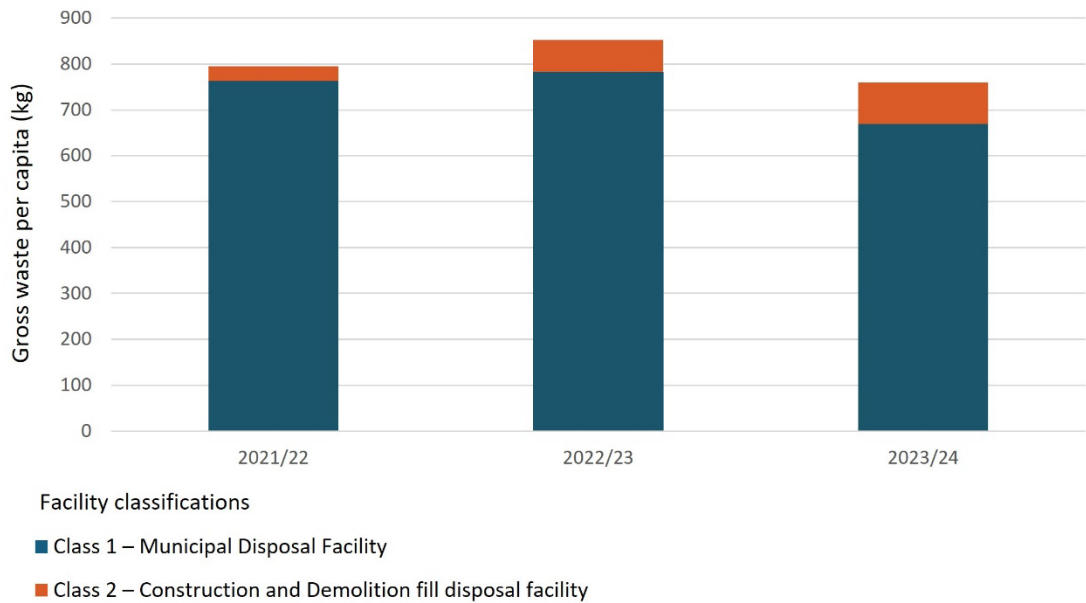
**Definition:** Improved compliance in the waste sector is focused on facility operators and territorial authorities in relation to their legislative requirements under the Waste Minimisation Act 2008. Audits of these facilities and territorial authorities determine compliance.

Using and disposing of finite resources can create environmental harm, as well as lost opportunities to recover value and resources. The waste measurement used is 'waste tonnage per person annually', which evaluates waste tonnage on a per capita basis to account for population growth.

How we measure progress	2023/24
<b>Standard:</b> 100% (Annual report goal – 32)	<i>Partially achieved</i>
Audits of disposal facilities and territorial authorities are completed.	<i>Not achieved – 62.5% (20) of audits of disposal facilities and territorial authorities completed.</i>
<b>Standard:</b> Trend decrease	Annual programme goal: 32 (100%)
Waste tonnage per person decreases (annually).	For results for the measures of audits of disposal facilities and territorial authorities in 2023/24, see the <a href="#">Waste Minimisation Administration</a> section under 'Our operating performance'.
(See note 6)	<i>Achieved – waste tonnage per person decreases (annually).</i>
	Waste tonnage to Class 1 and 2 landfills per person has decreased 11.46% in 2023/24.
	In contrast, waste tonnage from Class 1 and 2 landfills per capita increased 7.03% in 2022/23. During that time, the impacts of severe weather contributed to some of the highest per capita monthly volumes ever recorded.
	Reporting of data from Class 2 landfills has only been required since January 2021. As such, there is only a three-year data record for total combined Class 1 and 2 waste tonnage (figure 2).
<b>How we performed last year</b>	
See the <a href="#">Waste Minimisation Administration</a> section under 'Our operating performance' for 2022/23 results for the measure of completed audits of disposal facilities and territorial authorities.	

<sup>17</sup> Partially achieved. The first measure didn't achieve the required standard, the second measure achieved the standard.

Figure 2: Waste disposed of at landfills subject to a waste disposal levy (net)



Note: See the [Waste statistics](#) on the Ministry’s website for more data about Aotearoa New Zealand’s waste management practices and emissions from the waste sector.

## Activity 5: Invest to create a low-waste, low-emission circular economy

### Long-term outcomes

**Aotearoa progresses to a low-waste, low-emissions, circular economy, meaning less waste is produced and less is disposed of at landfill**

Government investment of revenue from the Waste Disposal Levy is focused on projects that minimise waste and associated emissions. This investment aligns with and contributes to Aotearoa New Zealand waste strategy 2030 targets for waste generation, disposal and emissions.

*Impact(s): 3–5 years*

**On track for waste strategy 2030 targets for waste generation, disposal and emissions**

**Impact indicator: Investment supports resource efficiency, reuse, recovery and recycling** ✓✓

**Definition:** Overall investment in waste minimisation projects through Te Pūtea Whakamauru Para | the Waste Minimisation Fund (WMF) and Te Tahua Pūtea mō te Kirihihi Auaha | the Plastics Innovation Fund (PIF) supports resource efficiency, reuse, recovery and recycling. See [Our operating performance](#) for more details on individual funds.

**How we measure progress**

**Standard:** *Year-on-year increase*

Central government investment in projects across the WMF and PIF (reported in \$).

**2023/24**

*Achieved*

Central government investment in waste minimisation projects has increased since 2022/23.

In 2023/24, the WMF started 27 projects. Its total investment of \$36.7 million includes 19 projects funded through the Climate Emergency Response Fund (CERF). In addition, the PIF started 14 projects, with a total investment of just over \$9 million.

**How we performed last year**

*Achieved*

The WMF approved 18 projects valued at \$10.3 million in 2022/23, as well as 8 PIF projects valued at just under \$8 million in total.

# Strategic priority 6: Improve how New Zealand’s natural resources are allocated

## Summary of all strategic priority 6 impact indicators

Achieved ✓✓	On track ✓	Not achieved X	Not applicable Ø
0/4	1/4	0/4	3/4

**Overall progress:** Overall progress against the objectives of strategic priority 6 has been made. However, changes in government direction will see a change of approach for this priority in the future.

## Activity 1: Provide advice on developing a new system to allocate freshwater takes and discharges

### Long-term outcomes

**A fair and efficient system for the allocation of resources that supports achieving environmental outcomes**

The way resources are allocated now will affect the prosperity of future generations, so allocation needs to be done wisely, within environmental limits.

Allocation of freshwater and contaminants under the RMA is of particular interest to New Zealanders. These are allocated on a ‘first-in, first-served’ basis, which has been widely criticised as inefficient and unfair. Treaty partners and stakeholders have been asking for a better system for some time.

*Impact(s): 3–5 years*

**Establish the legislation for the resource allocation system**

**Support implementation of the allocation system, including further policy advice**

Impact indicator: Legislation for resource allocation is passed		Ø
<b>Definition:</b> Existing legislation (the RMA) is amended, or new legislation is created, to introduce new methods of allocating resources (such as freshwater, or discharges to freshwater) that are currently managed under the RMA on a first-in, first-served basis.		
<b>How we measure progress</b> <b>Standard:</b> <i>Achieve</i> Pass NBE Act by August 2023.	<b>2023/24</b> <i>Not applicable</i> The NBE Act came into effect in August 2023. The legislation was then repealed in December 2023.	
<b>How we performed last year</b> <i>New measure</i>		

**Impact indicator: The tools and policy required to implement the new allocation system are in place or under development**



**Definition:** Local government needs the right tools and supporting policy to guide and inform allocation decisions (such as accounting systems to understand how much of a resource is being used and by whom). Current tools are inadequate, particularly to implement allocation methods that are more sophisticated than the current first-in, first-served approach.

#### How we measure progress

**Standard:** *Achieve*

Local decision-makers have the tools and detailed guidance/regulation necessary to implement market-based allocation methods and methods using comparative consenting.

#### 2023/24

*On track*

Steady progress was made on developing an accounting system for freshwater allocation in 2023/24.

Progress on developing the Risk Index Tool for on-farm nutrient management also contributes to this impact indicator. See [Our operating performance](#) for more information.

Due to the repeal of the NBE Act, there is no longer an immediate need for detailed guidance or regulation to implement new allocation methods.

#### How we performed last year

*New measure*

## Activity 2: Engage with Māori as Te Tiriti o Waitangi partners in the development of a new system to allocate resources, with a focus on freshwater allocation matters

### Long-term outcomes

#### Equitable access to resources for Māori

A new system to allocate resources would need to be developed through good process, which would include engagement between the Crown and iwi/hapū at the local level. This would allow the new system to deliver equitable access to resources for Māori.

*Impact(s): 3–5 years*

#### Established processes for more equitable allocation of resources, including at a local level

**Impact indicator: A framework and process are established for local-level engagement between the Crown and iwi/hapū on freshwater allocation matters**



**Definition:** This impact indicator refers to the development of a framework and process for local-level engagement between the Crown and iwi/hapū to engage on freshwater allocation matters under the NBE Act.

#### How we measure progress

**Standard:** *Achieve*

Develop a framework and process to support local-level engagement between the Crown and iwi/hapū to engage on freshwater allocation matters, by establishing a Freshwater Working Group to design the process.

#### 2023/24

*Not applicable*

The framework was developed, but the process was not established.

Legislation was passed in late 2023 as part of the NBE Act that required the Crown and iwi/hapū to engage on freshwater allocation. This engagement has not happened, as the NBE Act was repealed in December 2023.



How we performed last year

Achieved

In 2022/23, Māori collectives were engaged throughout the resource management reform work programme at the national scale. This resulted in legislation to take the allocation work forward and would have established a working group to ensure future progress. The repeal of legislation meant the allocation work did not proceed as planned.

Impact indicator: Engagement occurs at a local level between the Crown and iwi/hapū on freshwater allocation Ø

**Definition:** Engagement between the Crown and iwi/hapū on freshwater allocation process was introduced in the NBE Act and was to be implemented as part of the delivery of that legislation. This is not going ahead, due to the repeal of the legislation.

How we measure progress	2023/24
Standard: Not applicable	Not applicable
Could not proceed to this step.	The NBE Act was repealed in December 2023.

How we performed last year

New measure

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

## Summary of all strategic priority 7 indicators

Achieved ✓✓	On track ✓	Not achieved X	Not applicable Ø
3/4	0/4	0/4	1/4

**Overall progress:** Overall progress against the objectives of strategic priority 7 has been encouraging, with two impact indicators achieved. Another impact indicator did not have an established baseline, so achievement was not applicable. The fourth impact indicator saw a stable trend achieved. We provide further information alongside each impact indicator.

## Activity 1: Report on the state of the environment

### Long-term outcomes

**People are informed about the health of the environment and make decisions that lead to effective, enduring environmental stewardship and kaitiakitanga (guardianship)**

Reporting on the state of the environment provides important evidence on and insight into our relationship with the natural and built environments, how that relationship is changing over time and how these changes affect us in turn. This information supports individuals, communities, iwi/hapū, industry and decision-makers to make informed choices.

The Ministry has tried over the last year to increase awareness of the reports we produce under the Environmental Reporting Act 2015 by targeting communications at organisations that have an interest in the environment or the resource management system. We have also used social media and ArcGIS StoryMaps to inform and inspire the general public about key findings of the reports and engage them in those findings.

*Impact(s): 3–5 years*

**Environmental reporting is more accessible and used to inform decision-making**

**More national environmental datasets are available**

Impact indicator: Increased use of our environmental reporting ✓✓	
<b>Definition:</b> This impact indicator refers to the download, page views and general measured use of environmental reports and derivative products.	
<b>How we measure progress</b> <b>Standard:</b> <i>More than 750</i> Number of report downloads after one year.	<b>2023/24</b> In 2023/24, the Ministry released two state of the environment reports, which both drew strong interest. <ul style="list-style-type: none"> <li><a href="#">Our atmosphere and climate 2023</a> (October 2023) was linked to 2,302 downloads and 4,474 individual views.</li> <li><a href="#">Our land 2024</a> (April 2024) was linked to 1,121 downloads and 2,585 individual views.</li> </ul>
<b>How we performed last year</b> <i>Achieved</i>	

In 2022/23, the Ministry released two state of the environment reports, which both drew strong public interest, against a set target of 785 individual views.

- [Our marine environment 2022](#) (October 2022) was linked to 1,421 downloads.
- [Our freshwater 2023](#) (April 2023) was linked to 1,971 downloads.

Our StoryMap, [Navigating our freshwater environment](#), also drew strong public interest, with 4,420 views.<sup>18</sup>

Impact indicator: Increased environmental indicator content in our environmental reporting

✓✓

**Definition:** This impact indicator refers to having an increase in up-to-date environmental indicator content available to include in environmental reporting.

<b>How we measure progress</b> <b>Standard:</b> 12 or more per year  Number of updated environmental indicators available for reporting increases on previous years.	<b>2023/24</b> <i>Achieved</i>  In 2023/24, 12 indicators were available. Nine atmosphere and climate indicators were updated for <i>Our atmosphere and climate 2024</i> , and two land indicators were updated for <i>Our land 2024</i> . One marine indicator was also released in March 2024.
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**How we performed last year**  
*New measure*

## Activity 2: Provide information to the public on the environment

### Long-term outcomes

#### Improved access to and understanding of the state of the environment

The Ministry has continued to provide relevant information on environmental issues to people and groups that are most interested in them, as well as to the wider community.

#### People understand what they can do, and act on environmental issues

Annual audience research allows us to measure this outcome across a range of demographics, using the two indicators outlined below.

*Impact(s): 3–5 years*

#### More people are aware of and care about the environment

#### More people are taking action to respond to environmental issues

Impact indicator: Increased public awareness of key environmental issues

✓✓

**Definition:** As part of the Ministry’s annual audience research, we partner with The Research Agency to gather insights across demographics to measure awareness of and concern about key environmental issues, compared with other environmental concerns and wider societal issues. The issues covered fall in 15 distinct categories.

<sup>18</sup> The performance reporting is comparable with last year’s reporting on impact indicator ‘The media and civil society engage in our environmental reporting programme’ under strategic priority 7.1 from the *Statement of Intent 2020–2025*.

<b>How we measure progress</b> <b>Standard:</b> <i>Increasing trend</i> Annual audience survey shows an increasing trend in public awareness of key environmental issues.	<b>2023/24</b> <i>Achieved</i> Of New Zealanders surveyed, 85% view environmental issues as important, compared with 79% in 2022/23. These issues include extreme weather events (69%); pollution of air, land and waterways (68%); climate change (61%); and biodiversity crisis (61%). In addition, the environment remained steady in fourth place as a top-of-mind issue, (23%), although showing a slight decline from 25% last year. However, this decline is more reflective of other issues increasing in perceived importance such as cost of living (67%), crime (41%), and housing (27%).
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### How we performed last year

#### *Achieved*

In 2022/23, the environment held steady in fourth place as a top-of-mind issue, but more New Zealanders surveyed said this was a priority – with a significant increase from 20% to 25% compared with the previous year. As a top-of-mind issue, the environment was ranked behind cost of living (69%), crime (40%), and housing (26%). Of those New Zealanders surveyed:

- 79% agreed environmental issues were important, particularly relating to the extreme weather events in February 2023 and to natural disasters
- 70% agreed that pollution of air, land and waterways was important
- 65% agreed climate change was important.<sup>19</sup>

### Impact indicator: Increased self-reporting of action taken for the good of the environment



**Definition:** As part of the Ministry's annual audience research, we partner with The Research Agency to gather insights across demographics to measure New Zealanders' self-reporting on actions they take for the good of the environment. In 2023/24, we have focused particularly on recycling, as a result of our waste campaign.

<b>How we measure progress</b> <b>Standard:</b> <i>Increasing trend annually (baseline is being established)</i> Annual audience survey shows an increasing trend in self-reported actions taken for the good of the environment.	<b>2023/24</b> <i>Not applicable – Baseline being established</i> Of New Zealanders surveyed, 62% claimed they have recently come across information about household recycling. Over one-third specifically recalled the Ministry's campaign in February 2024. The Ministry's key focus was to support local councils and media partners during the campaign. This was deemed successful, with news channels (45%) and local councils (42%) most commonly recalled as information sources about household recycling. The waste campaign successfully delivered its core messages: nearly 9 in 10 of surveyed New Zealanders reported that it encouraged them to take action. <sup>20</sup>
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### How we performed last year

#### *New measure*

<sup>19</sup> The performance reporting is comparable with last year's reporting on impact indicator 'Level of awareness of environmental issues by the public' under strategic priority 7.3 from the *Statement of Intent 2020–2025*.

<sup>20</sup> Reported actions included ensuring their household is recycling the correct items according to the rules, finding out more about items that cannot go into their recycling bin, and finding out more about what happens to recycling after household collection.

## Notes to strategic priorities

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

**Note 1:** This financial year, for the first time, we are reporting against the [Strategic intentions 2023–2027](#) (published in February 2023). As a result of updates to the underlying details of our strategic priorities, last year's reporting does not align directly to how we report this year, which has impacted the comparability of results. Although the subject matter of our work programme and the strategic priorities have not changed, the way we report performance will vary due to a change in scope, lifecycle stage or phase of a project or programme. Therefore, we cannot make direct comparisons between the results of the 2022/23 and the 2023/24 financial years.

**Note 2:** This relates to resource management reform. Due to the repeal of the NBE Act and SP Act, the related work programmes have paused or changed direction. Focus has shifted to supporting the resource management system by starting work on the phased approach to resource management reform. Even if progress was made early in 2023/24 such that the stated objectives were achieved or on track, performance results are now noted to be 'Not applicable'.

**Note 3:** This relates to the long-term outcomes of **improved health of waterways, lakes, groundwater and receiving environments** and **improved local-level capacity and capability across the freshwater management system** – and specifically to the impact indicator, and **funded projects achieve their stated objectives to improve ecosystem health**. The Ministry's Policy division funds projects (Crown investments) across Aotearoa, led by local and regional government, iwi/hapū and communities. These projects support the implementation of the Government's policies and the achievement of outcomes. They also help directly or indirectly (eg, through funding capability and capacity building) and improve ecosystem health across the country.

**Note 4:** This relates to the long-term outcome that **greenhouse gas emissions decrease**. Quantifying greenhouse gas emissions is subject to inherent uncertainty. 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. When the methodology or underlying data change, the whole inventory time series from the base year to the latest year is recalculated. This means that the emissions estimates are up to date in the latest inventory, and previous inventories are not useful for comparisons. Changes made to the inventory are often related to improvements in activity data collection, emission factors, and methodology, or the identification of additional emission sources.

**Note 5:** The assessment is based on economy-wide projections that take into account Aotearoa New Zealand's future emissions based on current policy setting and economic conditions. Note credits/units cannot be used to meet the targets which are economy wide (different to individual company targets).

**Note 6:** The following points relate to the long-term outcome that **Aotearoa progresses to a low-waste, low-emissions, circular economy, meaning less waste is produced and less is disposed of at landfill.**

- **Waste Disposal Levy expansion.** The Ministry has noted that currently the Waste Disposal Levy is being expanded to additional classes of landfill, meaning that significantly larger numbers of landfills are required to report waste volumes from 2023, and that the baseline tonnage for the measure will be constantly growing. To enable accurate comparability between financial years, the Ministry is including data collected from Class 1 and 2 landfills for 2023/24. From 2024/25 onwards, all landfill classes reporting waste volumes can be used as a baseline for performance measurement.
- **Data constraints.** There is a risk that some gross tonnage data are inaccurate where landfill sites do not use a weighbridge to calculate tonnage. We consider that the risk of material error resulting from these inaccuracies is low. Most of the large landfill sites use a weighbridge. Those sites without a weighbridge (which calculate tonnage by truck density and volume-to-weight conversion factors) that are collecting large volumes are the Class 3 and 4 sites, which collect more homogenous waste types (ie, soil), meaning the level of error in the conversion is relatively low. The exact level of material error is unknown, but auditing does help to keep this low. Operators have up to two years to submit amendments to the Online Waste Levy System (OWLS) for their waste returns, which can also cause minor fluctuations in historical tonnage data.
- The Ministry has a compliance programme in place to ensure that Disposal Facility Operators (DFOs) are accurately filing returns in OWLS. This programme is carried out by the Ministry's Compliance, Monitoring and Enforcement team. Compliance audits and enforcement cover the entire process at each DFO from the weighing stations through to the calculation and filing of returns.
- Stats NZ resident population estimates for historical quarters may also change with updates.



# How we are funded

## Our appropriations and significant initiatives

We operate under six departmental appropriations. The two primary appropriations under Vote Environment 2023/24 are Improving New Zealand's Environment and Managing Climate Change in New Zealand.

The Minister for the Environment is responsible for the Improving New Zealand's Environment appropriation within Vote Environment 2023/24, which focuses on the development and implementation of environmental policy, and associated monitoring and awareness.

The Minister of Climate Change is responsible for the Managing Climate Change in New Zealand appropriation within Vote Environment 2023/24. It focuses on providing policy advice and reporting on matters relating to climate change, together with managing emissions reporting and levy frameworks.

### Significant initiatives

Demand for increased transparency is growing from Parliament, the Auditor-General, and the public of Aotearoa. In recognition of this, table 2 provides a comprehensive overview of our work, highlighting our key initiatives and guiding readers to specific performance details elsewhere in this report.

Initiatives from Budgets 2021, 2022 and 2023 are described in their respective Vote Environment documents for those years.

### Natural Resources Cluster

The previous Government established two clusters in the lead-up to Budget 2022, as part of the work programme to modernise Aotearoa New Zealand's public finance system. The Ministry for the Environment is part of the Natural Resources Cluster (NRC), which covers all aspects of the natural environment. The NRC includes the ministerial portfolios and Votes associated with the Department of Conservation, the Ministry for the Environment, and the Ministry for Primary Industries.

Cabinet has agreed to the early closure of the Budget 2022 Cluster Pilot from 1 October 2024.

**Table 2: Significant initiatives 2021/22–2023/24, selected based on funding materiality and importance to Parliament and the public**

Financial year	Initiative description	Where to find details in this report	Status
2021/22	Designing, delivering and implementing comprehensive and sustainable reform of the resource management system	Departmental appropriations 2023/24. Improving New Zealand's Environment, Resource Management System ( <a href="#">pages 67–68</a> )  <i>Strategic intentions 2023–2027. Strategic priority 1, Activities 1–3</i> ( <a href="#">pages 19–23</a> )	Time-limited funding up to June 2024 to deliver previous Government's resource management legislative reforms
2021/22	Delivering Aotearoa New Zealand's low-carbon future and adapting to climate change	Departmental appropriations 2023/24, Managing Climate Change in New Zealand ( <a href="#">pages 63–65</a> )  <i>Strategic intentions 2023–2027. Strategic priority 5, Activity 1</i> ( <a href="#">pages 43–46</a> )	Ongoing funding and work programme
2022/23	<b>(CERF)</b> Reducing emissions from waste	Minister for the Environment's Report on Non-departmental Appropriations 2023/24, CERF – Waste Initiatives ( <a href="#">page 177</a> )  Departmental appropriations 2023/24. Improving New Zealand's Environment, Reducing Emissions from Waste ( <a href="#">page 68</a> ).	The funding source has changed; however, the work programme continues. Now funded by Waste Disposal Levy
2022/23	<b>(NRC)</b> Resource management reform	Departmental appropriations 2023/24. Improving New Zealand's Environment, Resource Management System ( <a href="#">pages 67–68</a> )  <i>Strategic intentions 2023–2027. Strategic priority 1, Activities 1–3</i> ( <a href="#">pages 19–23</a> )	Funding was returned as part of the Mini-Budget in December 2023
2022/23	<b>(NRC)</b> Freshwater farm plan system – implementation and operations	Departmental appropriations 2023/24, Improving New Zealand's Environment, Freshwater Farm Plans ( <a href="#">page 68</a> )  <i>Strategic intentions 2023–2027. Strategic priority 4, Activity 1</i> ( <a href="#">pages 35–36</a> )	Ongoing funding and work programme
2022/23	<b>(NRC)</b> Climate Adaptation Act development and delivery  Climate change funding to deliver adaptation and New Zealand's low-carbon future	Departmental Appropriations 2023/24 Managing Climate Change in New Zealand. Climate Adaptation Act Development and Delivery ( <a href="#">page 65</a> )  <i>Strategic Intentions 2023–2027. Strategic priority 5, Activity 2</i> ( <a href="#">page 47</a> )	Ongoing funding and work programme
2023/24	Product stewardship	Minister for the Environment's Report on Non-departmental Appropriations 2023/24, Product Stewardship Administration ( <a href="#">page 181</a> )  Departmental appropriations 2023/24. Product Stewardship Administration ( <a href="#">page 69</a> )	Ongoing funding and work programme
2023/24	Climate data infrastructure	Departmental appropriations 2022/23. Managing Climate Change in New Zealand, All-of-government: Government Climate Data ( <a href="#">page 65</a> )	Ongoing funding and work programme

CERF = Climate Emergency Response Fund; NRC = Natural Resources Cluster.

# Our operating performance

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

## Linkages between financial and non-financial information

A key concept introduced by PBE FRS 48 is that financial statements and service performance information are both important components of a public benefit entity's general purpose financial report. The two components provide a coherent picture of the performance of the entity, and they are linked through the resources that have been applied to each of the appropriations.

The table below provides a high-level overview of the Ministry's appropriations. This section then sets out the financial and non-financial performance for each appropriation.

	2022/23 Actuals \$000	2023/24 Budget \$000	2023/24 Actuals \$000
<b>Departmental output expense</b>			
Revenue			
Revenue: Crown			
Improving New Zealand's Environment	162,128	169,600	186,528
Managing Climate Change in New Zealand	51,698	49,425	54,376
Waste Minimisation Administration	12,095	13,042	13,262
Strategic Planning Reform Board	6,812		–
Spatial Planning Board	–	6,812	6,816
Climate Change Chief Executives Board	4,171	4,132	3,968
Product Stewardship Administration	–	–	1,833
Revenue: Departmental			
Improving New Zealand's Environment	9	476	732
Managing Climate Change in New Zealand	2	92	241
Revenue: Other			
Improving New Zealand's Environment	149	331	74
Managing Climate Change in New Zealand	49	56	25
Gains			
Improving New Zealand's Environment	–	–	–
<b>Total revenue</b>	<b>237,113</b>	<b>243,966</b>	<b>267,855</b>
<b>Expenses</b>			
Improving New Zealand's Environment	153,731	170,407	166,784
Managing Climate Change in New Zealand	47,129	49,573	51,673
Waste Minimisation Administration	11,118	13,042	13,388
Strategic Planning Reform Board	6,751	–	–
Spatial Planning Board	–	6,812	3,903
Climate Change Chief Executives Board	3,231	4,132	3,504
Product Stewardship Administration	–	–	721
<b>Total expenses</b>	<b>221,960</b>	<b>243,966</b>	<b>239,973</b>

# Managing Climate Change in New Zealand

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

	2022/23 Actuals \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actuals \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	51,698	49,425	54,374	54,376	49,352
Departmental	2	92	92	241	92
Other	49	56	118	25	56
<b>Total revenue</b>	<b>51,749</b>	<b>49,573</b>	<b>54,584</b>	<b>54,642</b>	<b>49,500</b>
<b>Total expenses</b>	<b>47,129</b>	<b>49,573</b>	<b>54,584</b>	<b>51,673</b>	<b>49,500</b>
<b>Net surplus (deficit)</b>	<b>4,620</b>	<b>–</b>	<b>–</b>	<b>2,969</b>	<b>–</b>

At Mains Estimates, the 2023/24 budget for this output class was \$49.573 million. During the year, this appropriation increased by \$5.011 million to \$54.584 million for 2023/24 due to:

- a drawdown of \$2.375 million from the Climate Data Infrastructure tagged contingency to fund improved accessibility and quality of climate data, and improved evidence for more equitable and evidence-based policies and decision-making
- an expense transfer of \$1.686 million from 2022/23 for work programmes related to climate change
- a drawdown of \$888,000 from the NZ ETS market governance tagged contingency to progress the market governance work programme for the NZ ETS
- an increase of \$62,000 in third-party revenue forecast.

Actual expenditure for 2023/24 was lower than the revised budget, due to delays in various work programmes related to climate change. The Ministry has sought an in-principle transfer to continue these programmes of work.

## Advice and support

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Technical quality of advice papers (assessed by a survey with a methodical robustness of 100%) <i>See notes 1(a) and 2(a)</i>	Primary: 44% of papers scored at least 3.5 out of 5.0  Secondary: 77% of papers scored at least 3.0 out of 5.0	Primary: 70% of papers score at least 3.5 out of 5.0  Secondary: 80% of papers score at least 3.0 out of 5.0	Primary: 41% of papers scored 3.5 or higher  Secondary: 76% of papers scored 3 or higher
<b>2023/24 commentary:</b> The Ministry did not achieve either the primary or the secondary target for the technical quality of advice papers relating to Managing Climate Change in New Zealand. An internal policy capability review is underway to bolster and improve policy-writing practices.			
All Emission Trading Unit auctions are held in accordance with published calendar	100%	100%	100%
<b>2023/24 commentary:</b> All auctions for 2023/24 were held in accordance with the published calendar.			
Administer the funding for the ongoing costs of collecting the Synthetic Greenhouse Gas Levy by New Zealand Transport Agency and New Zealand Customs Service in accordance with respective Memoranda of Understanding	Achieved	Achieved	Achieved
<b>2023/24 commentary:</b> The Ministry continues to administer this funding in accordance with Memoranda of Understanding with these agencies.			

## Environmental monitoring and reporting

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Percentage of business hours (excluding agreed maintenance outages) web services of national imagery data sets and land use mapping published by the Ministry for the Environment are available to key stakeholders	100%	98%	100%
<b>2023/24 commentary:</b> There were no unplanned outages this financial year.			
All reports required under the Climate Change Response Act 2002 and international reporting on greenhouse gas emissions and progress towards the targets are delivered on time	Achieved	Achieved	Achieved
<b>2023/24 commentary:</b> Aotearoa is required to produce, publish and submit New Zealand's Greenhouse Gas Inventory to the United Nations Framework Convention on Climate Change (UNFCCC) by mid-April each year. <i>New Zealand's Greenhouse Gas Inventory 1990–2022</i> was published domestically on 18 April 2024.			

## All-of-government: Government climate data

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Number of data products released <i>See note 1(b)</i>	New measure	3	1
<b>2023/24 commentary:</b> One data product was delivered in 2023/24: National Institute of Water and Atmospheric Research (NIWA) climate projections data. To enable further testing for a successful release, two further data products are to be delivered by August 2024: NIWA climate projections tool, and Emissions Dashboard.			

## Climate Adaptation Act development and delivery

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Cabinet has agreed the scope for the adaptation framework <i>See note 1(c)</i>	New measure	By 30 June 2024	Achieved
<b>2023/24 commentary:</b> On 15 April 2024, Cabinet agreed the scope of the adaptation framework (CAB-24-MIN-0121 refers).			

## Improving New Zealand's Environment

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

	2022/23 Actual \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actual \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	162,128	169,600	186,656	186,528	101,609
Departmental	9	476	476	732	476
Other	149	331	444	74	331
<b>Total revenue</b>	<b>162,286</b>	<b>170,407</b>	<b>187,576</b>	<b>187,334</b>	<b>102,416</b>
<b>Total expenses</b>	<b>153,731</b>	<b>170,407</b>	<b>187,576</b>	<b>166,784</b>	<b>102,416</b>
<b>Net surplus (deficit)</b>	<b>8,555</b>	<b>–</b>	<b>–</b>	<b>20,550</b>	<b>–</b>

At Mains Estimates, the 2023/24 budget for this output class was \$170.407 million. During the year, this appropriation increased by \$17.169 million to \$187.576 million for 2023/24 due to:

- a drawdown of \$9.188 million from the Resource Management Implementation tagged contingency for central and local government, and for iwi/Māori to enable delivery of the Government's resource management reforms
- an expense transfer of \$7.465 million from 2022/23 in relation to Resource Management and Freshwater related reforms
- a drawdown of \$540,000 from the Biodiversity Protections and Incentives initiative tagged contingency to identify and protect significant natural areas and support land owners to maintain and restore biodiversity
- an increase of \$113,000 in third-party revenue forecast.



The above increases are partially offset by a fiscally neutral transfer of \$137,000 to Non-departmental other expense: Transitional support for local government and iwi to provide for councils' costs associated with Whakatōhea treaty settlement natural resources arrangements.

Actual expenditure for 2023/24 was lower than the revised budget, due to pausing and/or discontinuing some of the Resource Management related work programmes.

## Advice and support

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Percentage of all Regulatory Impact Statements that partially or fully meet quality assurance criteria.  <i>See note 1(d)</i>	Primary: 94% partially or fully met the criteria	Primary: At least 90% partially or fully achieve the criteria  Secondary: At least 70% fully achieve the criteria	Primary: 93% partially or fully met the criteria  Secondary: 33% fully met the criteria
<b>2023/24 commentary:</b> The Ministry achieved the primary target. Papers that partially meet the criteria are offered the opportunity to adjust based on feedback, and this may be reflected in 2024/25 results.			
The satisfaction of the Minister for the Environment and the Minister of Climate Change with the advice service, as per the common satisfaction survey  <i>See note 2(b)</i>	4.0 (80%)	At least 4.0 out of 5.0	4.06 (81%)
<b>2023/24 commentary:</b> The Ministry achieved the target with responses from three Ministers.			
Percentage of Ministerial Official Information Act requests submitted within the timeframes agreed with the Minister's office	93%	95%	97.7%
<b>2023/24 commentary:</b> The Ministry achieved a 4.7 percentage point increase in providing ministerial OIA responses by the agreed date. Of 131 ministerial OIA requests, 128 were completed within the agreed timeframes. The Ministry also completed 17 more ministerial OIA requests in 2023/24 than in 2022/23.			
Percentage of responses to departmental Official Information Act requests sent within statutory deadlines	93%	95%	97.9%
<b>2023/24 commentary:</b> The Ministry achieved a 4.9 percentage point increase in providing departmental OIA responses within statutory deadlines. Of 378 departmental OIA requests, 370 were completed within statutory deadlines. The Ministry also completed 59 more departmental OIA requests in 2023/24 than in 2022/23.			
Technical quality of advice papers (assessed by a survey with a methodical robustness of 100%)  <i>See notes 1(e) and 2(a)</i>	Primary: 60% of papers scored at least 3.5 out of 5.0	Primary: 70% of papers score at least 3.5 out of 5.0	Primary: 28% of papers scored at least 3.5 out of 5.0

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
	Secondary: 88% of papers scored at least 3.0 out of 5.0	Secondary: 80% of papers score at least 3.0 out of 5.0	Secondary: 72% of papers scored at least 3.0 out of 5.0
<b>2023/24 commentary:</b> The Ministry did not achieve either the primary or secondary target for the technical quality of advice papers relating to Improving New Zealand's Environment. An internal policy capability review is underway to bolster and improve policy-writing practices.			

## Environmental monitoring and reporting

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Number of months the Ministry will publish the National Monitoring Systems data after receiving the complete data set from local authorities	Achieved	No more than 6 months	Achieved
<b>2023/24 commentary:</b> The Ministry released the 2022/23 National Monitoring System dataset in June 2024, four months after receiving the final council submission.			
Percentage of science and advice procured to develop limits and targets that meets quality assurance criteria	Not available	At least 90%	100%
<b>2023/24 commentary:</b> All procured science advice was delivered on time and met quality assurance criteria. The procured work was reviewed internally, and then endorsed by an external expert panel as part of its review of the Ministry's wider limits and targets advice.			
Produce environmental reports required by the Environmental Reporting Act 2015	Achieved	Achieved	Achieved
<b>2023/24 commentary:</b> The Ministry has produced two domain reports within this period. <a href="#">Our atmosphere and climate 2023</a> and <a href="#">Our land 2024</a> both met statutory requirements.			

## Resource management system

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Minimum 6 weeks public consultation for all National Direction workstreams	100%	100%	100%
<b>2023/24 commentary:</b> This performance measure was met for workstreams on: <ul style="list-style-type: none"> <li>the National Policy Statement for Highly Productive Land, with public consultation from 5 September to 31 October 2023</li> <li>the National Policy Statement for Natural Hazard Decision-making, with public consultation from 18 September to 20 November 2023</li> <li>making it easier to build granny flats, with public consultation from 17 June to 12 August 2024.</li> </ul>			

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Ministers decided on a shorter period of consultation for the workstream on the Resource Management (Stock Exclusion) Regulations 2020. This represents an exception to the reporting timeframe for this performance measure.			
Delivery progress is on track to implement the new system	Achieved	Achieved	Not applicable
<b>2023/24 commentary:</b> Before the repeal of the NBE Act and SP Act in December 2023, work was underway to support effective transition to and implementation of the new resource management system. Performance cannot be measured, due to the repeal of the NBE Act and SP Act.			
Draft bills to be introduced to the House	Achieved	Achieved	Not applicable
<b>2023/24 commentary:</b> The Natural and Built Environment Bill and Spatial Planning Bill were introduced in the House and attained Royal Assent in August 2023. Performance cannot be measured, due to the repeal of the NBE Act and SP Act.			

## Freshwater farm plans

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Number of Certifiers appointed <i>See note 1(f)</i>	New measure	10–30	4
<b>2023/24 commentary:</b> This result reflects the participation of regional councils and rural industry in the existing freshwater farm plan system that began to be implemented in mid-2023. The Government is now considering a pause to the existing system while it explores some improvements.			
Number of certified freshwater farm plans <i>See note 1(f)</i>	New measure	No standard <i>See note 1(g)</i>	1
<b>2023/24 commentary:</b> The Government is considering a pause to the roll-out of the freshwater farm plan system while it explores some improvements. For this reason, the roll-out of the on-farm certification and auditing processes that support the current system has been slowed.			
Contaminant discharge tool released to Councils for use <i>See note 1(h)</i>	New measure	By 30 June 2024	Achieved
<b>2023/24 commentary:</b> A contaminant discharge tool is available for council user testing and feedback from July 2024.			

## Reducing emissions from waste

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Number of people who take part in food waste reduction programmes <i>See note 1(i)</i>	New measure	50,000 participants	187,491 participants
<b>2023/24 commentary:</b> 187,491 people and 142 businesses took part in a food waste programme across six food waste projects.			

## Product Stewardship Administration

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

	2022/23 Actuals \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actuals \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	–	–	1,267	1,833	1,047
Departmental	–	–	–	–	–
Other	–	–	–	–	–
<b>Total revenue</b>	–	–	<b>1,267</b>	<b>1,833</b>	<b>1,047</b>
<b>Total expenses</b>	–	–	<b>1,267</b>	<b>721</b>	<b>1,047</b>
<b>Net surplus (deficit)</b>	–	–	–	<b>1,112</b>	–

This appropriation was established during 2023/24 to administer and implement the product stewardship Tyrewise scheme.

Actual expenditure for 2023/24 came under budget due to delayed start of the product stewardship Tyrewise scheme from March 2024.

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Processing, monitoring and auditing of the scheme to ensure the tyre stewardship fee is spent correctly and appropriately and achieving the expected outcomes <i>See note 1(j)</i>	New measure	Achieved	Not available
<b>2023/24 commentary:</b> The project began in March 2024, and the reporting against this measure will start in 2024/25.			

## Waste Minimisation Administration

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

	2022/23 Actuals \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actuals \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	12,095	13,042	13,542	13,262	12,704
Departmental	–	–	–	–	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>12,095</b>	<b>13,042</b>	<b>13,542</b>	<b>13,262</b>	<b>12,704</b>
<b>Total expenses</b>	<b>11,118</b>	<b>13,042</b>	<b>13,542</b>	<b>13,388</b>	<b>12,704</b>
<b>Net surplus (deficit)</b>	<b>977</b>	–	–	<b>(126)</b>	–

At Mains Estimates, the 2023/24 budget for this output class was \$13.042 million. During the year, this output class increased by \$0.500 million to \$13.542 million due to transfer of funding from 2022/23 to develop the Audit and Investigation Case Management System and to upgrade the Online Waste Levy System.

Actual expenditure for 2023/24 was slightly lower than the revised budget. The Waste Minimisation Act 2008 makes no provision for the return of a year-end surplus from the Waste Minimisation Fund (WMF) to the Crown. Any year-end surplus must remain in the WMF.

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Deeds are executed within six calendar months from the date the Ministry receives the signed confirmation of intention to proceed	89%	80%	82%
<b>2023/24 commentary:</b> Of the 41 deeds executed in 2023/24, including 18 projects funded through CERF, 34 took under six months.			
Number of audits of disposal facilities completed	31 (100%) Annual programme goal: 30	100% Annual programme goal: 16	93.75% 15 audits completed
<b>2023/24 commentary:</b> As of 1 July 2023, to accommodate for the Waste Disposal Levy expansion and introduction of 133 new levy-liable facilities, targets were set for: <ul style="list-style-type: none"> <li>16 audits (standard compliance product), of which 15 (93.75%) were achieved</li> <li>60 site inspections (enhanced compliance product to accommodate sector increase), which were exceeded with a total of 72 inspections.</li> </ul>			
Number of audits of territorial authorities completed	12 (100%) Annual programme goal: 24	100% Annual programme goal: 16	31.25% 5 audits completed
<b>2023/24 commentary:</b> The targets for 2023/24 were ambitious. Resourcing constraints limited our ability to meet them. We will need to review targets and adopt a risk-based audit approach, to reflect ongoing resourcing.			

## Departmental Capital Expenditure

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

	2022/23 Actual \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actual \$000	2024/25 Forecast \$000
Expenditure is in accordance with the Ministry's capital asset management plan					
Property, plant and equipment	3,861	300	300	294	300
Intangibles	(13)	500	500	18	500
<b>Total</b>	<b>3,848</b>	<b>800</b>	<b>800</b>	<b>312</b>	<b>800</b>

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Expenditure is in accordance with the Ministry's capital asset management plan	Achieved	Achieved	Achieved
<b>2023/24 commentary:</b> Investment has reduced in part due to organisational change, savings initiatives, and move towards Software as a Service (SaaS) solutions across Information and Communication Technology (ICT). All expenditure is within the Ministry's capital asset management plan.			

## Climate Change Chief Executives Board

This appropriation is for policy and implementation advice to support the Climate Change Chief Executives Board (CCCE Board) to carry out its functions.

	2022/23 Actual \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actual \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	4,171	4,132	4,132	3,968	3,435
Departmental	–	–	–	–	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>4,171</b>	<b>4,132</b>	<b>4,132</b>	<b>3,968</b>	<b>3,435</b>
<b>Total expenses</b>	<b>4,171</b>	<b>4,132</b>	<b>4,132</b>	<b>3,504</b>	<b>3,435</b>
<b>Net surplus (deficit)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>464</b>	<b>–</b>

Actual expenditure for 2023/24 was lower than the revised budget. This represents cost savings.

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Reporting on the delivery of Government's climate priorities is delivered on time <i>See note 1(k)</i>	New measure	100%	100%
<b>2023/24 commentary:</b> The CCCE Board has delivered regular progress reports to Ministers on the implementation of the first emissions reduction plan and national adaptation plan, and on progress towards emissions budgets and adaptation goals. All progress reports have been delivered within required timeframes.  In 2023/24, this reporting included the August 2023 six-monthly progress report on the first emissions reduction plan and the national adaptation plan for the Climate Response Ministerial Group.  The cadence for CCCE Board progress reports has been adjusted to quarterly under the new Government, with reports provided to the Climate Priorities Ministerial Group to inform its March 2024 and May 2024 meetings. These reports have been oriented to include progress reporting on the new Government's climate priorities. Implementation progress reports on the first emissions reduction plan and national adaptation plan continue to be provided every six months.			

This report includes the [Climate Change Chief Executives Board Annual Report 2023/24](#), which discusses the CCCE Board's performance against its strategic intentions.



## Spatial Planning Board (previously Strategic Planning Reform Board)

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

	2022/23 Actual \$000	2023/24 Budget \$000	2023/24 Revised Budget \$000	2023/24 Actual \$000	2024/25 Forecast \$000
<b>Revenue</b>					
Crown	6,812	6,812	6,812	6,816	–
Departmental	–	–	–	–	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>6,812</b>	<b>6,812</b>	<b>6,812</b>	<b>6,816</b>	<b>–</b>
<b>Total expenses</b>	<b>6,751</b>	<b>6,812</b>	<b>6,812</b>	<b>3,903</b>	<b>–</b>
<b>Net surplus (deficit)</b>	<b>61</b>	<b>–</b>	<b>–</b>	<b>2,913</b>	<b>–</b>

This appropriation was established during 2023/24 and the funding was transferred from Departmental output expense: Strategic Planning Reform Board appropriation. The Spatial Planning Board (SP Board) is responsible for successfully coordinating and integrating central government's input into regional spatial strategies, as well as for supporting ministerially appointed central government members on regional planning committees.

Actual expenditure for 2023/24 came under budget due to the repeal of the SP Act in December 2023.

Performance measure	2022/23 performance	2023/24 target	2023/24 performance
Technical quality of advice papers (assessed by a survey with a methodical robustness of 100%) <i>See notes 1(l) and 2(a)</i>	New measure	Primary: 70% of papers score at least 3.5 out of 5.0  Secondary: 80% of papers score at least 3 out of 5.0	Primary: 75% of papers scored 3.5 or higher out of 5.0  Secondary: 100% of papers scored 3.0 or higher out of 5.0
<b>2023/24 commentary:</b> The SP Board achieved the primary and secondary targets. <i>See note 1(m)</i>			

This report includes the [Spatial Planning Board Annual Report 2023/24](#).

## Notes to operating performance

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

### 1. Changes to measures or standards, and new measures

- a. The standard for this measure was updated via Supplementary Estimates 2023/24 to improve understanding and provide greater transparency of performance by including the percentage of papers needed to achieve the primary or secondary standards. This change did not affect comparability between 2022/23 and 2023/24.
- b. This is a new performance measure added via Supplementary Estimates 2023/24. The measure was selected to reflect the focus of the Climate Emergency Response Fund – All-of-government: Government climate data initiative, and it was determined to be the most appropriate measure for the funding.
- c. To ensure accuracy in performance reporting, the wording of this performance measure was updated via Supplementary Estimates 2023/24 to reflect a change in the scope of this initiative.
- d. The standard for this measure was updated via Supplementary Estimates 2023/24 to provide greater transparency and align performance reporting with other quality of advice measures, by including primary and secondary standards. This update did not affect comparability between 2022/23 and 2023/24 for the primary target. We did not report against the secondary target in 2022/23.
- e. The standard for this measure was updated via Supplementary Estimates 2023/24 to improve understanding and provide greater transparency of performance. This change did not affect comparability between 2022/23 and 2023/24.
- f. These are two new performance measures that were selected because they reflect the focus of the Budget 2022 initiative of Freshwater farm plan system – implementation and operations (that is, to start the implementation of the freshwater farm planning system during 2023/24).
- g. The standard will be provided once the regulatory timeframes for certifying farm plans are established, which will occur after the regulations come into effect.
- h. This is a new performance measure, which we selected because it reflects the focus of the Budget 2022 initiative of the Nutrient Management Tool during 2023/24 – that is, to deliver the updated tool to councils. This is funded through the Freshwater farm plan system – implementation and operations initiative.
- i. This is a new performance measure added via Supplementary Estimates 2023/24. It was selected to reflect the focus of the Climate Emergency Response Fund – Reducing emissions from waste initiative. We considered that an annual reach metric into households that have participated in food waste reduction programmes is the most appropriate performance measure for the funding.
- j. The measure was selected to reflect the focus of Budget 2023 Regulated Product Stewardship appropriation. We determined it to be the most appropriate measure for the funding.

- k. The wording of this performance measure was updated to reflect the Ministry's expanded reporting scope – transitioning from reporting on the progress of the emissions reduction plan and national adaptation plan to a broader focus on delivering the new Government's climate priorities.
- l. This is a new performance measure and was selected as it reflected the expectation that the SP Board would provide cross-agency advice to Ministers to support the then proposed SP Act.
- m. The Quality Advice Assessment Panel assessed four papers in total. Of these, three were papers the SP Board completed jointly with the Ministry and it was sole author of the fourth paper.

## 2. Material measures

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

The Quality Advice Assessment Panel meets up to 10 times per year, assessing 10 papers per meeting made up of a randomly selected variety of briefing notes and Cabinet papers. This structure provides a manageable workload for the panel and a sufficient number of papers to highlight trends across the Ministry and in individual departments. Use of the DPMC framework ensures the criteria are consistent with those of other government agencies, and follows the current best practice recommended by the DPMC policy project. The result reported has been updated for 2023/24 from average score to percentage of papers that scored the primary or secondary target.

- b. The satisfaction of the Minister for the Environment, Minister of Climate Change, and the Minister for Resource Management Reform with the advice service, as measured through the common satisfaction survey. The DPMC prepares Ministerial Policy Satisfaction Survey questions, and the Ministry sends them for the Ministers and Associate Minister for Vote Environment to complete.

The Ministry calculates the ministerial satisfaction score according to DPMC guidance, which is used across public service agencies. We selected the standard because it best aligns with the intention of the appropriation: to achieve quality advice with an outcome to improve environmental management frameworks. The Ministry acknowledges the limitations of surveys: they can have a low response rate, and survey frequency is only once per year. This financial year the survey results were obtained from three out of five current Ministers and Associate Ministers.

# Our sustainability strategy

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

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

## Our progress

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

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

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

In 2023/24, we have progressed towards many of our targets across our people, environment and finance portfolios. Highlights include:

- measuring and externally verifying our carbon emissions for the seventh consecutive year
- reducing emissions by 51 per cent from our 2017/18 base year
- embedding internal carbon budgets and integrating these into our financial business-planning systems
- recertifying the Rainbow Tick for the fourth consecutive year
- developing a broader outcomes procurement strategy and supporting guidance, to ensure sustainability measures are routinely considered as part of procurement practices where appropriate.

## Our climate-related disclosure

We disclosed on our climate-related risk and opportunities for three consecutive years. Due to our organisational reset to deliver for a new Government and budget, we were unable to make progress on our commitments and produce a disclosure for 2023/24. We will reconsider this in 2024/25.

# Our emissions performance

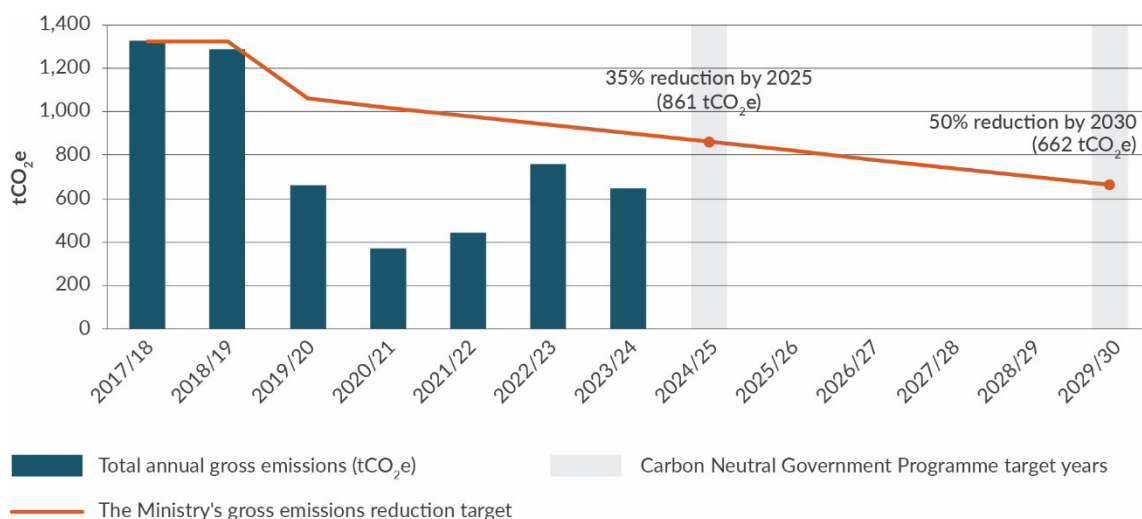
## Reducing our emissions from the base year

We remain on track to meet our 2025 and 2030 gross emissions reduction targets. We are committed to measuring, reducing and reporting our emissions profile, and having it externally verified. We are proud to have achieved the Toitū carbonreduce certification for the seventh consecutive year.

## Total annual emissions

Our total emissions for 2023/24 were 644.11 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). This is a 51.36 per cent reduction on our 2017/18 base year (1,324.12 tCO<sub>2</sub>e), and a 14.4 per cent decrease on the previous year (752.33 tCO<sub>2</sub>e). See figure 3.

**Figure 3: Ministry for the Environment's annual emissions reduction performance, 2017/18–2029/30**

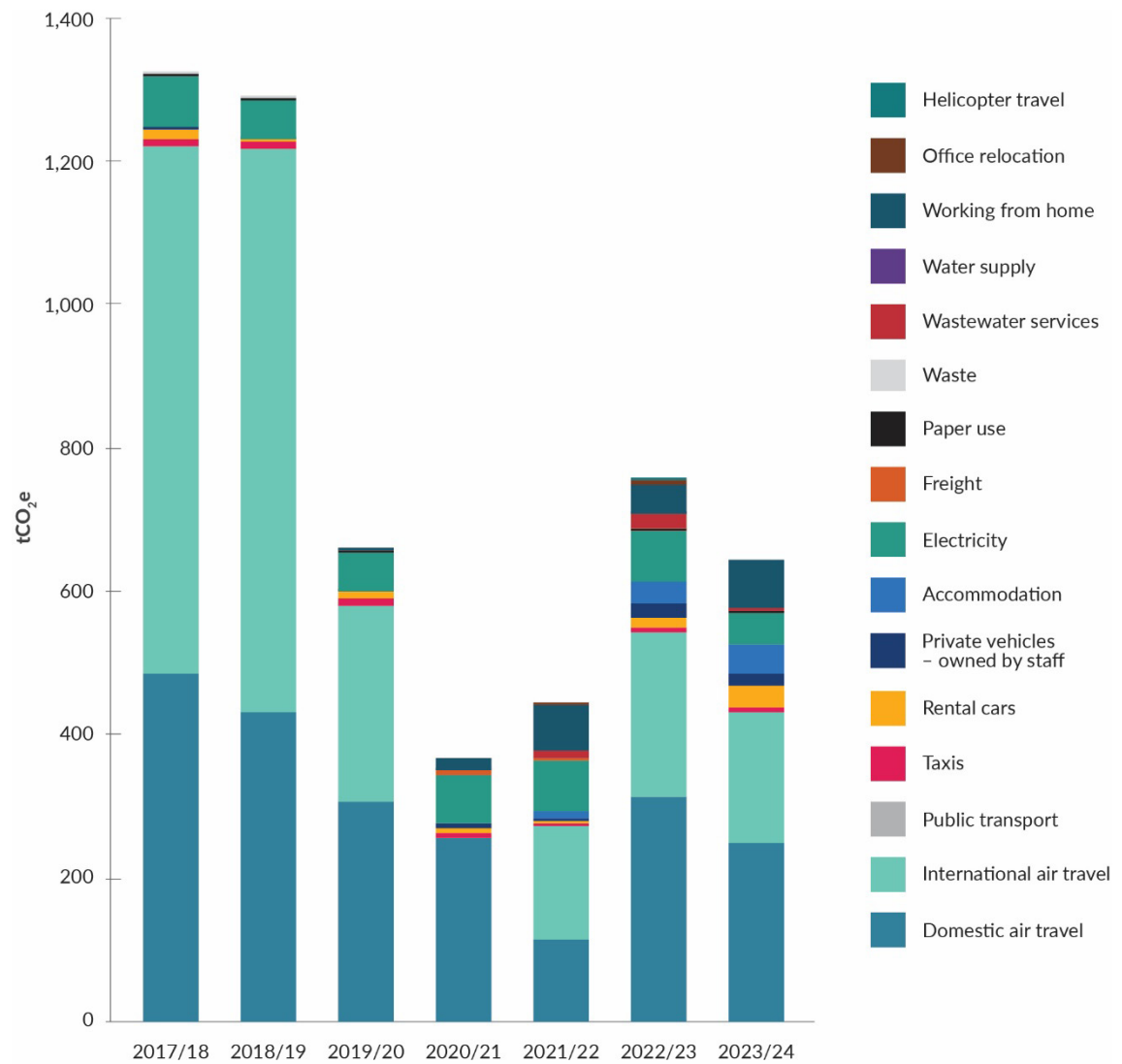


Note: tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent.

Our top emissions sources are domestic air travel and international air travel (including business class, premium economy and economy), followed by working from home/electricity use. For a detailed breakdown of our emissions and verification information, see the [‘Our emissions reporting’](#) section.

Our emissions have decreased on the previous year. Likely reasons include our travel policy, work programme shifts under the new Government, and our organisational reset. We have continued to use internal emissions budgets to manage our performance, as well as encouraging online meetings and technology use. A meaningful shift has also occurred in our international travel behaviour. We have seen a significant reduction in international travel emissions on previous years: business class is now our lowest emissions source, at 12.2 tCO<sub>2</sub>e or 6.7 per cent of total international travel. For a breakdown of our emissions by activity, see figure 4.

**Figure 4: Ministry for the Environment's total emissions by activity, 2017/18–2023/24**

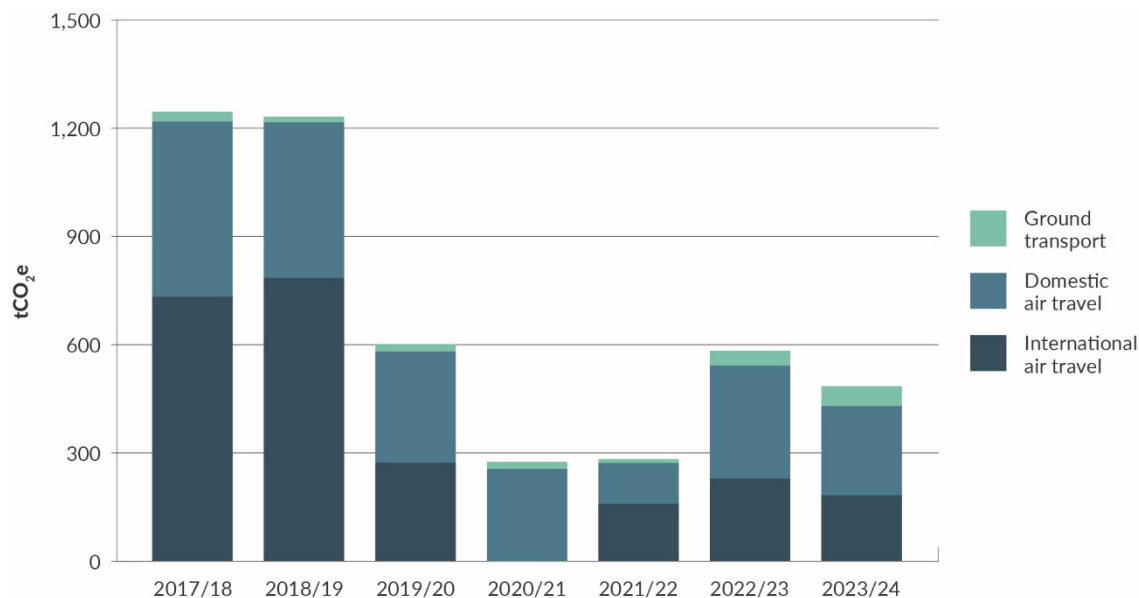


Note: tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent.

## Our transport emissions

Our biggest source of emissions is work-related transport. See figure 5 for a breakdown by type of transport.

**Figure 5: Ministry for the Environment's total transport emissions, 2017/18–2023/24**



Note: tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent.

We continue to take measures to reduce our travel emissions, including:

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

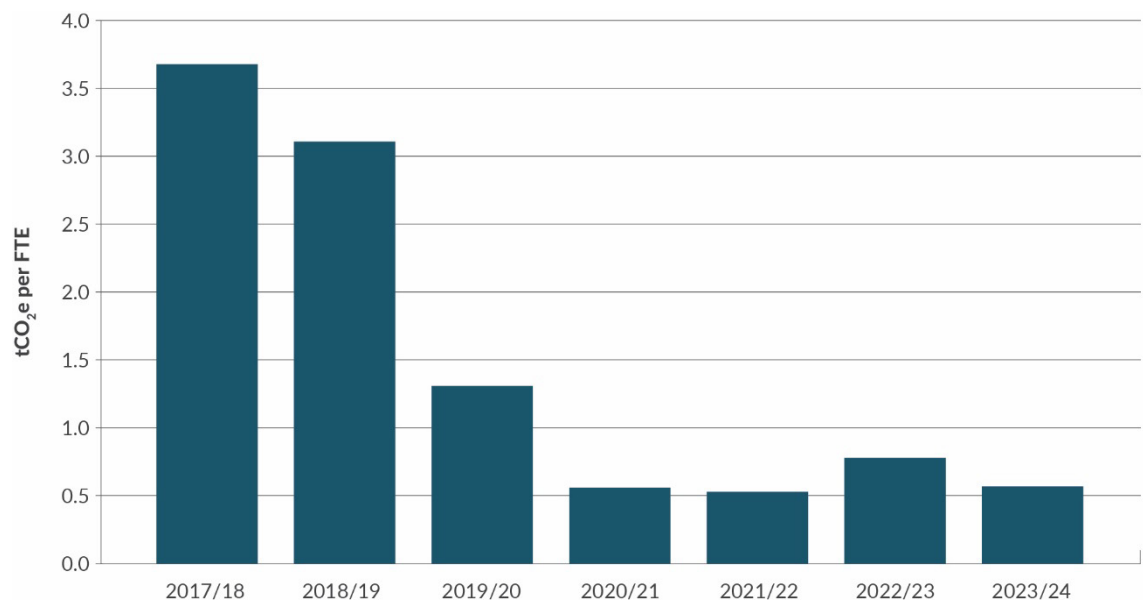
Although emissions from private car use reduced this year from 2022/23, emissions from rental cars more than doubled, and use of public transport remains low.

## Emissions per full-time equivalent employee

Despite growing our full-time equivalent (FTE) staff numbers and work programme over the past seven years, our overall greenhouse gas emissions per FTE remain significantly lower than our 2017/18 base year. In 2023/24, we achieved an 84.5 per cent reduction compared with the base year (see figure 6).



**Figure 6: Ministry for the Environment's total gross greenhouse gas emissions per FTE employee, 2017/18–2023/24**



Note: FTE = full-time equivalent; tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent.

# 3

## About us *Kōrero mō mātou*

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



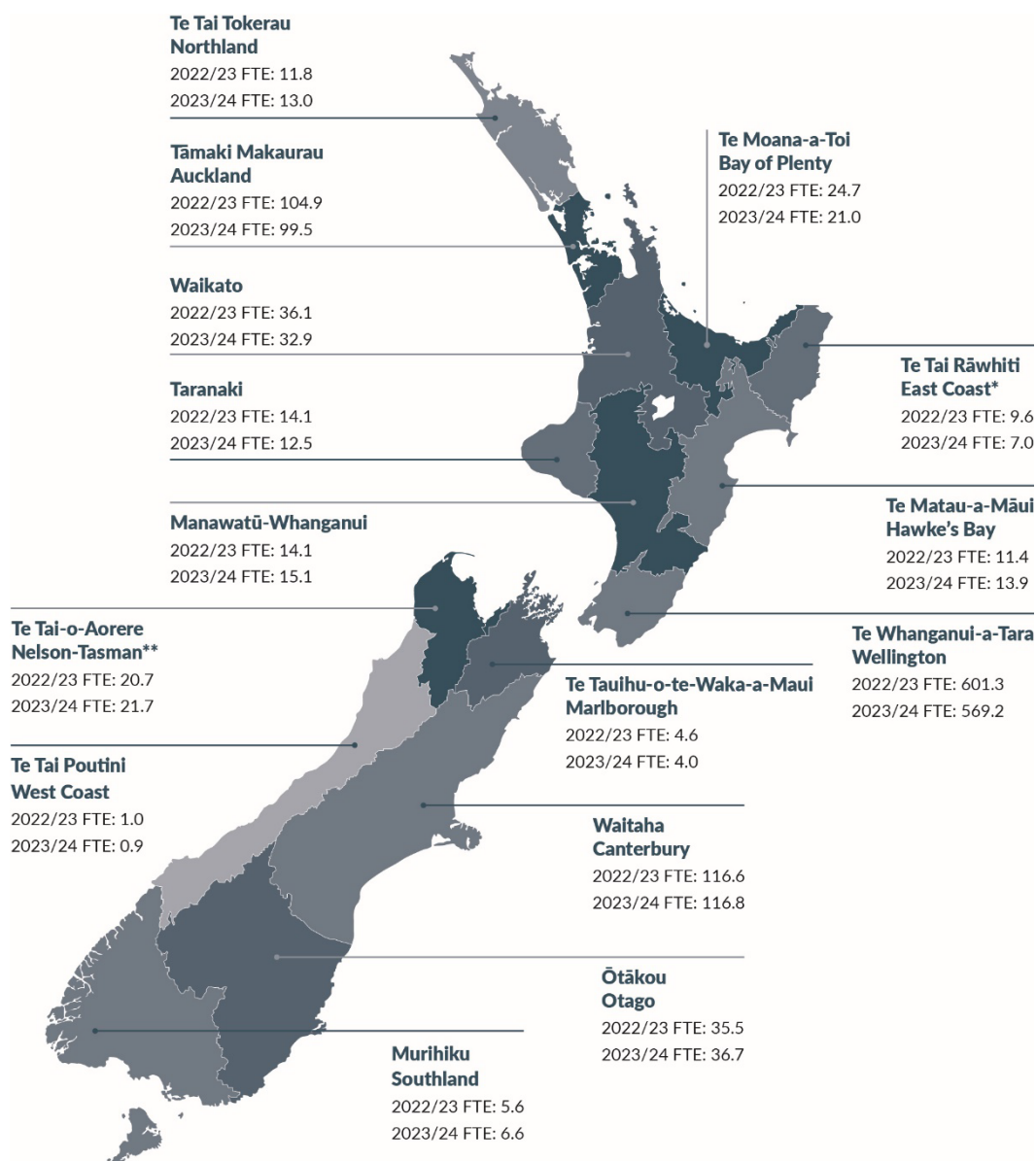
# Our people

We have developed a new operating model to ensure that the Ministry is set up to deliver on the priorities of the government of the day within a tightening fiscal environment, while continuing to be an effective steward for the environmental management system. To align with this model, we are focused on having the right capabilities and skills to deliver the Government's work programme and address current and future environmental system needs. Over the next two to three years, we will reduce in size and capability, meaning we will need to prioritise carefully.

Our people are at the heart of our organisation. They come from different backgrounds, with different experiences, knowledge and capabilities, bringing strengths that connect us to New Zealanders.

As figure 7 shows, our staff are dispersed across the motu, including in offices in Wellington, Auckland and Christchurch, and many work remotely as well. For more staff demographic information, see tables 3 to 8.

**Figure 7: Location of staff**



\*The East Coast region has been updated to include Gisborne.  
 \*\*Tasman is included in the Nelson region, called Nelson-Tasman region.

**Table 3: Staff information**

	2020/21	2021/22	2022/23	2023/24
Full-time equivalent*	648.2	828.4	1,010.2	938.9
Unplanned turnover	9.5%	19.5%	18.9%	13.3%
Part time**	10.3%	9.5%	11.3%	9.1%
Male	33.7%	31.0%	33.5%	31.9%
Another gender	0.3%	0.8%	1.2%	1.1%
Female	66.0%	68.2%	65.3%	66.9%
Male manager	32.5%	33.9%	32.6%	32.9%
Another gender manager	–	–	1.1%	–
Female manager	67.5%	66.1%	66.3%	67.1%

\* Full-time equivalent includes employees who are permanent, fixed term or seconded out of the Ministry.

\*\* Part time = 0.8 FTE or less.

**Table 4: Ethnicity of staff**

Ethnicity	2020/21	2021/22	2022/23	2023/24
European	73.2%	75.9%	76.2%	78.1%
Māori	10.6%	12.1%	14.6%	13.7%
Asian	8.0%	8.3%	7.4%	6.8%
Pacific peoples	2.2%	1.8%	1.9%	0.3%
Middle Eastern / Latin American / African	1.7%	1.7%	1.7%	0.6%
Other	12.0%	7.0%	5.1%	0.6%

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

**Table 5: Age of staff**

	2020/21		2021/22		2022/23		2023/24	
Age group (years)	Number	Percentage of staff	Number	Percentage of staff	Number	Percentage of staff	Number	Percentage of staff
Under 25	36	5.2%	34	4.0%	41	3.9%	27	2.8%
25–34	262	37.9%	305	35.7%	439	33.3%	276	28.5%
35–44	201	29.1%	247	28.9%	308	29.4%	308	31.8%
45–54	124	17.9%	180	21.1%	234	22.3%	236	24.4%
55–64	53	7.7%	75	8.8%	98	9.4%	103	10.6%
65+	14	2.0%	14	1.6%	17	1.6%	19	1.9%
Unknown	1	0.2%	0	0.0%	0	0.0%	0	0

**Table 6: Ethnicity of people leaders**

Ethnicity	Team leader	Manager	General manager	Deputy secretary	Total
European	16	81	20	5	122
Māori	0	11	6	2	19
Asian	1	1	2	0	4
Pacific peoples	0	1	0	0	1
Middle Eastern / Latin American / African	0	0	0	0	0
Other ethnicity	1	1	1	0	3
Not declared	0	2	1	0	3
<b>Total</b>	<b>18</b>	<b>97</b>	<b>30</b>	<b>7</b>	<b>152</b>

Note: Employees can specify up to three ethnicities (so the total number of people leaders may be more than in other people leader figures).

**Table 7: Age of people leaders**

Age group (years)	Team leader	Manager	General manager	Deputy secretary	Total
Under 25	0	0	0	0	0
25–34	9	3	0	0	12
35–44	6	47	7	1	61
45–54	2	35	16	6	59
55–64	1	12	7	0	20
65+	0	0	0	0	0
Unknown	0	0	0	0	0
<b>Total</b>	<b>18</b>	<b>97</b>	<b>30</b>	<b>7</b>	<b>152</b>

**Table 8: Gender of people leaders**

Gender	Team leader	Manager	General manager	Deputy secretary	Total
Female	13	67	18	5	103
Male	5	30	12	2	49
Another gender	0	0	0	0	0
Prefer not to say / unknown	0	0	0	0	0
<b>Total</b>	<b>18</b>	<b>97</b>	<b>30</b>	<b>7</b>	<b>152</b>

## Health, safety and wellbeing

The health, safety and wellbeing of our people continue to be a high priority. Significant progress is being made in ensuring processes, policies and systems in this area are fit for purpose, with a current focus on critical risk management and wellbeing. The critical risks have been identified and approved and we are now focusing on assessing these to implement robust processes and controls.

To support the wellbeing of our people, processes have been created that promote and sustain their wellbeing. This includes the pilot of an employee assistance programme service based in te ao Māori for our staff.

The employee participation system is functioning well. It fosters open channels for consultation on all health and safety matters, with an engaged group of health and safety representatives and quarterly committee meetings.

## Diversity and inclusion

Tui Raumata, the Ministry's diversity and inclusion strategy, has 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.

We have realigned the strategy to reflect what is most important to our people and the Ministry. Our 2024–27 strategy will be published and start from November 2024. It will continue the work on the updated pillars as follows.

- **We are diverse.** We focus on ensuring our team is diverse at every level, including in leadership, by understanding and targeting efforts to recruit and retain a diverse team.
- **We are equitable.** We delve into workforce data to identify opportunities to improve health and wellbeing, and to be more inclusive, and build strategies to address these areas.
- **We are inclusive.** We focus on building the capabilities, knowledge and skills to ensure an inclusive culture, providing support to those with different worldviews or experiences, and fostering strong, deep relationships.

Tui Raumata integrates the five focus areas of Papa Pounamu (the Public Service Commission’s diversity work programme), which aim to grow diversity and inclusion across the public service.

**Addressing bias.** Education about unconscious bias is part of the Ministry’s induction and recruitment processes. We work to continually improve these processes and provide bias awareness training for leaders.

**Fostering diverse leadership.** We foster an inclusive culture by encouraging leaders to bring their whole selves to work and support and develop leaders from all communities. We participate in accreditation processes including Rainbow Tick, Gender Tick, and Accessibility Tick.

**Cultural competence.** We drive cultural competence through commitments to te ao Māori, te reo Māori, and Te Tiriti, as well as through multicultural competence and inclusive leadership training.

**Employee-led networks.** Active employee networks (such as the Rainbow Network and Women’s Network) receive support through executive sponsors and dedicated work hours. We also celebrate cultural events and provide equal opportunities through recruitment, career development, and flexible working arrangements.

**Inclusive leadership.** We offer guidance and development on inclusive leadership, including emphasis on leading all diverse groups on disability, accessibility and neurodiversity, emphasising te ao Māori principles.

See our website for more information on [diversity, equity and inclusion at the Ministry](#).

## Equal employment and pay gaps

To attract diverse talent, we ensure equal opportunities and flexible working arrangements are available.

Our gender and ethnic pay gaps action plan, which is aligned with the Public Service Commission’s Kia Toipoto, focuses on transparency, equitable pay, representative leadership, and eliminating bias.

See our website for our [Gender and ethnic pay gaps action plan](#).



# Our knowledge

The Ministry's use of data, science and evidence is critical for our policy advice and system reforms, and for assessing the effectiveness of policy implementation. Our Strategy, Stewardship and Performance group works across government and the science system to strengthen Aotearoa New Zealand's environmental monitoring and reporting system. Our aim is for the Government, and all New Zealanders, to have the knowledge needed to make the best decisions for the people and the environments they live in – now and in the future.

Knowledge is not only about biophysical science and data. Social sciences, economics and mātauranga Māori remain important components of our knowledge system. As in previous years, we continue to integrate te ao Māori into our work, engage and partner with iwi Māori, and explore ways to further incorporate Māori research and mātauranga Māori.

To meet our longer-term responsibilities, our focus is on improving what we monitor, how we monitor, and how we communicate our knowledge. This combination forms a strong base for our overarching aim: to strengthen Aotearoa New Zealand's environmental monitoring and reporting system.

These improvements are proposed to be made through amendments to the Environmental Reporting Act 2015, by continuing to secure the science and data required to drive the Ministry's work, and by supporting the outcomes of ongoing resource management system reform.

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

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

Throughout 2023/24, the Ministry has invested in strengthening core data and data infrastructure across multiple domains, to ensure that the knowledge we rely on for effective environmental system stewardship and policy advice is current and accurate. We have begun developing an environmental monitoring and reporting system, and we will continue to develop components of the system with a view to gaining the most value from the environmental data we collect.

Under the Environmental Reporting Act 2015, together with Stats NZ the Ministry reports on the state of different aspects of the environment every six months, and on the state of the environment as a whole every three years. In 2023/24, we published the reports [Our atmosphere and climate 2023](#) and [Our land 2024](#).

We have proposed amendments to the Environmental Reporting Act 2015. These are intended to improve the functioning of the Act and increase the impact of future environmental reports.

The Ministry's work will help to ensure that data, science and evidence deliver useful knowledge, tools and processes to enhance and protect our environment and climate, and to support decision-making. In 2024/25, we will continue to address the gaps identified in our environmental knowledge and build the critical data needed to inform policymaking and

evaluation of policy performance. We will be taking a more targeted and pragmatic approach to our investments, within a framework that is more constrained, both fiscally and in terms of capability.

The Ministry will continue to improve what we monitor, how we monitor it and how we communicate environmental information that is used for decision-making. We will continue to refine the data system through developing monitoring protocols, standards and environmental indicators. We will also explore how to leverage the latest technology to generate useful and effective insights from the data we collect.

We will continue to ensure that decision-making is informed by the inclusion of science, evidence, te ao Māori, and wider knowledge. This will strengthen advice to the Government to enable the protection, preservation and enhancement of Aotearoa New Zealand's natural and built environments.

# Our systems

The Ministry has undertaken a wide range of activities in the past year as part of our Digital Work Programme, with areas of focus including keeping our systems running smoothly and improving integration and security for our people.

To support the Ministry's 'flexible by default' policy, which allows staff to operate remotely, we have set up online spaces where people can more easily share information and work together on projects. We have also set up a data warehouse to improve how we collate and analyse our data, in support of providing evidence-based advice and reporting on the state of the environment.

The Ministry's work in this area supports the Digital Strategy for Aotearoa and the Strategy for a Digital Public Service. We are focused on the Cloud First policy, as outlined by the Government Chief Digital Officer. According to this policy, government organisations must adopt public cloud services on a case-by-case basis, following risk assessments.

The Ministry continues to have a significant focus on moving key systems, applications and information technology (IT) infrastructure to the cloud. In moving to the cloud, we are becoming less reliant on physical servers, which could be affected by events like earthquakes and flooding.

The ongoing disruption caused by severe weather events has reinforced the need for sustainable and resilient IT systems and services. The Ministry wants to offer innovative and accessible solutions that meet the diverse needs of our stakeholders and support our work.

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

These factors have influenced the development of our IT Service Strategy, which is a multi-year work programme that diversifies our approach to procuring and managing IT services. The strategy will create a more resilient IT supplier model and support a more flexible way of working. In the future, this work programme will continue to strengthen our ability to:

- increase opportunities for staff to work in a collaborative way
- support diversity in our workforce, by making our systems more accessible
- collect, use and store data securely, with protocols that respect te ao Māori views on data
- use modern analytical tools to drive efficiencies and deliver better insights and outcomes
- offer online portals that are secure and easy to use for our wide range of internal and external stakeholders
- find innovative ways to develop and implement policy
- develop better approaches to managing engagement with regulators and government agencies, providing these partners with greater transparency around our services.

We have not identified any service-critical assets in line with Cabinet's reporting requirements.<sup>21</sup>

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<sup>21</sup> Department of the Prime Minister and Cabinet. 2023. *Investment Management and Asset Performance in Departments and Other Entities*. Cabinet circular. CO (23) 9.

# Our relationships

The Ministry works with partners and stakeholders to test policy as it is developed. This supports successful policy implementation and helps us carry out our role as steward of the environmental management system.

We continue to inform, engage and consult with our partners and communities about the Government's work. We will work with them to establish systems that support Aotearoa to manage and protect its environment, particularly how we manage resources and deal with the impacts of climate change.

The Ministry strives to take a consistent approach to building relationships based on high trust, in which we understand our partners' needs and interests, and they understand our strategic focus and priorities. This includes ensuring our partnership with iwi/Māori is at the forefront of our work and that we meet our obligations as good Treaty partners.

Key relationship achievements are outlined below.

- We have implemented a consistent and integrated approach for engaging with our partners and stakeholders, focusing on our strategic priorities, our system stewardship role, and the objectives of the Government.
- We have increased our use of the customer relationship-management tool to better support and record our engagement and insights. These insights include knowledge of the evolving context of our partners and stakeholders and what matters most to them.
- We have continued to grow our relationships and collaborations with the private sector. Recently we have focused on activating green investment, and on accelerating private sector and philanthropic actions for improved environmental outcomes, including opportunities in developing biodiversity carbon market policy.
- We have deepened existing relationships with well-established partnerships such as The Aotearoa Circle, the Sustainable Business Council, the Climate Leaders Coalition, and the Sustainable Business Network. At the same time, we have ensured our partners remain connected around common interests.
- We have supported strategic, system-level change in areas such as sustainable finance and Toitū Tahua (Centre for Sustainable Finance). We have partnered with others on emerging opportunities, including coastal wetland blue carbon research with The Nature Conservancy. We have gathered private sector input into climate policy development – for example, in developing the Government's second emissions reduction plan.
- We have worked with the Ministers responsible for the key Crown entities of the Environmental Protection Authority | Te Mana Rauhi Taiao and He Pou a Rangi | Climate Change Commission. We have also provided responsible Ministers with timely monitoring and appointments advice, including advice on appointments to the Waikato River Authority and Te Pou Tupua.
- We have delivered content through digital and traditional communications platforms to inform and engage New Zealanders on environmental issues and consultations.
- We have deepened our existing relationships with well-established youth and environmental education partnerships, including BLAKE and Toimata Foundation.
- We have established our first youth advisory group to support us in building relationships with young people.

# Our ao Māori strategy

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

Te Ao Hurihuri is our strategic framework to build the capacity, capability and confidence of staff to engage effectively and respectfully with our Treaty partners. The key objectives are to:

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

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

The six hoe are:

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

Te Ao Hurihuri aligns with the expectations of Te Arawhiti. Whāinga Amorangi which sets out those expectations and outlines six core competencies:<sup>22</sup>

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

Te Arawhiti has the aim for all public servants to reach the ‘comfortable’ level in these six core competencies.

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<sup>22</sup> Te Arawhiti | Office for Māori Crown Relations. 2021. *Whāinga Amorangi: Transformational Leadership. Phase One Organisational Plan: Empowering People – Guidance for organisations*. Wellington: Te Arawhiti.

## Our progress on Te Ao Hurihuri

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

- We established Tōnui in July 2022, designing it to lift our overall baseline Māori–Crown relations capability. It is a one-day wānanga embedded into our induction programme for new staff. For more information, see the ‘Tōnui’ section.
- We have introduced Rongoā Hauora as part of our employee assistance programme. This offers te ao Māori forms of healing and wellbeing for staff, which include mirimiri, karakia and rākau rongoā.
- Our leadership expectations framework clearly articulates our commitment to building our capacity to uphold and honour our Tiriti obligations.
- Work continues on reviewing Ministry practices to ensure they enable staff to bring Te Tiriti and te ao Māori into their work every day, and to identify ways to strengthen and enhance our policies and practices to achieve this aim.
- Whāinga Amorangi identifies te reo Māori as a core competency for staff capability-building across the public service. As part of our commitment to and work in this area, we provide support, resources and learning opportunities to develop and strengthen our staff’s capability in te reo Māori.
- We continue to implement Te Rautaki me te Mahere Reo Māori a te Manatū mō te Taiao (the Ministry’s te reo Māori strategy and te reo Māori learning plan) by:
  - creating language-learning opportunities through staff networks, team meetings, and all-staff meetings
  - 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.

We have also identified ways to strengthen our recruitment process through Te Ao Hurihuri, as described below.

- Our careers website and position descriptions include te reo Māori translations.
- We continue to focus on having mātauranga Māori and Māori worldview knowledge as a priority skill to help achieve key strategic objectives, as well as to help us engage better with our Treaty partners.
- Our talent team has reviewed recruitment and interview practices, including how best to attract the right talent to achieve the capability uplift that we need.
- We advertise on a range of platforms to specifically attract more applications from Māori to Ministry vacancies.

## Tōnui

In late 2022, we began the roll-out of Tōnui, which means ‘to flourish, prosper and thrive’. This foundational cultural capability programme has continued to grow throughout 2023 and 2024. It features a one-day, Ministry-specific wānanga for new staff, which focuses on the six core capabilities identified in Whāinga Amorangi.

### *Strengthening capability*

Surveys in 2022 and 2023 show Tiriti literacy and overall cultural competence grew significantly. Staff moved from being unfamiliar to being comfortable with the six core competencies of Whāinga Amorangi, demonstrating the programme's effectiveness.

### *Building on a strong foundation*

The 2023 survey highlighted areas needing improvement, such as tikanga and cultural practices. In 2024/25, we will develop resources on these topics and support policy and engagement functions with online modules covering Treaty settlements, mātauranga Māori, Māori rights, policy development, engagement with Treaty partners, and unconscious bias.

### *A sustainable approach*

Thanks to the success of Tōnui, we have integrated the wānanga into the staff induction process. We are now developing an internal repository of online learning modules to complement the Tōnui wānanga.

### *A flourishing future*

Tōnui supports our commitment to Te Tiriti and the Māori–Crown relationship by enhancing cultural capability and empowering staff to contribute meaningfully to this relationship.

## **Te Tiriti o Waitangi settlement commitments**

Treaty settlements seek to provide a fair and durable settlement of historical claims, remove the sense of grievance, and create a foundation for a new and continuing relationship between the Crown and the claimant group.

Through deeds of settlement, the Crown acknowledges and apologises for historical breaches of Te Tiriti and provides commercial and cultural redress, including relationship mechanisms with the Crown and local government.

He Korowai Whakamana, a Cabinet-agreed framework, enhances the Crown's accountability for delivery of Treaty settlement commitments. It requires core Crown agencies to track the status of their settlement commitments in [Te Haeata](#), an online settlement portal, and to report each year on their performance through their annual reports, from 2023/24 onwards.

### **The status of the Ministry's settlement commitments**

Under Te Haeata, we are responsible for delivering a variety of Treaty settlement commitments, including those relating to:

- bespoke arrangements
- cultural redress property transfers
- participation arrangements over natural resources
- legal identity redress
- cultural redress payments
- vesting and gift back.



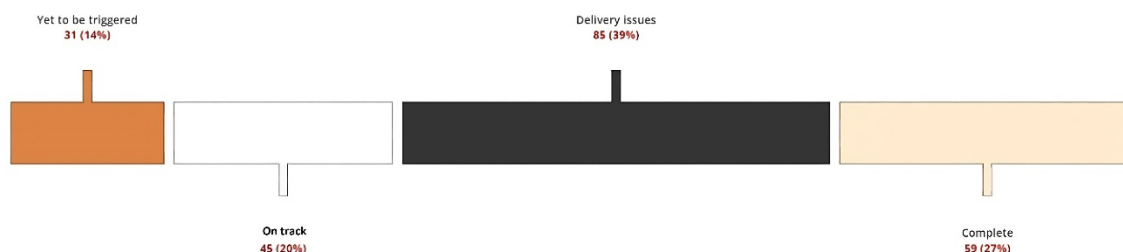
## Descriptions of Te Haeata delivery progress status

Te Arawhiti defines delivery progress status as follows.

- **Complete.** The responsible entities have completed the actions required to deliver the commitments. For example, they have sent all letters of introduction.
- **On track.** The responsible entities have the systems in place or have started the actions required to deliver the commitments and are on track to complete them (including within any timeframe specified). For example, the organisation has a system in place to manage appointments to the Waikato River Authority.
- **Delivery issues.** The responsible entities have made attempts to complete the actions required to fulfil the commitments. However, because of complicating factors, the responsible entities are unlikely to be able to deliver the commitments as required (including within any timeframe specified). An example of a complicating factor is a lack of supporting evidence reported from business groups to progress the commitment to 'on track' or 'complete'.
- **Yet to be triggered.** The responsible entities are yet to start delivering the commitments. This may be because doing so is conditional on other commitments, or they are to deliver the commitments in a certain timeframe that is yet to be triggered. For example, a responsible entity may not yet have committed to participation arrangements over natural resources because it is a requirement that the first meeting of a statutory board cannot be held until other participating iwi have finalised their Treaty settlements.

Some commitments are ongoing and, by their nature, will never appropriately be defined as 'complete'. There is currently no precise status in Te Haeata for these types of commitments, and so we list their status as 'on track'.

**Figure 8: Overview of the Ministry for the Environment's Treaty settlement status as at 30 June 2024**



Source: Te Haeata Settlement Portal. Exported 27 June 2024

As at 30 June 2024, the Ministry is responsible for 220 Treaty settlement commitments in Te Haeata. As figure 8 shows, of these Treaty settlement commitments, 27 per cent have been completed, 20 per cent are on track, 14 per cent are yet to be triggered, and 39 per cent have delivery issues.

Key reasons to record a commitment as 'yet to be triggered' may include that:

- Treaty partners have mutually agreed to put the commitment on hold
- the commitment will begin only once external actions have taken place.

Reasons why we record a commitment as having delivery issues may include:

- having insufficient evidence to confirm a status (this particularly relates to historical actions)
- a lack of monitoring of commitments required through policy processes
- resource intensity of annual or biannual relationship meetings between senior officials and post-settlement governance entities.

We are actively working to resolve delivery issues. Over the past year, our focus has been to establish the framework to monitor and report on our settlement commitments. That work has helped identify system changes needed to improve our delivery. Over the next year, we expect to further strengthen our monitoring and reporting, and to support delivery.

# Our funding and impact

## Vote Environment

Table 9 shows the 2023/24 expenditure in Vote Environment. The next tables further divide this expenditure as follows.

- Table 10 shows non-departmental funding administered on behalf of Ministers and distributed externally (eg, for clean-up projects). The NZ ETS and Crown entities are not shown in this table, due to the scale of their appropriation.
- Table 11 shows departmental funding for our work programme. We show the types of funding separately, because of their size and significance.

**Table 9: Vote Environment**

	Funding allocation (\$000)	Percentage of total funding (%)
Departmental	\$239,973	17
Non-departmental	\$218,391	15
Environmental Protection Authority   Te Mana Rauhi Taiao	\$38,199	3
New Zealand Emissions Trading Scheme	\$893,779	63
He Pou a Rangi   Climate Change Commission	\$19,033	1
<b>Total</b>	<b>\$1,409,375</b>	<b>100</b>

**Table 10: Non-departmental funding (excluding Crown entities and New Zealand Emissions Trading Scheme)**

Non-departmental annual appropriations	Funding allocation (\$000)	Percentage of total funding (%)
Contaminated sites	\$1,811	<1
International obligations	\$751	<1
Climate change	\$652	<1
Community funding	\$5,170	2.4
Treaty obligations	\$12,128	5.6
Waste minimisation	\$113,854	52.1
Water initiatives	\$83,625	38.3
Resource management implementation	\$400	<1
<b>Total</b>	<b>\$218,391</b>	<b>100</b>

**Table 11: Departmental funding**

Departmental annual appropriations	Funding allocation (\$000)	Percentage of total funding <sup>23</sup> (%)
Product Stewardship Administration	\$721	<1
Climate Change Chief Executives Board	\$3,504	1
Spatial Planning Board (previously Strategic Planning Reform Board)	\$3,903	2
Waste Minimisation Administration	\$13,388	6
Managing Climate Change in New Zealand	\$51,673	22
Improving New Zealand's Environment	\$166,784	70
<b>Total departmental annual appropriations</b>	<b>\$239,973</b>	<b>100</b>

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<sup>23</sup> Percentages calculated to the nearest whole number.

# 4

## Our finances *Kōrero pūtea*

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



# Financial statements for the Ministry for the Environment

for the year ended 30 June 2024

# Performance indicators

for the year ended 30 June 2024

	Unit	2023/24 Actual	2023/24 Revised Budget*
<b>Operating results</b>			
Revenue: Crown	\$000	266,783	266,783
Revenue: Departmental and other	\$000	1,072	1,130
Output expenses	\$000	239,883	267,913
Gain on sale of assets	\$000	–	5
Net surplus	\$000	27,883	5
<b>Working capital</b>			
Net current assets	\$000	10,291	6,200
<b>Resource utilisation</b>			
<b>Plant and equipment</b>			
Plant and equipment at year end	\$000	544	3,550
Value per employee	\$000	0.58	3.78
Additions as % of plant and equipment	%	35	5
Plant and equipment as % of total assets	%	79	86
<b>Intangible assets</b>			
Intangible assets at year end	\$000	142	582
Value per employee	\$000	0.15	0.62
Additions as % of intangible assets	%	14	Nil
Intangible assets as % of total assets	%	21	14
<b>Taxpayers' funds</b>			
Level at year end	\$000	7,242	7,242
Level per employee	\$000	7.71	6.04
<b>Net cash flows</b>			
Surplus/(deficit) from operating activities	\$000	18,782	2,684
Surplus/(deficit) from investing activities	\$000	(313)	(795)
Surplus/(deficit) from financing activities	\$000	(15,152)	(5)
Net increase/(decrease) in cash held	\$000	3,317	1,884
<b>Human resources</b>			
Staff turnover	%	13.3	18.9
Average length of service	Years	3.9	3.0
Total staff (full-time equivalent)	No.	938.9	935

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



# Statement of comprehensive revenue and expense

for the year ended 30 June 2024

	Notes	2022/23 Actual \$000	2023/24 Budget* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
<b>Revenue</b>					
Funding from the Crown		236,904	243,011	266,783	183,297
Other revenue	2	209	955	1,072	955
Gain on sale of assets		–	5	–	5
Total revenue		237,113	243,971	267,855	184,257
<b>Expenses</b>					
Personnel costs	3	128,360	153,024	155,070	122,961
Depreciation and amortisation expense	9, 10	1,363	2,664	1,591	1,490
Capital charge	4	362	362	362	362
Other expenses	6	91,875	87,896	82,949	59,439
Total expenses		221,960	243,946	239,972	184,252
<b>Net surplus and total comprehensive revenue and expense</b>		<b>15,153</b>	<b>25</b>	<b>27,883</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.

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

# Statement of financial position

as at 30 June 2024

	Notes	2022/23 Actual \$000	2023/24 Budget* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	15,542	19,110	18,859	19,430
Receivables	8	31,439	16,203	56,151	16,203
Prepayments		1,375	1,000	1,246	500
Total current assets		48,356	36,313	76,256	36,133
<b>Non-current assets</b>					
Plant and equipment	9	4,724	3,050	544	2,670
Intangible assets	10	424	232	142	772
Total non-current assets		5,148	3,282	686	3,442
<b>Total assets</b>		<b>53,504</b>	<b>39,595</b>	<b>76,942</b>	<b>39,575</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	11	16,018	17,800	20,541	17,800
Return of operating surplus	12	15,153	25	27,883	5
Provisions	13	–	–	10,899	–
Lease incentive liability	6	564	–	–	–
Employee entitlements	14	11,437	11,438	6,642	11,438
Total current liabilities		43,172	29,263	65,965	29,243
<b>Non-current liabilities</b>					
Employee entitlements	14	3,090	3,090	3,735	3,090
Total non-current liabilities		3,090	3,090	3,735	3,090
Total liabilities		46,262	32,353	69,700	32,333
<b>Net assets</b>		<b>7,242</b>	<b>7,242</b>	<b>7,242</b>	<b>7,242</b>
<b>Equity</b>					
Taxpayers' funds		7,242	7,242	7,242	7,242
<b>Total equity</b>		<b>7,242</b>	<b>7,242</b>	<b>7,242</b>	<b>7,242</b>

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

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

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

# Statement of changes in equity

for the year ended 30 June 2024

		2022/23 Actual \$000	2023/24 Budget*	2023/24 Actual \$000	2024/25 Forecast*
	Notes				
<b>Balance as at 1 July</b>		<b>7,242</b>	<b>7,242</b>	<b>7,242</b>	<b>7,242</b>
<b>Comprehensive revenue and expense</b>					
Surplus for the year		15,153	25	27,883	5
Return of operating surplus to the Crown	12	(15,153)	(25)	(27,883)	(5)
<b>Balance as at 30 June</b>		<b>7,242</b>	<b>7,242</b>	<b>7,242</b>	<b>7,242</b>

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

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

# Statement of cash flows

for the year ended 30 June 2024

	2022/23 Actual \$000	2023/24 Budget* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
<b>Cash flows from operating activities</b>				
Receipts from the Crown	221,904	258,011	241,783	183,297
Receipts from other revenue	563	1,042	1,257	955
Payments to suppliers	(91,669)	(87,535)	(73,080)	(58,999)
Payments to employees	(123,828)	(152,964)	(151,123)	(122,901)
Payments for capital charge	(362)	(362)	(363)	(362)
Goods and services tax (net)	(383)	1,324	308	–
Net cash flow from operating activities	6,225	19,516	18,782	1,990
<b>Cash flows from investing activities</b>				
Receipts from sale of plant and equipment	–	5	–	5
Purchase of plant and equipment	(3,855)	(300)	(295)	(300)
Purchase of intangible assets	13	(500)	(18)	(500)
Net cash flow from investing activities	(3,842)	(795)	(313)	(795)
<b>Cash flows from financing activities</b>				
Capital contribution received	–	–	–	–
Return of operating surplus	(3,931)	(15,153)	(15,152)	((5)
Net cash flow from financing activities	(3,931)	(15,153)	(15,152)	(5)
<b>Net increase/(decrease) in cash</b>	<b>(1,548)</b>	<b>3,568</b>	<b>3,317</b>	<b>1,190</b>
Cash at the beginning of the year	17,090	15,542	15,542	18,240
<b>Cash at the end of the year</b>	<b>15,542</b>	<b>19,110</b>	<b>18,859</b>	<b>19,430</b>

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

The goods and services tax (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.

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

# Statement of cash flows

for the year ended 30 June 2024 (continued)

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

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Net surplus</b>	<b>15,153</b>	<b>27,883</b>
<b>Add/(less) non-cash items</b>		
Depreciation and amortisation expense	1,363	1,591
Net loss/(gain) on sale of fixed assets	4	3,183
<b>Total non-cash items</b>	<b>1,367</b>	<b>4,774</b>
<b>Add/(less) movements in statement of financial position items</b>		
(Increase)/decrease in receivables	(14,795)	(24,712)
(Increase)/decrease in prepayments	(871)	129
Increase/(decrease) in payables <sup>1</sup>	1,232	4,523
Increase/(decrease) in employee entitlements	4,533	(4,150)
Increase/(decrease) in provisions	(394)	10,335
<b>Total net movement in working capital items</b>	<b>(10,295)</b>	<b>(13,875)</b>
<b>Net cash flow from operating activities</b>	<b>6,225</b>	<b>18,782</b>

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

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

# Statement of commitments

as at 30 June 2024

## Capital commitments

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

## Non-cancellable operating lease commitments

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

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

The total amount of future sub-lease payments expected to be received under non-cancellable sub-leases at the balance date is \$nil (2022/23: \$nil).

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Capital commitments</b>		
Intangible assets	–	–
Total capital commitments	–	–
<b>Operating leases as lessee</b>		
<b>The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:</b>		
Not later than one year	4,403	3,303
Later than one year but not later than five years	17,764	13,123
Later than five years	31,866	28,078
Total non-cancellable operating lease commitments	54,033	44,504
<b>Total commitments</b>	<b>54,033</b>	<b>44,504</b>

# Statement of contingent liabilities and contingent assets

as at 30 June 2024

## Contingent liabilities

### Legal matters

There are nine potential liabilities in relation to legal matters of approximately \$1.305 million as at 30 June 2024 (2022/23: 10 potential liabilities in relation to legal matters of up to \$535,000).

### Others

The Ministry has a potential liability of up to \$10,000 in relation to one employment matter (2022/23: \$50,000).

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

## Contingent assets

There were no contingent assets as at 30 June 2024 (2022/23: \$nil).



# Notes to the financial statements

## 1. Statement of accounting policies for the year ended 30 June 2024

### Reporting entity

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

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

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

The financial statements of the Ministry are for the year ended 30 June 2024. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2024.

### 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 include the requirement to comply with the New Zealand generally accepted accounting practice (NZ GAAP) and Treasury instructions. They comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities.

### Measurement base

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

### Function and presentation of currency

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

## **New or amended standards adopted**

### *2022 Omnibus Amendments to PBE Standards, issued June 2022*

The 2022 Omnibus Amendments issued by the External Reporting Board include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards, effective for reporting periods starting 1 January 2023. The Ministry has adopted the revised PBE standards, and the adoption did not result in any significant impact on the Ministry's financial statements.

## **Other changes in accounting policies**

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

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

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

### *Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)*

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

### *PBE IFRS 17 Insurance Contracts*

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

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

## **Summary of significant accounting policies**

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

### *Budgeting and forecasting figures*

The budget figures are those included in the Pre-Election Economic and Fiscal Update (PREFU 2023) out-year 1 figures for the year ending 30 June 2024 and were published in the 2022/23 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 2025 (the Forecast is 2024 Budget Economic and Fiscal Update (BEFU 2024)).

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

The 30 June 2025 forecast figures have been prepared in accordance and comply with PBE FRS 42: Prospective Financial Statements.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures. The forecast financial statements were approved for issue by the Chief Executive on 23 April 2024.

Although the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2025 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 about what may occur during 2024/25. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2024/25 actual financial statements include changes to the baseline forecast through new initiatives, and technical adjustments.

The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the BEFU 2024 was finalised.

The main assumptions were as follows.

- The Ministry's activities are based on the new 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 835 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 2023/24 was used as the opening position for the 2024/25 forecasts.

The actual financial results achieved for 30 June 2025 are likely to vary from the forecast information presented, and the variations might be material.

## *Expenses*

### ***Cost allocation***

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

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

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

### ***Foreign currency***

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

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

### ***Statement of cash flows***

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

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

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

### ***Goods and services tax (GST)***

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

The net GST paid to or received from 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 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 13 provides key assumptions on determining provision.

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 is 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*

	2022/23 Actual \$000	2023/24 Actual \$000
Departmental	11	973
Other	198	99
<b>Total other revenue</b>	<b>209</b>	<b>1,072</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*

	2022/23 Actual \$000	2023/24 Actual \$000
Salaries and wages	119,986	138,300
Restructure costs	–	9,695
Employer contributions to defined contribution plans	3,625	4,312
ACC levy	86	89
Net employee entitlements	4,428	2,507
Other	235	167
<b>Total personnel costs</b>	<b>128,360</b>	<b>155,070</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 2024 was 5 per cent (2022/23: 5 per cent).

## **5. Finance costs**

The Ministry has not incurred any finance costs during the financial year ended 30 June 2024 (2022/23: \$nil).

## **6. Other expenses**

### **Accounting policy**

#### *Operating leases*

An operating lease is a lease where the lessor does not transfer substantially all the risks and rewards of ownership of an asset. Lease payments under an operating lease are recognised as an expense in a systematic manner over the term of the lease.

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

#### *Other expenses*

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



### Breakdown of other expenses and further information

	2022/23 Actual \$000	2023/24 Actual \$000
Audit fees for the financial statement audit	326	350
Operating lease expenses*	5,225	4,312
Advertising and publicity	1,082	874
Contributions and sponsorship	17,881	17,930
External resources		
Contractors and consulting fees	37,136	23,073
Advisory groups	774	314
Legal advice	3,166	3,322
Annual outsourced specialist services	7,720	9,866
Services provided by other government agencies	6,565	6,716
General and administration	3,975	3,856
Net loss on disposal of property, plant and equipment	5	3,170
Other expenses	8,020	9,166
<b>Total other expenses</b>	<b>91,875</b>	<b>82,949</b>

\* Includes a \$564,000 lease incentive provision that is to be spread over the life of the 360 Lambton Quay lease, which was recognised in 2022/23 and released in 2023/24.

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

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

	2022/23 Actual \$000	2023/24 Actual \$000
Cash at bank and on hand	15,542	18,859

While cash and cash equivalents as at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is not applicable for cash held at the bank.

## 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

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Receivables from non-exchange transactions</b>		
Debtor Crown	31,053	56,054
Total receivables from non-exchange transactions	31,053	56,054
<b>Receivables from exchange transactions</b>		
Debtors other	386	97
Total receivable from exchange transactions	386	97
<b>Total receivables</b>	<b>31,439</b>	<b>56,151</b>

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

The allowance for credit losses is determined as follows:

30 June 2024					
	Receivable days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	56,151	0	0	0	56,151
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 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 a group of assets, are capitalised if their cost is greater than \$1,500. The value of an individual asset that is less than \$1,500 and 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	7.69–20.0
Office equipment	5	20.0
Computer hardware	3–4	25.0–33.33

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

## Impairment

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

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

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

## Breakdown of plant and equipment and further information

	Furniture and fittings \$000	Office equipment \$000	Computer hardware \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2022	2,969	397	4,226	7,592
Additions	53	3	611	667
Add: Closing work in progress	3,164	–	109	3,273
Less: Opening work in progress	(79)	–	–	(79)
Disposals	–	–	(8)	(8)
<b>Balance as at 30 June 2023</b>	<b>6,107</b>	<b>400</b>	<b>4,938</b>	<b>11,445</b>
Balance as at 1 July 2023	6,107	400	4,938	11,445
Additions	3,371	15	178	3,564
Add: Closing work in progress	–	–	–	–
Less: Opening work in progress	(3,164)	–	(109)	(3,273)
Disposals	(5,847)	(367)	(1,033)	(7,247)
<b>Balance as at 30 June 2024</b>	<b>467</b>	<b>48</b>	<b>3,974</b>	<b>4,489</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance as at 1 July 2022	2,746	380	2,639	5,765
Depreciation expense	40	15	905	960
Elimination on disposal	–	–	(4)	(4)
<b>Balance as at 30 June 2023</b>	<b>2,786</b>	<b>395</b>	<b>3,540</b>	<b>6,721</b>
Balance as at 1 July 2023	2,786	395	3,540	6,721
Depreciation expense	429	8	853	1,290
Elimination on disposal	(2,818)	(356)	(892)	(4,066)
<b>Balance as at 30 June 2024</b>	<b>397</b>	<b>47</b>	<b>3,501</b>	<b>3,945</b>
<b>Carrying amounts</b>				
As at 1 July 2022	223	17	1,587	1,827
As at 30 June/1 July 2023	3,321	5	1,398	4,724
As at 30 June 2024	70	1	473	544

## *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 licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

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

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

#### *Amortisation*

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

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

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

#### *Impairment*

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

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

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

## Critical accounting estimates and assumptions

### Useful lives of software

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

### Breakdown of intangible assets and further information

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

	Acquired software \$000	Acquired software licences \$000	Internally generated software (others) \$000	Internally generated software (LUCAS) \$000	Total \$000
<b>Cost</b>					
Balance as at 1 July 2022	5,067	25	1,429	1,843	8,364
Additions	209	–	–	–	209
Add: Closing work in progress	2	–	–	–	2
Less: Opening work in progress	(226)	–	–	–	(226)
Disposals	(1,745)				(1,745)
<b>Balance as at 30 June 2023</b>	<b>3,307</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,604</b>
Balance as at 1 July 2023	3,307	25	1,429	1,843	6,604
Additions	–	–	–	–	–
Add: Closing work in progress	20	–	–	–	20
Less: Opening work in progress	(2)	–	–	–	(2)
Disposals	–	–	–	–	–
<b>Balance as at 30 June 2024</b>	<b>3,325</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,622</b>
<b>Accumulated amortisation and impairment losses</b>					
Balance as at 1 July 2022	4,269	25	1,429	1,843	7,566
Amortisation expense	402	–	–	–	402
Disposals	(1,745)	–	–	–	(1,745)
Balance adjustment	(43)	–	–	–	(43)
<b>Balance as at 30 June 2023</b>	<b>2,883</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,180</b>
Balance as at 1 July 2023	2,883	25	1,429	1,843	6,180
Amortisation expense	300	–	–	–	300
Disposals	–	–	–	–	–
<b>Balance as at 30 June 2024</b>	<b>3,183</b>	<b>25</b>	<b>1,429</b>	<b>1,843</b>	<b>6,480</b>
<b>Carrying amounts</b>					
As at 1 July 2022	798	–	–	–	798
As at 30 June/1 July 2023	424	–	–	–	424
As at 30 June 2024	142	–	–	–	142

## 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

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*

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Payables under exchange transactions</b>		
Creditors	5,686	14,680
Accrued expenses	9,907	5,130
Total payables under exchange transactions	15,593	19,810
<b>Payables under non-exchange transactions</b>		
GST payable	425	731
<b>Total payables</b>	<b>16,018</b>	<b>20,541</b>

## 12. Return of operating surplus

	2022/23 Actual \$000	2023/24 Actual \$000
Net surplus	15,153	27,883
Total return of operating surplus	15,153	27,883

## 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

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Current portion</b>		
Restructuring	–	8,099
Historical Waitangi Tribunal claims	–	2,800
<b>Total current portion</b>	–	10,899
<b>Non-current portion</b>		
None	–	–
<b>Total provisions</b>	–	10,899

Movements for each class of provision are as follows:

	Make good \$000	Restructure \$000	Waitangi Tribunal \$000	Total \$000
<b>Balance as at 1 July 2022</b>	958	–	–	958
Additional provisions made	–	–	–	–
Amounts used	958	–	–	958
Unused amounts reversed	–	–	–	–
<b>Balance as at 30 June 2023</b>	–	–	–	–
<b>Balance as at 1 July 2023</b>	–	–	–	–
Additional provisions made	–	8,099	2,800	10,899
Amounts used	–	–	–	–
Unused amounts reversed	–	–	–	–
<b>Balance as at 30 June 2024</b>	–	8,099	2,800	10,899

### Restructuring provision

The restructuring provision arises from the reshaping of the Ministry announced in mid-2023 and also forms part of the new Government's priorities, and relates to the cost of expected redundancies. The Ministry anticipates that the restructuring will be completed within 12 months of balance date. Assumptions made in the calculation of this provision were average length of service and salary mid-point.

### Historical Waitangi Tribunal claims provision

The provision arises from the Ministry's commitment to retrospectively fund claimants for stages 1 and 2 of the Kaupapa inquiry Wai 2358: National Freshwater and Geothermal Resources. The Ministry anticipates that claims should be complete within 12 months of balance date. Assumptions made in the calculation of this provision were number of claimants and compensation rate for travel and accommodation.



## 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, and long-service leave and retirement gratuities expected to be settled within 12 months.

#### *Long-term employee entitlements*

Employee entitlements that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long-service leave and retirement 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 long-service leave and retirement gratuities obligations depends on various factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

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

The rates used range from 5.30 per cent to 5.11 per cent (2022/23: 4.84 per cent to 5.43 per cent) and a long-term salary growth of 3.33 per cent (2022/23: 3.35 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 \$417,000 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 \$381,000 higher/lower.

### *Breakdown of employee entitlements*

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Current portion</b>		
Salary accruals	3,623	(1,493)
Annual leave	7,205	7,400
Long-service leave and retirement gratuities	609	735
Total current portion	11,437	6,642
<b>Non-current portion</b>		
Long-service leave and retirement gratuities	3,090	3,735
<b>Total employee entitlements</b>	<b>14,527</b>	<b>10,377</b>

## **15. Capital management**

### **Accounting policy**

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

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and compliance with government budget processes, Treasury instructions and the Public Finance Act 1989.

The objective of managing the Ministry's equity is to ensure that the Ministry effectively achieves 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*

	2022/23 Actual	2023/24 Actual
<b>Executive Leadership Team, including the Chief Executive</b>		
Remuneration	\$2,901,539	\$2,563,003
Full-time equivalent staff	8.9	7.6

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:

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	15,542	18,859
Receivables	31,439	56,151
<b>Total financial assets measured at amortised cost</b>	<b>46,981</b>	<b>75,010</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	15,593	19,810

### 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 41. The notes for these items provide relevant information on impairment.

## *Liquidity risk*

### ***Management of liquidity risk***

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

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

### ***Contractual maturity analysis of financial liabilities***

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

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6 months – 1 year \$000	1–5 years \$000	More than 5 years \$000
<b>2024</b>						
Payables (note 11)	19,810	19,810	19,810	–	–	–
<b>2023</b>						
Payables (note 11)	15,593	15,593	15,593	–	–	–

## 19. Explanations of major variances against budget

Explanations for major variances from the Ministry's original 2023/24 budget figures are:

### (i) Statement of comprehensive revenue and expense

	2023/24 Actual \$000	2023/24 Budget \$000	2023/24 Variance \$000
Revenue Crown	266,783	247,190	(19,593)
Revenue other	1,072	955	(117)
Personnel	155,070	153,024	(2,046)
Contribution and sponsorship	17,673	4,311	(13,362)
External resources	43,291	50,480	7,189
Other operating costs	8,870	7,445	(1,425)

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

- a drawdown from the Resource Management Implementation tagged contingency for central and local government, and iwi/Māori to enable delivery of the Government's resource management reforms
- an expense transfer from 2022/23 in relation to Resource Management and Freshwater related reforms
- a drawdown from the Biodiversity Protections and Incentives initiative tagged contingency to identify and protect significant natural areas and support land owners to maintain and restore biodiversity
- an increase in third-party revenue forecast.

**Revenue other.** The actual other revenue was lower 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 due to recognising the provision for restructuring costs, offset by reduced recruitment against budgeted staff.

**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 lower than budget due to changes in work programme priorities following the change in Government.

**Other operating cost.** The actual expense was higher than budget due to higher information technology maintenance costs.

## (ii) Statement of financial position

	2023/24 Actual \$000	2023/24 Budget \$000	2023/24 Variance \$000
Cash and cash equivalents	18,859	13,852	(5,007)
Receivables	56,151	16,203	(39,948)
Payables	20,506	17,800	(2,706)

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

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

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

## (iii) Statement of cash flows

	2023/24 Actual \$000	2023/24 Budget \$000	2023/24 Variance \$000
Receipts from the Crown	241,783	247,190	5,407
Receipts from revenue other	1,257	955	(302)
Payments to suppliers	73,080	92,135	19,055
Payments to employees	151,123	152,964	1,841

## 20. Spatial Planning Board

The Spatial Planning Board was established as an interdepartmental executive board previously known as the Strategic Planning Reform Board. Its purpose was to lead the policy development of the Spatial Planning Act 2023, as part of the former Government's resource management reforms. Operating funding of \$6.8 million in 2023/24 was approved for the new Spatial Planning Board appropriation.

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

This Board was disestablished effective 30 June 2024.

## Spatial Planning Board (previously Strategic Planning Reform Board) financial information

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Revenue</b>		
Funding from the Crown	6,812	6,812
<b>Expenses</b>		
Personnel	2,119	1,231
Contractors and consultants	2,316	1,144
Other operating costs	2,316	1,528
<b>Total costs</b>	<b>6,751</b>	<b>3,903</b>
<b>Assets</b>		
Receivables	61	2,909
<b>Liabilities</b>		
Provision for repayment of surplus	61	2,909

## 21. Climate Change Chief Executives Board

The Climate Change Chief Executives Board (CCCE Board) was established as an interdepartmental executive board on 29 July 2022 to provide oversight of the Government's response to climate change. Operating funding of \$3.9 million in 2023/24 was approved for the new appropriation.

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

### Climate Change Chief Executives Board financial information

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Revenue</b>		
Funding from the Crown	4,171	3,968
<b>Expenses</b>		
Personnel	1,363	2,105
Contractors and consultants	846	156
Other operating costs	1,022	1,242
<b>Total costs</b>	<b>3,231</b>	<b>3,503</b>
<b>Assets</b>		
Receivables	940	465
<b>Liabilities</b>		
Provision for repayment of surplus	940	465

# Non-departmental statements and schedules

for the year ended 30 June 2024

*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.*

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2024.



## Schedule of non-departmental revenue

for the year ended 30 June 2024

	2022/23 Actual \$000	2023/24 Mains Forecast* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
<b>Revenue</b>				
Royalties	89	750	22	750
Levies	119,756	217,500	228,060**	320,721
Emissions trading	1,643,408	3,043,068	1,798,220	3,480,698
Emissions Trading Scheme penalty revenue	464	–	215	–
Grants refund	21	–	–	–
Net changes in carbon price of New Zealand Units	5,797,778	–	–	–
<b>Total non-departmental revenue</b>	<b>7,561,516</b>	<b>3,261,318</b>	<b>2,026,517</b>	<b>3,802,169</b>

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

\*\* The Ministry has reported additional Waste Disposal Levy revenue of \$5.588 million in 2023/24 relating to prior year 2022/23.

The Waste Disposal Levy has been progressively increasing and expanding in recent years. Accordingly, a programme of work was undertaken to update the Online Waste Levy System (OWLS) to accommodate new levy streams as they were introduced. While this programme was completed in June 2022, it has now been identified that not all reports were updated to include the additional expanded levy information. The report has been corrected by the system (OWLS) administrator and reconciliation processes are being improved.

Explanations of significant variances against budget are detailed in note 8.

## Schedule of non-departmental capital receipts

for the year ended 30 June 2024

The Ministry on behalf of the Crown has no capital receipts (2022/23: \$nil).

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2024.

# Schedule of non-departmental expenses

for the year ended 30 June 2024

		2022/23 Actual \$000	2023/24 Mains Forecast* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
Notes					
<b>Expenses</b>					
		102,913	221,324	111,498	305,130
		786	800	800	800
		1,169	1,373	1,226	955
		47,026	53,269	56,032	53,002
		54,397	105,000	99,825	126,500
		1,112,842	1,278,172	856,017	1,272,964
		–	2,727,058	1,223,652	–
		101,762	7,351	37,762	–
		29,972	56,510	38,030	72,298
		1,592	1,677	1,716	1,677
		<b>1,452,459</b>	<b>4,452,534</b>	<b>2,426,558</b>	<b>1,833,326</b>

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

Explanations of significant variances against budget are detailed in note 8.

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2024.

# Schedule of non-departmental assets

as at 30 June 2024

		2022/23 Actual \$000	2023/24 Mains Forecast* \$000	2023/24 Actual \$000	2024/25 Forecast* \$000
	Notes				
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		20,470	24,512	31,540	28,198
Receivables	2	26,297	33,500	56,847	38,500
Total current assets		46,767	58,012	88,387	66,698
<b>Non-current assets</b>					
		–	–	–	–
<b>Total non-departmental assets</b>		<b>46,767</b>	<b>58,012</b>	<b>88,387</b>	<b>66,698</b>

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

Explanations of significant variances against budget are detailed in note 8.

In addition, the Ministry monitors two Crown entities: the Environmental Protection Authority | Te Mana Rauhi Taiao and He Pou a Rangi | Climate Change Commission. The investments in these entities are recorded within the Financial Statements of the Government on a line-by-line basis. The investment in those entities is not included in this schedule.

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2024.

## Schedule of non-departmental liabilities

as at 30 June 2024

		2022/23 Actual \$000	2023/24 Mains Forecast*	2023/24 Actual \$000	2024/25 Forecast*
	Notes				
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	3	113,968	105,967	107,155	93,960
Provisions	5	6,325,260	8,625,643	6,866,186	6,962,908
Total current liabilities		6,439,228	8,731,610	6,973,341	7,056,868
<b>Non-current liabilities</b>					
Payables	3	65,615	62,510	62,510	59,188
Total non-current liabilities		65,615	62,510	62,510	59,188
<b>Total non-departmental liabilities</b>		<b>6,504,843</b>	<b>8,794,120</b>	<b>7,035,851</b>	<b>7,116,056</b>

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

Explanations of significant variances against budget are detailed in note 8.

## Schedule of non-departmental commitments

as at 30 June 2024

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2022/23: \$nil).

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2024.

# Schedule of non-departmental contingent liabilities and contingent assets

as at 30 June 2024

## 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 doing so are entitled to receive New Zealand Units (NZUs) for the increase in carbon stock in their forests.

Those land owners who have not registered their post-1989 forest land or who have deregistered from the scheme have until the end of 2025 (in a one-off, shortened 'mini'-Mandatory Emissions Reporting Period from 1 January 2023 to 31 December 2025) to decide whether to re-register post-1989 forest land and receive NZUs for the period beginning from 1 January 2023. If they re-register, they can claim NZUs for all the carbon stored in their forest from 1 January 2023, subject to review and approval of their applications.

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

Assets and liabilities relating to the post-1989 forestry sector have only been recognised in these non-departmental statements and schedules to the extent that participants have registered in the scheme at 30 June 2024.

### Pre-1990 forest land

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

Subject to various exemptions, if an area of more than two hectares of pre-1990 forest land is deforested in any five-year period from 1 January 2008, the land owner becomes a mandatory participant in the NZ ETS. The land owner must submit an emissions return and either

surrender units or pay cash at a rate of \$25 per NZU for emissions resulting from deforestation that occurred up to 2019 and \$35 per unit for emissions resulting from deforestation in 2020.

At 30 June 2024, there may be some deforestation that has not yet been reported to the Crown.

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

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

## **Quantifiable contingent liabilities**

### **Sand royalties**

Customary marine title holders under the Marine Coastal Area (Takutai Moana) Act 2011 could have payments issued to them retrospectively with regard to sand and shingle royalties if the royalty is taken in the customary marine title area. The amount could be between \$500,000 and \$2 million (2022/23: between \$500,000 and \$2 million).

The Ministry on behalf of the Crown has no other contingent liability or assets (2022/23: \$nil).

# Notes to the non-departmental statements and schedules

## 1. Statement of accounting policies for the year ended 30 June 2024

### Reporting entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2024. 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 2024.

### 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 PBE accounting standards), as appropriate for public benefit entities.

### Function and presentation of currency

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

### New or amended standards adopted

#### *2022 Omnibus Amendments to PBE Standards, issued June 2022*

The 2022 Omnibus Amendments issued by the External Reporting Board include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards, effective for reporting periods starting 1 January 2023. The Ministry has adopted the revised PBE standards, and the adoption did not result in any significant impact on the Ministry's financial statements.

### Other changes in accounting policies

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

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

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

### *Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)*

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

### *PBE IFRS 17: Insurance Contracts*

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

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

## **Summary of significant accounting policies**

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

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

### *Budgeting and forecasting figures*

The 2024 budget figures are for the year ended 30 June 2024 and were published in the 2022/23 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Pre-Election Economic and Fiscal Update (PREFU) for the year ending 30 June 2024.

The budget figures used in these statements and schedules for the NZ ETS surrender of units and allocation of NZUs were valued using market prices per carbon unit at the time of PREFU 2023 forecast. Similarly, the liability provision for the NZ ETS was valued using market price per carbon unit at the time of PREFU forecast. Budget (mains forecast and the revised forecast) figure for the appropriation of Allocation of New Zealand Units is based on NZ\$100 per carbon unit to mitigate the risk of breaching the appropriation.

The 2025 forecast figures are for the year ending 30 June 2025, which are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2025.



The forecast figures used in these statements and schedules for the NZ ETS surrender of units and allocation of NZUs were valued using market prices per carbon unit at the time of BEFU 2024 forecast. Similarly, the liability provision for the NZ ETS was valued using market price per carbon unit at the time of BEFU forecast. BEFU forecast figure for the appropriation of Allocation of New Zealand Units is based on NZ\$100 per carbon unit to mitigate the risk of breaching the appropriation.

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

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

The forecast figures contained in these financial statements reflects the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the year 2024/25. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2024/25 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 Aotearoa 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 Aotearoa New Zealand's emissions to below business-as-usual levels and help Aotearoa meet its international obligations under the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement. This is achieved by establishing a price on emissions, which creates a financial incentive for emitters to reduce their emissions.

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

The NZ ETS is the system in which New Zealand Units (NZUs) are traded. Under the NZ ETS, certain sectors are required to acquire and surrender NZUs or other eligible emissions units to account for their direct greenhouse gas emissions or the emissions associated with their products.

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 the following agencies.

- The Ministry for Primary Industries provides information on post-1989 and Permanent Forest Sink Initiative allocation, deforestation, and deregistration forecast.
- The Ministry of Business, Innovation and Employment provides information for surrender of units for liquid fossil fuels, stationary energy and industrial processes.
- The Environmental Protection Authority provides information on allocation of units to industrial sectors and other removable activities.
- The Ministry for the Environment provides surrender forecast for synthetic greenhouse gases (SGG) and the waste sectors; and allocation forecast for SGG and waste sectors.

The Climate Change Response (Emissions Trading Reform) Amendment Act 2020 introduced auctioning to the NZ ETS, to align the supply of units in the scheme with Aotearoa New Zealand's emissions reduction targets. The first auction took place in March 2021 and subsequent auctions have occurred on a quarterly basis. The units allocated to the market through the auctioning process increase the overall NZ ETS provision in line with the general NZ ETS accounting treatment. 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 includes revenue from:

- the Waste Disposal Levy under the Waste Minimisation Act 2008
- the Synthetic Greenhouse Gas Levy under the Climate Change Response Act 2002 and the Climate Change (Synthetic Greenhouse Gas Levies) Regulations 2013
- surrender of units under the NZ ETS
- the Waste Minimisation (Tyres) Regulations 2023.

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

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

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

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

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

## 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 grant's 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 Disposal Levy disbursements are recognised in the month the waste is disposed at landfill. Under the Waste Minimisation Act 2008, 50 per cent of the levy collected must be distributed to territorial local authorities.

### *Settlement expenditure*

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

### *Foreign exchange*

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

### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, cash in transit, and funds held in bank accounts administered by the Ministry. All cash held in bank accounts is held in on-demand accounts and no interest is payable to the Ministry.

### *Goods and services tax*

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

### *Commitments*

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

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

### *Contingent liabilities*

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

### *Critical accounting estimates and assumptions*

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

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

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

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

Note 5 provides the key assumptions used in determining the provision for the allocation of NZUs.

## 2. Receivables

### Accounting policy

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

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

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

### Breakdown of receivables and further information

	2022/23 Actual \$000	2023/24 Actual \$000
Receivables	14,356	38,221
Fines and penalties receivable	346	353
Accrued revenue	11,595	18,273
<b>Total receivables – non-exchange</b>	<b>26,297</b>	<b>56,847</b>

The expected credit loss rates for receivables as at 30 June 2024 and 30 June 2023 are based on the payment profile of revenue on credit over the prior 12 months at the measurement date and the corresponding historical credit losses experienced for that period. Judgement is also applied to determine whether historical loss rates are expected to continue, and any adjustment to the loss rates due to current and forward-looking macroeconomic factors that might affect the recoverability of receivables.

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

The allowance for credit losses as at 30 June 2024 and 30 June 2023 was determined as follows:

30 June 2024		Receivable days past due			
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	56,281	160	0	406	56,847
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–</b>

30 June 2023		Receivable days past due			
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	–
Gross carrying amount (\$000)	25,951	0	0	346	26,297
<b>Lifetime expected credit loss (\$000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–</b>

There was no movement in the allowance for credit losses as at 30 June 2024 (2022/23: \$nil).

### 3. Payables

#### Accounting policy

Short-term payables are recorded at the amount payable.

#### Breakdown of payables and further information

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Current payables are represented by:</b>		
Waikato River Co-management	34,000	10,000
Waikato River Clean-up Fund	6,911	6,914
Te Pou Tupua	590	590
Transitional Support for Local Government and Iwi	2,859	9,067
GST payable	1,778	3,174
Other payables	67,830	77,410
Total current portion	113,968	107,155
<b>Non-current payables are represented by:</b>		
Waikato River Clean-up Fund	64,188	61,193
Te Pou Tupua	1,427	1,317
Total non-current portion	65,615	62,510
<b>Total payables – non-exchange</b>	<b>179,583</b>	<b>169,665</b>

The carrying value of payables approximates their fair value.

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

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

	Payables				Total
	2024–25 \$000	2026–30 \$000	2031–35 \$000	2036–38 \$000	\$000
<b>Waikato River Clean-up Fund</b>					
Nominal	7,333	36,665	36,665	22,008	102,671
Discount	(419)	(7,549)	(14,908)	(11,688)	(34,564)
<b>Recognised</b>	<b>6,914</b>	<b>29,116</b>	<b>21,757</b>	<b>10,320</b>	<b>68,107</b>

The table above reconciles the cash outflows that will occur over the next 14 years.

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

	Payables			Total
	2024–25 \$000	2026–30 \$000	2031–34 \$000	\$000
<b>Te Pou Tupua</b>				
Nominal	600	1,000	800	2,400
Discount	(10)	(191)	(292)	(493)
<b>Recognised</b>	<b>590</b>	<b>809</b>	<b>508</b>	<b>1,907</b>

The table above reconciles the cash outflows that will occur over the next 10 years.

## 4. Financial instruments

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

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	20,470	31,540
Receivables (excludes fines and penalties receivable)	25,951	56,494
Total financial assets measured at amortised cost	46,421	88,034
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding GST payable)	177,805	166,491

## Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from deposits with banks and receivables.

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

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, and receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Cash and cash equivalents as at 30 June 2024 and receivables (note 2) are subject to the expected credit loss model prescribed by PBE IPSAS 41. No loss allowance has been recognised because the estimated loss allowance for credit losses is not applicable. The notes for these items provide relevant information on impairment.

## 5. Provisions

### Accounting policy

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

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of future economic benefits will be required to settle the obligation
- a reliable estimate of the amount of the obligation can be made.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

The provision for the allocation of New Zealand Units is remeasured using the current spot price at each reporting date.

	2022/23 Actual \$000	2023/24 Actual \$000
<b>Current portion</b>		
Allocation of New Zealand Units	6,325,260	6,866,186
<b>Total current portion</b>	<b>6,325,260</b>	<b>6,866,186</b>
<b>Non-current portion</b>	–	–
<b>Total provisions</b>	<b>6,325,260</b>	<b>6,866,186</b>

	Allocation of New Zealand Units \$000
<b>Balance as at 1 July 2022</b>	<b>11,692,346</b>
Additional provisions made	1,906,119
Amounts used	(1,577,189)
(Gains)/losses	(5,696,016)
<b>Balance as at 30 June 2023</b>	<b>6,325,260</b>
Balance as at 1 July 2023	6,325,260
Additional provisions made	1,046,372
Amounts used	(1,766,860)
(Gains)/losses net	1,261,414
<b>Balance as at 30 June 2024</b>	<b>6,866,186</b>



## Provision for NZ ETS credits

	2022/23 Units in millions	2022/23 Amount in \$millions	2023/24 Units in millions	2023/24 Amount in \$millions
Opening provision	153.9	11,692	151.5	6,325
Auctioned units	9.7	793	3.0	190
Use of fixed price options	2.2	66	1.2	32
Allocation units	22.6	1,113	15.6	856
Surrendered units	(37.0)	(1,643)	(35.3)	(1,798)
Revaluation (gains)/losses	–	(5,696)	–	1,261
<b>Closing provision</b>	<b>151.5</b>	<b>6,325</b>	<b>136.0</b>	<b>6,866</b>

The revenue and expenses reported under the NZ ETS are as follows:

	Revenue: Units surrendered				Expenses: Units allocated			
	2022/23		2023/24		2022/23		2023/24	
	Units in millions	Amount in \$millions	Units in millions	Amount in \$millions	Units in millions	Amount in \$millions	Units in millions	Amount in \$millions
Liquid fossil fuels	12.8	567	23.1	1,178	–	–	–	–
Stationary energy and industrial processes	20.0	890	8.7	441	7.7	380	7.4	406
Waste	0.5	22	0.3	17	–	–	–	–
Forestry	3.7	164	3.2	162	14.9	733	8.2	450
<b>Total</b>	<b>37.0</b>	<b>1,643</b>	<b>35.3</b>	<b>1,798</b>	<b>22.6</b>	<b>1,113</b>	<b>15.6</b>	<b>856</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: \$2,750.152 million (2022/23: \$3,043.068 million)
- after more than 12 months: \$4,116.034 million (2022/23: \$3,282.192 million).

The carbon price of NZ\$50.50 at 30 June 2024 (2022/23: NZ\$41.75 at 30 June 2023) 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 on the Ministry for the Environment's website.

### **Aotearoa New Zealand's 2012 target under the Kyoto Protocol**

Aotearoa fully complied with its first commitment period (CP1) commitments under the Kyoto Protocol, including its 2012 emissions reduction target.

### **Aotearoa New Zealand's 2020 target under the UNFCCC**

Aotearoa chose to take its 2020 emissions reduction target under the United Nations Framework Convention on Climate Change (UNFCCC) rather than the Kyoto Protocol, while applying the Kyoto Protocol rules to account for it. This was to ensure transparency and consistency with our previous target.

Aotearoa New Zealand's 2020 target was to reduce gross greenhouse gas emissions to 5 per cent below 1990 levels for the period 2013–20. Aotearoa met this target by applying the Kyoto Protocol accounting framework.

### **Aotearoa New Zealand's 2030 target under the Paris Agreement**

Aotearoa New Zealand's first Nationally Determined Contribution (NDC1) under the Paris Agreement is for the period 2021–30. Our NDC1 is to reduce gross greenhouse gas emissions by 50 per cent below 2005 levels by 2030.

Aotearoa 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 (BTR1) to be submitted under the Paris Agreement by 31 December 2024. New Zealand will keep track of our progress in meeting NDC1 in our BTRs.

### **Aotearoa New Zealand's 2050 target**

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

- net zero emissions of all greenhouse gas emissions other than biogenic methane by 2050
- a 24 to 47 per cent reduction below 2017 biogenic methane emissions by 2050, including a 10 per cent reduction below 2017 biogenic methane emissions by 2030.

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

### **Aotearoa New Zealand's first emissions budget**

The first emissions budget (2022–25) is 290 Mt CO<sub>2</sub>e. Target accounting emissions for the first emissions budget period are projected to be 284 Mt CO<sub>2</sub>e (low estimate 280 Mt CO<sub>2</sub>e, high estimate 288 Mt CO<sub>2</sub>e).

## 6. Events after the balance sheet date

The price of the New Zealand Unit has increased to \$62.50 per carbon unit as at 31 August 2024. This increase has an effect on the Allocation of New Zealand Units provision, which has increased to \$8,498 million from \$6,866 million.

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

## 7. Memorandum accounts

### Waste Minimisation Fund

	2022/23 Actual \$000	2023/24 Actual \$000
Provision for statutory information		
Balance as at 1 July	57,713	90,243
Revenue from Waste Disposal Levy collection	108,812	199,615
Expenses	(76,282)	(119,383)
<b>Balance as at 30 June</b>	<b>90,243</b>	<b>170,475</b>

The memorandum account records the Waste Disposal Levy collected which has not been spent to date. As at 30 June 2024, the Waste Minimisation Fund has approximately \$23 million in commitments to be paid on delivery of projects. The revenue represents the levy that is collected by waste disposal facilities. The expenses represent the disbursement of the received levy to territorial authorities, the Waste Minimisation Fund, and the administration cost incurred by the Ministry. The disbursements of the levy to territorial authorities and the Waste Minimisation Fund are included as part of the non-departmental schedules of revenue and expenses.

### Product stewardship

	2022/23 Actual \$000	2023/24 Actual \$000
Provision for statutory information		
Balance as at 1 July	–	–
Revenue from product stewardship (Tyres) fee collection	–	16,401
Expenses	–	(3,471)
<b>Balance as at 30 June</b>	<b>–</b>	<b>12,930</b>

The memorandum account records the Product Stewardship (Tyres) fee collected which has not been spent as at 30 June 2024. The revenue represents the fee that is collected by the NZ Transport Agency Waka Kotahi at first registration of the vehicle and by the Ministry when a loose regulated tyre, off-road motor vehicle, or aircraft is imported; or a loose regulated tyre manufactured in Aotearoa is first sold.

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

## 8. Explanations of major variances against mains forecast

Explanations for major variances from the Ministry's non-departmental mains forecast figures are as follows:

### (i) Schedule of non-departmental revenue

	2023/24 Actual \$000	2023/24 Mains Forecast \$000	2023/24 Variance \$000
Fees and levies	228,060	217,500	10,560
Emissions trading	1,798,220	3,043,068	(1,244,848)

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

The revenue collected from the fees and levies was higher than mains forecast due to:

- the introduction of the product stewardship Tyrewise scheme from March 2024
- the Synthetic Greenhouse Gas Levy collected by the NZ Transport Agency Waka Kotahi.

This increase in revenue was partially offset by the lower than anticipated collection of the Waste Disposal levy than forecast.

**Emissions trading:** The actual revenue from emitters surrendering units under the NZ ETS was lower than mains forecast primarily due to a decrease in the price of New Zealand Units. In addition, NZUs surrendered by the industrial and forestry sectors were lower than forecast.

### (ii) Schedule of non-departmental expenses

	2023/24 Actual \$000	2023/24 Mains forecast \$000	2023/24 Variance \$000
Grants and settlements	111,498	221,324	(109,826)
Allocations of New Zealand Units	856,017	1,278,172	(422,155)
Disbursements to territorial local authorities	99,825	105,000	(5,175)
Loss on sale of New Zealand Units	37,762	7,351	30,411
Net changes in carbon price of New Zealand Units	1,223,652	2,727,058	(1,503,406)

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

- **Climate Emergency Response Fund – Waste Initiatives.** Expenditure was lower than mains forecast due to projects experiencing delays. It is expected this fund will be fully committed and the drawdown and payments will happen over time, as deeds are signed and milestones delivered.

- **Contestable Waste Minimisation Fund.** Expenditure was lower than mains forecast due to projects experiencing delays. Further, each year there is a time lag between the Waste Disposal Levy and the funding round opening. Baseline updates are used to match expected spend over the forecast period.
- **Contaminated Sites Remediation Fund.** Expenditure was lower than mains forecast because the process of negotiating contracts for projects took longer than anticipated. An expense transfer of funding to 2024/25 is sought to ensure each project has sufficient funds to complete its programme of work.
- **Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme.** Expenditure was lower than mains forecast because the actual deliverables for the project were lower than anticipated for 2023/24.
- **Freshwater Improvement Fund:** Expenditure was lower than mains forecast due to projects experiencing delays and because some of the projects had an extended timeline. Funding was rephased to 2024/25 to ensure each project has sufficient funds to complete its programme of work.
- **Kaipara Moana Remediation:** Expenditure was lower than mains forecast because the project experienced significant delays related to supply chains, resourcing and engagement activities (including land owner meetings and sediment assessments on properties).

**Allocation of New Zealand Units:** Expenditure was lower than mains forecast primarily due to a decrease in the price of NZUs. In addition, units allocated to post-1989, industrial and other removal sectors were lower than forecast.

Further, actual units allocated to post-1989 forestry was lower than the units accrued at the end of June 2023.

Post-1989 forestry sector participants can file an emissions return every year or at the end of the five-year mandatory reporting period (MERP3), which ended on 31 December 2022. An extension up to 20 November 2023 was provided to forestry participants affected by the Northland severe weather and Cyclone Gabrielle.

**Disbursements to Territorial Local Authorities:** The actual expenditure was lower than mains forecast because the disbursement to territorial authorities is dependent on the Waste Disposal Levy collected under the Waste Minimisation Act 2008 during the year. Revenue collected from the waste disposal levy was lower than anticipated for the year.

**Loss on sale of New Zealand Units:** The actual expenditure was higher than mains forecast because the forestry sector participants used the fixed-price option for surrendering units for the emissions that occurred before 2021. Post-1989 forestry sector participants can file an emissions return either every year or at the end of the five-year mandatory reporting period (MERP3) ended 31 December 2022. An extension up to 20 November 2023 was provided to forestry participants affected by the Northland severe weather and Cyclone Gabrielle.

**Net changes in carbon price of New Zealand Units:** The actual expenditure was lower than mains forecast due to decrease in the price of New Zealand Units. The market price of the unit decreased to \$50.50 at 30 June 2024 from \$59.75 at 31 July 2023 used during PREFU.

### (iii) Schedule of non-departmental assets

	2023/24 Actual \$000	2023/24 Mains Forecast \$000	Variance \$000
Cash and cash equivalents	31,540	24,512	7,028
Receivables	56,847	33,500	23,347

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

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

### (iv) Schedule of non-departmental liabilities

	2023/24 Actual \$000	2023/24 Mains Forecast \$000	Variance \$000
Provisions	6,866,186	8,625,643	(1,759,457)

**Provisions:** Provisions relate to New Zealand Units under the NZ ETS. These provisions were lower than mains forecast mainly due to the decrease in the price of NZUs. The NZU market decreased to \$50.50 at 30 June 2024 from \$59.75 at 31 July 2023 during PREFU. Further, fewer units were sold through the auction than expected.

# Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation that the Ministry administers for the year ended 30 June 2024. They are prepared on a GST-exclusive basis.

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

for the year ended 30 June 2024

## Annual and permanent appropriations for Vote Environment

	2022/23 Expenditure \$000	2023/24 Budget* \$000	2023/24 Revised Budget* <sup>1</sup> \$000	2023/24 Expenditure <sup>2</sup> \$000	2024/25 Forecast* \$000	Location of end-of-year performance information <sup>3</sup>
<b>Departmental output expenses</b>						
Climate Change Chief Executives Board	3,231	4,132	4,132	3,504	3,435	a
Improving New Zealand's Environment	153,731	170,407	187,576	166,784	102,416	a
Managing Climate Change in New Zealand	47,129	49,573	54,584	51,673	49,500	a
Strategic Planning Reform Board	6,751	–	–	–	–	a
Spatial Planning Board	–	6,812	6,812	3,903	–	a
<b>Total departmental output expenses</b>	<b>210,842</b>	<b>230,924</b>	<b>253,104</b>	<b>225,864</b>	<b>155,351</b>	
<b>Departmental capital expenditure</b>						
Capital Expenditure – Permanent Legislative Authority under section 24(1) of the Public Finance Act 1989	3,848	800	800	312	800	a
<b>Total departmental capital expenditure</b>	<b>3,848</b>	<b>800</b>	<b>800</b>	<b>312</b>	<b>800</b>	
<b>Non-departmental output expenses</b>						
Administration of New Zealand Units held on Trust	177	177	177	177	177	e
Climate Change Commission Advisory and Monitoring Function	15,532	18,433	18,433	18,433	16,103	c
Contaminated Sites Remediation Fund	1,551	4,084	2,379	1,811	7,772	e

1. This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.
2. Departmental appropriations amounts exclude remeasurement of (\$54,209) (2022/23:\$412,792).
3. The letters in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
  - a. the Ministry's annual report
  - b. to be reported by the Minister for the Environment in a report appended to this annual report
  - c. to be reported by the Climate Change Commission in its annual report
  - d. to be reported by the Environmental Protection Authority in its annual report
  - e. no reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.



	2022/23 Expenditure \$000	2023/24 Budget* \$000	2023/24 Revised Budget* <sup>1</sup> \$000	2023/24 Expenditure <sup>2</sup> \$000	2024/25 Forecast* \$000	Location of end-of-year performance information <sup>3</sup>
Emissions Trading Scheme	7,021	6,837	7,005	7,005	6,902	d
Environmental Protection Authority functions	24,473	27,999	30,594	30,594	29,997	d
Environmental training programmes	1,900	1,900	1,900	1,900	1,900	e
Iwi/hapū management planning	–	425	680	–	–	–
National Māori Entity	–	3,446	3,446	–	–	–
Promotion of sustainable land management	800	800	800	800	800	e
Water science and economics	1,482	1,500	2,036	1,588	1,500	b
<b>Total non-departmental output expenses</b>	<b>52,936</b>	<b>65,601</b>	<b>67,450</b>	<b>62,308</b>	<b>65,151</b>	
<b>Non-departmental other expenses</b>						
Allocation of New Zealand Units	1,112,842	2,139,200	2,158,000	856,017	2,181,600	b
Climate Change Development Fund	300	300	270	270	–	e
Environmental Legal Assistance	595	600	600	600	–	
Exclusive Economic Zone Major Prosecutions Fund	–	–	500	–	–	d
Framework Convention on Climate Change	172	185	215	205	170	e
Fresh Start for Fresh Water: Waikato River Clean-up Fund	4,540	4,341	4,341	4,341	4,132	e
Impairment of Debt relating to Climate Change Activities	–	147,000	147,000	–	147,000	e
Impairment of Debt relating to Environment Activities	–	5,000	5,000	–	5,000	e
International subscriptions	126	165	165	149	152	e
Loss on sale of New Zealand Units	101,762	500,000	340,000	37,762	40,000	e
Te Pou Tupua	95	89	89	89	83	e
Transitional support for local government and iwi	2,897	–	6,788	6,788	–	b

	2022/23 Expenditure \$000	2023/24 Budget* \$000	2023/24 Revised Budget* <sup>1</sup> \$000	2023/24 Expenditure <sup>2</sup> \$000	2024/25 Forecast* \$000	Location of end-of-year performance information <sup>3</sup>
United Nations Environment Programme	571	723	603	602	633	e
Waikato River Co-governance	910	910	910	910	910	e
Waikato River Co-management	8,321	–	–	–	–	
<b>Total non-departmental other expenses</b>	<b>1,233,131</b>	<b>2,798,513</b>	<b>2,664,481</b>	<b>907,733</b>	<b>2,379,680</b>	
<b>Non-departmental capital expenditure</b>						
Capital contribution to the Environmental Protection Authority	1,800	600	600	600	360	d
Climate Change Commission: Capital Contribution	960	600	600	600	600	c
<b>Total non-departmental capital expenditure</b>	<b>2,760</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>960</b>	
<b>Multi-category appropriations (MCA)</b>						
<b>Product Stewardship MCA</b>	–	–	14,006	3,471	58,389	
<b>Departmental output expenses</b>						
Product stewardship administration	–	–	1,267	721	1,047	a
<b>Non-departmental output expenses</b>						
Tyre stewardship fee administration	–	–	12,739	2,750	57,342	b
<b>Multi-category appropriations (MCA)</b>						
<b>Waste Minimisation MCA</b>	<b>76,283</b>	<b>170,000</b>	<b>159,500</b>	<b>119,383</b>	<b>304,984</b>	
<b>Departmental output expenses</b>						
Environment Work Programme	–	–	–	–	15,150	a
<b>Departmental output expenses</b>						
Waste Minimisation Administration	11,118	13,042	13,542	13,388	12,704	a
<b>Non-departmental output expenses</b>						
Contestable Waste Minimisation Fund	10,768	51,958	40,958	6,170	69,205	b

	2022/23 Expenditure \$000	2023/24 Budget*	2023/24 Revised Budget* <sup>1</sup> \$000	2023/24 Expenditure <sup>2</sup> \$000	2024/25 Forecast* \$000	Location of end-of-year performance information <sup>3</sup>
<b>Non-departmental output expenses</b>						
Freshwater Improvement Fund	–	–	–	–	47,000	b
<b>Non-departmental output expenses</b>						
Kaipara Moana Remediation	–	–	–	–	11,125	b
<b>Non-departmental output expenses</b>			–			
Reducing Emissions from Waste	–	–	–	–	23,300	b
<b>Non-departmental other expenses</b>						
Waste Disposal Levy Disbursements to Territorial Local Authorities	54,397	105,000	105,000	99,825	126,500	b
<b>Waste and Resource Recovery (MCA)</b>	<b>14,919</b>	<b>9,792</b>	<b>214</b>	<b>–</b>		<b>–</b>
<b>Non-departmental output expenses</b>						
Waste Minimisation and Resource Recovery Initiatives	14,919	9,782	204	–	–	b
<b>Non-departmental other expenses</b>						
Fair value write-down of loans	–	10	10	–		–
<b>Total multi-category appropriations</b>	<b>91,202</b>	<b>179,792</b>	<b>173,720</b>	<b>122,854</b>	<b>363,373</b>	
<b>Total annual and permanent appropriations</b>	<b>1,594,719</b>	<b>3,276,830</b>	<b>3,160,755</b>	<b>1,320,271</b>	<b>2,965,315</b>	

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

## Remeasurement

In 2023/24, the Crown has reported a remeasurement loss of \$1,224 million in relation in the provision of the allocation of New Zealand Units under the NZ ETS (2022/23: a remeasurement gain of \$5,798 million).

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

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

for the year ended 30 June 2024 (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.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Community Environment Fund		
Cumulative expenses to 1 July	7,548	7,548
Current year expenses	1,994	1,870
Cumulative expenses to 30 June	9,542	9,418
Remaining appropriation	678	802
<b>Total appropriation</b>	<b>10,220</b>	<b>10,220</b>

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

### Climate Emergency Response Fund – Waste Initiatives

On 1 July 2022, a multi-year appropriation, Climate Emergency Response Fund – Waste Initiatives, was established in Vote Environment, non-departmental output expense to support feasibility projects, infrastructure and other assets, and enabling systems that will improve Aotearoa New Zealand's ability to reduce emissions from waste. This appropriation expires on 30 June 2027.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Climate Emergency Response Fund – Waste Initiatives**		
Cumulative expenses to 1 July	2,106	2,106
Current year expenses	20,043	5,109
Cumulative expenses to 30 June	22,149	7,215
Remaining appropriation	–	14,934
<b>Total appropriation</b>	<b>22,149</b>	<b>22,149</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.

## 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.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Fresh Start for Fresh Water: Rotorua Te Arawa Lakes Programme**</b>		
Cumulative expenses to 1 July	1,000	1,000
Current year expenses	1,250	1,144
Cumulative expenses to 30 June	2,250	2,144
Remaining appropriation	14,977	15,083
<b>Total appropriation</b>	<b>17,227</b>	<b>17,227</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.

## 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 Aotearoa New Zealand's freshwater bodies within environmental limits. This appropriation expires on 30 June 2025.

	2023/24 Revised budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Freshwater Improvement Fund**</b>		
Cumulative expenses to 1 July	103,334	103,334
Current year expenses	67,379	68,251
Cumulative expenses to 30 June	170,713	171,585
Remaining appropriation	50,568	49,696
<b>Total appropriation</b>	<b>221,281</b>	<b>221,281</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.

## 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.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Kaipara Moana Remediation**</b>		
Cumulative expenses to 1 July	11,875	11,875
Current year expenses	4,800	4,800
Cumulative expenses to 30 June	16,675	16,675
Remaining appropriation	2,200	2,200
<b>Total appropriation</b>	<b>18,875</b>	<b>18,875</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.

## 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.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
<b>Te Mana o Te Wai**</b>		
Cumulative expenses to 1 July	16,118	16,118
Current year expenses	7,944	7,842
Cumulative expenses to 30 June	24,062	23,960
Remaining appropriation	5,938	6,040
<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.

## Climate resilience for Māori

On 1 July 2022, a multi-year appropriation, Supporting Equitable Transitions and Climate Resilience for Māori, was established in Vote Environment, non-departmental output expense for contributing towards the equitable transitions for communities through Aotearoa New Zealand's climate response. This appropriation expires on 30 June 2026.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Supporting Equitable Transitions and Climate Resilience for Māori		
Cumulative expenses to 1 July	–	–
Current year expenses	1,000	–
Cumulative expenses to 30 June	1,000	–
Remaining appropriation	18,000	19,000
<b>Total appropriation</b>	<b>19,000</b>	<b>19,000</b>

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

## Indigenous Biodiversity Fund

On 3 September 2023, a multi-year appropriation, Indigenous Biodiversity Fund, was established in Vote Environment, non-departmental output expense for supporting the implementation of the National Policy Statement for Indigenous Biodiversity and incentivising the protection and restoration of indigenous biodiversity. This appropriation expires on 30 June 2028.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Indigenous Biodiversity Fund		
Cumulative expenses to 1 July	–	–
Current year expenses	–	–
Cumulative expenses to 30 June	–	–
Remaining appropriation	2,950	2,950
<b>Total appropriation</b>	<b>2,950</b>	<b>2,950</b>

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

## Regional Planning Implementation – Delivery Partners in First Tranche Regions

On 1 September 2023, a multi-year appropriation, Regional Planning Implementation – Delivery Partners in First Tranche Regions, was established in Vote Environment, non-departmental output expense for supporting delivery partners to participate in the resource management system in First Tranche Regions. This appropriation expires on 30 June 2028.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Regional Planning Implementation – Delivery Partners in First Tranche Regions		
Cumulative expenses to 1 July	–	–
Current year expenses	–	–
Cumulative expenses to 30 June	–	–
Remaining appropriation	300	300
<b>Total appropriation</b>	<b>300</b>	<b>300</b>

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

## Regional Planning Implementation – Non-government Organisations

On 1 September 2023, a multi-year appropriation, Regional Planning Implementation – Non-government Organisations, was established in Vote Environment, non-departmental output expense for supporting non-government organisations to participate in resource management plan-making processes. This appropriation expires on 30 June 2028.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Regional Planning Implementation – Non-government Organisations		
Cumulative expenses to 1 July	–	–
Current year expenses	400	400
Cumulative expenses to 30 June	400	400
Remaining appropriation	400	400
<b>Total appropriation</b>	<b>800</b>	<b>800</b>

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



## Regional Planning Implementation – Regional Readiness

On 1 September 2023, a multi-year appropriation, Regional Planning Implementation – Regional Readiness, was established in Vote Environment, non-departmental output expense for supporting the readiness of delivery partners in all regions to participate in the resource management system. This appropriation expires on 30 June 2028.

	2023/24 Revised Budget* \$000	2023/24 Actual \$000
<b>Appropriation for non-departmental output expenses:</b>		
Regional Planning Implementation – Regional Readiness		
Cumulative expenses to 1 July	–	–
Current year expenses	–	–
Cumulative expenses to 30 June	–	–
Remaining appropriation	1,585	1,585
<b>Total appropriation</b>	<b>1,585</b>	<b>1,585</b>

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

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

for the year ended 30 June 2024

In the 2023/24 financial year, there were no instances of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority (2022/23: \$nil).

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

for the year ended 30 June 2024

In the 2023/24 financial year, there were no instances of expenses and capital expenditure incurred outside of the scope of an appropriation and without other authority (2022/23: \$nil).

All other expenses in relation to the activities of, or appropriations administered by, the Ministry during 2023/24 were within appropriation.

## **Statement of departmental capital injections**

for the year ended 30 June 2024

The Ministry has not received any capital injection for the year ended 30 June 2024 (2022/23: \$nil).

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

for the year ended 30 June 2024

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 2024 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 2025 and its operations for the year ending on that date.



James Palmer  
Secretary for the Environment

30 September 2024

# Independent Auditor's Report

## Independent Auditor's Report

### To the readers of Ministry for the Environment's annual report for the year ended 30 June 2024

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 100 to 128, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information for the appropriations administered by the Ministry for the year ended 30 June 2024 on pages 16 to 74;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2024 on pages 152 to 163; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 129 to 151 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2024;
  - the schedules of expenses; revenue; and capital receipts for the year ended 30 June 2024; and
  - the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- the financial statements of the Ministry:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information for the appropriations administered by the Ministry for the year ended 30 June 2024:
  - presents fairly, in all material respects:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry are presented, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2024; and
  - expenses; revenue; and capital receipts for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. 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 Activity 1: Lead Aotearoa New Zealand’s efforts to reduce emissions on pages 43 to 46, and note 4 and 5 on page 58 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

## **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of the Chief Executive for the information to be audited**

The Chief Executive is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

## **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Strategic Intentions 2023-2027, the relevant Estimates and Supplementary Estimates of Appropriations 2023/24, and the 2023/24 forecast financial figures included in the Ministry's 2022/23 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information for the appropriations administered by the Ministry.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 195, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2024 and subsequently, the External Chair of the Quality of Policy Advice Panel of the Ministry is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Ministry.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Ministry.



Rehan Badar  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



# Our emissions reporting

## Emissions by category

**Table 12: Emissions profile by scope and total annual emissions (tCO<sub>2</sub>e), 2017/18–2023/24**

Category		Scope	2017/18 tCO <sub>2</sub> e	2018/19 tCO <sub>2</sub> e	2019/20 tCO <sub>2</sub> e	2020/21 tCO <sub>2</sub> e	2021/22 tCO <sub>2</sub> e	2022/23 tCO <sub>2</sub> e	2023/24 tCO <sub>2</sub> e
1	Direct emissions	Scope 1	13.31	3.49	10.45	0.00	0.00	0.00	0.00
2	Indirect emissions from imported energy	Scope 2	71.78	51.94	52.23	64.29	60.29	60.89	42.06
3	Indirect emissions from transportation	Scope 3	1,239.03	1,231.90	597.63	299.68	360.36	652.34	591.45
4	Indirect emissions from products and services used by organisation		0.00	0.00	0.00	3.50	22.32	39.10	10.20
5	Indirect emissions associated with the use of products and services from the organisation		0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Indirect emissions from other sources		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total gross emissions (all measured emissions) in tCO <sub>2</sub> e			1324.12	1,287.33	660.31	367.46	442.97	752.33	643.71
Change in gross emissions (all categories) from previous financial year				−2.78%	−48.71%	−44.35%	+20.55%	+69.84%	−15.12
Change in gross emissions (all categories) since base year				−2.78%	−50.13%	−72.25%	−66.55%	−43.18%	−51.39

## Emissions by source

Table 13 shows all the Ministry's measured and reported emissions sources, from largest to smallest.

**Table 13: Total gross emissions by source, 2023/24**

Activity	tCO <sub>2</sub> e
Air travel domestic (large aircraft)	134.77
Air travel long haul (econ+)	125.72
Air travel domestic (medium aircraft)	104.40
Electricity – working from home	65.93
Electricity	42.06
Accommodation – New Zealand	33.76
Air travel long haul (economy)	28.70
Private car average (fuel type unknown)	17.86
Air travel short haul (economy)	15.70
Rental car medium (petrol 1600–2000cc)	12.37
Air travel long haul (business)	12.18
Air travel domestic (small aircraft)	9.26
Rental car XL (petrol over 3000cc)	9.06
Taxi (regular) – cards	5.80
Rental car small (petrol 1350–1600cc)	3.86
Electricity distributed transmission and distribution losses	3.09
Rental car large (petrol 2000–999cc)	2.47
Wastewater for treatment plants (average) – working from home	1.99
Accommodation – Thailand	1.95
Rental car large (diesel 2000–2999cc)	1.93
Waste landfilled LFGR mixed waste – working from home	1.79
Paper use – default	1.54
Rental car average (hybrid)	1.33
Accommodation – South Africa	1.19
Wastewater for treatment plants (average)	0.65
Waste landfilled LFGR mixed waste	0.59
Accommodation – Canada	0.46
Freight air travel domestic (average)	0.34
Paper use office 100% recycled	0.33
Accommodation – Italy	0.33
Accommodation – Turkey	0.28
Taxi (regular) – reimbursements	0.25
Accommodation – Japan	0.20
Freight road all trucks (average)	0.20
Taxi (regular) – Uber	0.17
Water supply – working from home	0.17
Accommodation – France	0.15

Activity	tCO <sub>2</sub> e
Freight air travel short haul (average)	0.12
Accommodation – Fiji	0.11
Accommodation – Mexico	0.09
Accommodation – Australia	0.09
Freight road van (average)	0.09
Bus travel (city)	0.08
Accommodation – Germany	0.08
Accommodation – Singapore	0.07
Water supply	0.06
Accommodation – Spain	0.04
Rail travel (national)	0.03
Rail travel (international)	0.01
Ferry travel (Cook Strait)	0.01
Freight Shipping Ro–Ro ferry (freight, average)	0.00
<b>Total</b>	<b>643.71</b>

Note: LFGR = landfill gas recovery.

**Table 14: Direct category emissions by greenhouse gases in tonnes of CO<sub>2</sub>e, 2023/24**

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 15: Key performance indicators (KPI) for full-time equivalents (FTE) and expenditure by financial year**

KPI	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
FTE	360	414	504	659	828	978	1129*
Expenditure (\$m)	70.39	77.46	95.54	123.96	170.33	237.11	267.86
Total gross emissions per FTE (tCO <sub>2</sub> e)	3.7	3.1	1.3	0.6	0.5	0.77	0.57
Total gross emissions per \$1 million of expenditure (tCO <sub>2</sub> e)	18.81	16.62	6.91	2.96	2.60	3.17	2.40

\*FTE annual average was calculated by averaging monthly totals.

## Independent verification



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

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

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

Our emissions results align with the Ministry's 2024 measuring emissions guidance, which uses the 100-year Global Warming Potential (GWP) values in the IPCC Fifth Assessment Report. These GWP values are published by the IPCC and are used to align with the requirements for greenhouse gas inventory reporting under the Paris Agreement.

# 5

## **Non-departmental performance reports** *Ngā pūrongo whakatutuki kore-tari*

*How we performed against non-departmental  
appropriations in 2023/24.*





# Minister of Climate Change's Report on Non-departmental Appropriations 2023/24

## Non-departmental other expense

### Allocation of New Zealand Units

Performance measure	2022/23 Performance	2023/24 Target	2023/24 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	92%	100%	99%
<b>2023/24 commentary:</b> This measure tracks the Environmental Protection Authority's transfer of NZUs to NZ ETS participants that are entitled to receive an 'industrial allocation' (an allocation of NZUs to industry for activities that are both emissions intensive and trade exposed). The target measure of 100% was very nearly met this year.			
Percentage of emission returns lodged by forestry participants with a net entitlement for units, which resulted in a direction sent to the Register to transfer units to the participant within either Legislated timeframes or extensions as approved	99.5%	80%	99%
<b>2023/24 commentary:</b> This measure tracks the timeliness of the Ministry for Primary Industry's processing of emissions returns lodged by forestry participants with a new entitlement for NZUs. The measure was met this year.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	1,112,842	2,202,800	2,158,000	856,017

### Comment on variance

The variance between the Supplementary Estimates appropriation and actuals recognised for 2023/24 is primarily due to the difference in carbon price adopted for appropriation purposes. The appropriation is based on \$100 per carbon unit, and the actuals are recognised using the monthly average price per carbon unit. In addition, fewer units were allocated to post-1989 forestry, industrial and other removal activity sectors than forecast at Supplementary Estimates.

# Minister for the Environment's Report on Non-departmental Appropriations 2023/24

## Output expense

### Water science and economics

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of water science and economics projects that are on track to achieve their stated objectives	94%	80%	100%
<b>2023/24 commentary:</b> All 15 projects funded by the Water Science and Economics Fund in 2023/24 are on track to achieve, or have achieved, their stated milestones/objectives.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	1,482	1,500	2,036	1,588

#### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.448 million. This underspend represents cost savings.

## Other expense

### Transitional support for local government and iwi

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Funding paid to iwi and councils for the natural resource arrangements to achieve their stated objectives	New measure	New measure	Not available
<i>See note 5</i>			
<b>2023/24 commentary:</b> This funding is appropriated to provide a one-off Crown contribution to both iwi and councils to support matters relating to natural resource arrangements. Achievement of this measure can be confirmed once the Bill passes into legislation.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	2,897	–	6,788	6,788

# Multi-year appropriations

## Output expense

### Climate Emergency Response Fund – Waste Initiatives

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Number of applications awarded	9	No standard <a href="#">See note 1</a>	27
<b>2023/24 commentary:</b> 27 applications were awarded funding from the Climate Emergency Response Fund (CERF), with combined total funding of \$49,698,379.			
Number of projects funded	7	No standard <a href="#">See note 1</a>	20
<b>2023/24 commentary:</b> Of the applications awarded to date, 20 projects from this reporting period are now in progress for CERF funding. A combined total funding of \$33,834,578 was executed into deed.			
Forecast/anticipated tonnes of organic waste recovered and processed for beneficial use per annum for projects that were executed into deed in the reporting period <a href="#">See note 2</a>	7,475 tonnes per annum	92,296 tonnes	196,893 tonnes
<b>2023/24 commentary:</b> This measure provides the forecast additional tonnes of organic waste diversion per year for the 20 CERF projects executed into deed in 2023/24.			
Forecasted landfill emissions reduction estimates (from projects in deed) <a href="#">See note 2</a>	3,589 tCO <sub>2</sub> e per annum	35,895 tCO <sub>2</sub> e per annum	73,305 tCO <sub>2</sub> e per annum
<b>2023/24 commentary:</b> This measure provides the forecast emissions reduced due to organic waste diversion from landfill for the 20 CERF projects executed into deed in 2023/24.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	2,106	19,149	20,043	5,109

#### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$14.934 million. This is due to projects experiencing delays. This fund is expected to be fully committed and the drawdown and payments to happen over time, as deeds are signed and milestones are delivered.

During 2024/25, the above work programme will be partially funded from a new Non-departmental output expense category 'Reducing Emissions from Waste' established within the multi-category appropriation 'Waste Minimisation MCA' during Budget 2024.



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

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
<p>The number of Deed funded lakes that are no greater than 0.2 TLI units above their target Trophic Level Index (TLI), based on the three-year rolling TLI</p> <p><i>See note 3</i></p>	New measure	3 out of 4 lakes	<p>3 out of 4</p> <p>Targets achieved for:</p> <p><i>Rotorua</i></p> <p>Target TLI: 4.2 (current three-year rolling average TLI: 4.3)</p> <p><i>Rotoiti</i></p> <p>Target TLI: 3.5 (current three-year rolling average TLI: 3.7)</p> <p><i>Rotomā</i></p> <p>Target TLI: 2.3 (current three-year rolling average TLI: 2.5)</p>
<p><b>2023/24 commentary:</b> The Natural Resources Plan measurement for Lake Rotorua is to be changed – with a TLI remove target of 4.2 set in the plan, and rules in place to reduce nutrient load from farming by 2032 (previously known as Plan Change 10).</p>			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	–	5,428	1,250	1,144

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.106 million. This is because actual deliverables for the project were slightly lower than anticipated for the financial year 2023/24. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

## Freshwater Improvement Fund

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of Freshwater Improvement Fund projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	90%	80%	97%
<b>2023/24 commentary:</b> 35 of the 36 projects funded by the Freshwater Improvement Fund in 2023/24 are on track to achieve, or have achieved, their stated objectives.			
Percentage of Public Waterways and Ecosystem Restoration Fund projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	95%	80%	95%
<b>2023/24 commentary:</b> 19 of the 20 projects funded by the Public Waterways and Ecosystem Restoration Fund in 2023/24 are on track to achieve, or have achieved, their stated objectives.			
Percentage of At-Risk-Catchment projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	100%	80%	67%
<b>2023/24 commentary:</b> 2 of the 3 projects funded by the At-Risk Catchment Fund in 2023/24 are on track to achieve, or have achieved, their stated objectives.  The project currently not on track is looking to address its underspend in the final year of the project. The Ministry is working with the project through the Annual Planning process to ensure final year plans are achievable.			
Percentage of Essential Freshwater Fund projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	100%	80%	95%
<b>2023/24 commentary:</b> 77 of the 81 projects funded by the Essential Freshwater Fund in 2023/24 are on track to achieve their stated objectives.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	39,791	90,530	67,379	68,251

### Comment on variance

The actual expenditure was higher than the Supplementary Estimates by \$0.872 million. This is because actual deliverables for the project were slightly higher than anticipated for the financial year 2023/24.

During 2024/25, the above work programme will be partially funded from a new Non-departmental output expense category 'Freshwater Improvement Fund' established within the multi-category appropriation 'Waste Minimisation MCA' during Budget 2024.

## Kaipara Moana Remediation

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of Kaipara Moana Remediation Programme projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	100%	80%	100%
<b>2023/24 commentary:</b> The Kaipara Moana Remediation Programme is on to track to achieve its stated objectives.			

	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Expenses				
Total appropriation	2,187	20,000	4,800	4,800

## Te Mana o Te Wai

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of Te Mana o Te Wai Fund projects that are on track to achieve their stated objectives <i>See note 4 and 8</i>	82%	80%	97%
<b>2023/24 commentary:</b> 34 of the 35 projects funded by the Te Mana o Te Wai Fund in 2023/24 are on track to achieve their stated objectives.			

	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Expenses				
Total appropriation	10,056	6,000	7,944	7,842

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$0.102 million. This is because actual deliverables for the project were slightly lower than anticipated for the financial year 2023/24. As this is a multi-year appropriation, total expenditure will be managed over the five-year period.

# Multi-category appropriations

## Output expense

### Product Stewardship MCA

#### Tyre stewardship fee disbursements

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Tonnage of end-of-life tyres collected by the Tyrewise Product Stewardship scheme annually <i>See note 6</i>	New measure	13,000 tonnes <i>See note 7</i>	Not available
<b>2023/24 commentary:</b> The project began in March 2024, and the reporting against this measure will start in 2024/25.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	–	–	12,739	2,750

#### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$9.989 million. This is because the product stewardship Tyrewise scheme was delayed and commenced from March 2024.

### Waste and resource recovery MCA

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of completed COVID-19 Response and Recovery Fund (CRRF) projects that have achieved a minimum of 80% of their stated milestone deliverables	89%	80%	86%
<b>2023/24 commentary:</b> 12 of 14 projects that closed in 2023/24 met all their milestone deliverables.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	14,919	9,782	204	–

#### Comment on variance

The actual expenditure was \$nil against the Supplementary Estimates budget. This represents cost savings.

# Waste Minimisation MCA

## Contestable Waste Minimisation Fund

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of completed Waste Minimisation Fund projects that have achieved a minimum of 80% of the stated objectives	90%	80%	60%
<b>2023/24 commentary:</b> 20 projects were completed. Of these: <ul style="list-style-type: none"> <li>12 achieved at least 80% of their objectives</li> <li>4 achieved 75% of their stated objectives</li> <li>4 achieved between 60% and 66% of their stated objectives.</li> </ul> These projects pre-date the Waste Minimisation Fund's improved and more rigorous internal assessment process. At that time, projects were assessed by an external panel and the projects (and their objectives) were already determined before the Ministry became involved.			
Percentage of completed Plastics Innovation Fund projects that have achieved a minimum of 80% of the stated objectives	Not available	80%	100%
<b>2023/24 commentary:</b> Two Plastics Innovation Fund projects were completed, and both of these met all their stated objectives.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	10,768	51,958	40,958	6,170

### Comment on variance

The actual expenditure was lower than the Supplementary Estimates by \$34.788 million. This is due to projects experiencing delays because of significant weather events. Further, each year there is a time lag between recognising funds from the Waste Disposal Levy and the opening of the funding round. Because funds can only be allocated to new projects once levy funds are recognised, additional funding is kept within the financial year to allow for this, with the expense expected to occur in out-years.

Forecast changes occur during the baseline updates to match funding expected to be spent over the forecast period once it is known, following the funding round.

## Other expense

### Waste Disposal Levy disbursements to territorial local authorities

Performance measure	2022/23 Performance	2023/24 Target	2023/24 Performance
Percentage of levy payments to qualifying territorial authorities paid on time	100%	100%	100%
<b>2023/24 commentary:</b> All eligible levy payments were made to territorial authorities during the 2023/24 performance period.			
Percentage of levy payments withheld under section 33 of the Waste Minimisation Act 2008 due to territorial authorities not meeting their requirements	100%	100%	100%
<b>2023/24 commentary:</b> No levy payments were withheld during the 2023/24 performance period.			

Expenses	2022/23 Actual \$000	2023/24 Estimates \$000	2023/24 Supplementary Estimates \$000	2023/24 Actual \$000
Total appropriation	54,397	105,000	105,000	99,825

#### *Comment on variance*

The actual expenditure was lower than the Supplementary Estimates by \$5.175 million. This is because the disbursement to territorial authorities is dependent on the Waste Disposal Levy collected under the Waste Minimisation Act 2008 during the year. Fifty per cent of the Waste Disposal Levy collected is distributed to territorial authorities.

Funding available through the Waste Disposal Levy revenue is affected by the amount of waste disposed of at levied facilities each year. This can be influenced by variables including economic, climate, large roading or construction projects, and compliance activities.

# Notes to Non-departmental Appropriations performance report

**Note 1:** No standard has been included for these measures, as the number of projects and the value of each investment under the Climate Emergency Response Fund – Waste Initiatives are variable.

**Note 2:** The wording of these performance measures was updated to align the Ministry's performance reporting with the measures reported under the Climate Emergency Response Fund – Waste Initiatives. This update did not affect comparability between the 2022/23 and 2023/24 financial years.

**Note 3:** This performance measure was revised to reflect the focus on lakes achieving their target Trophic Level Index, as set in the regional natural resources plans for each lake.

**Note 4:** These performance measures were slightly revised to clarify reporting. The update did not affect comparability between the 2022/23 and 2023/24 financial years.

**Note 5:** This is a new performance measure for 2023/24. It was selected to reflect the scope of the funding.

**Note 6:** This measure was selected to reflect the focus of Budget 2023 Regulated Product Stewardship appropriation. It was determined to be the most appropriate measure for the funding.

**Note 7:** The reporting cycle for this measure is based on the collection period from 1 April to 31 March. The first report due is to cover September to December 2024.

**Note 8:** Most of the projects are co-funded with other sources, the output is not pro-rated by the funding.



# 6

## Interdepartmental executive board annual reports 2023/24 *Ngā pūrongo ā-tau poari whakahaere whakawhiti tari*

*Climate Change Chief Executive Board and  
Strategic Planning Board annual reports.*





# Climate Change Chief Executives Board Annual Report 2023/24

## Introduction

Climate change presents challenges that require a whole-of-economy and whole-of-government response to achieve Aotearoa New Zealand's climate change adaptation and mitigation goals.

The Climate Change Chief Executives Board (the CCCE Board) represents the main agencies working on climate policy and implementation. It is tasked with collectively governing the New Zealand Government's response to climate change.

The nature of the climate change problem has not changed since the CCCE Board was established in 2022. However, we have oriented our focus in the past year to support the new Government to make progress in delivering its climate change priorities, as outlined in its manifesto and coalition agreements, and in its recently released Climate Strategy.<sup>24</sup> Our priorities have also been extended to include international mitigation – that is, Aotearoa New Zealand's progress in meeting its first Nationally Determined Contribution (NDC) under the Paris Agreement, and the setting of Aotearoa New Zealand's second NDC. To reflect this additional focus, CCCE Board meeting participation has been extended to include the Ministry of Foreign Affairs and Trade since November 2023.

We are pleased to report that the CCCE Board has:

- supported ministerial decision-making on climate change, including by providing advice to the previous Government's Climate Response Ministerial Group (CRMG) and by setting up and advising the new Government's Climate Priorities Ministers Group (CPMG)
- provided regular monitoring and reporting to Ministers on progress with delivering the first emissions reduction and national adaptation plans, including opportunities to respond to and mitigate risks, and on progress towards our emissions budgets and adaptation goals
- included, as part of its monitoring and reporting role, progress reports on the delivery of the new Government's climate priorities as outlined in manifesto and coalition agreement documents, and adjusted the frequency of progress reporting from six-monthly to quarterly
- supported the new Government through providing a Briefing to the Incoming Minister and related secondary advice, along with supporting advice relating to the development of the second emissions reduction plan and an adaptation framework.

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

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<sup>24</sup> Ministry for the Environment. 2024. *Responding to a changing climate: The Government's climate strategy*. Wellington: Ministry for the Environment.

Looking ahead, our immediate focus is to support delivery of the second emissions reduction plan by the end of 2024, and to continue monitoring and reporting on progress against emissions budgets (including the Prime Minister’s [Target 9](#)) and adaptation goals. We will also support the Climate Minister’s response to the first monitoring reports of He Pou a Rangī | Climate Change Commission on the Government’s progress:

- towards meeting the 2050 target
- against emissions budgets and emissions reduction plans<sup>25</sup>
- on the implementation and effectiveness of national adaptation plans.<sup>26</sup>

## Background

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

Climate change requires all-of-government action and cannot be solved by a single agency. The CCCE Board’s collective governance and advice on the Government’s climate response is a way to address the complex policy issues that have impacts and policy levers across a range of portfolios.

Meeting Aotearoa New Zealand’s current climate change commitments and preparing our economy for a low-emissions, climate-resilient future is a major challenge. The CCCE Board provides formalised governance and accountability to enable successful delivery of the emissions reduction plan and the national adaptation plan.

The CCCE Board reports to the Minister of Climate Change as the appropriation minister for the Board.

## Our Board members

The CCCE Board is chaired by James Palmer, Secretary for the Environment, and it comprises eight agency Chief Executives, drawn from the IEB remit.<sup>27</sup> Since November 2023, the Ministry of Foreign Affairs and Trade has also participated in CCCE Board meetings. The CCCE Board is supported by the Deputy Solicitor-General as an independent legal advisor.

## Structure and resourcing

The CCCE Board is supported by an independent secretariat (the Climate IEB Unit), which is currently made up of 11.1 full-time equivalent (FTE) staff. The Climate IEB Unit is hosted by the Ministry for the Environment (the Ministry) as servicing agency.

The Climate IEB Unit, which reports to the Board, is managed by an Executive Director. It provides secretariat support to the CCCE Board and advice on the CCCE Board’s priorities and leads on engagement with responsible agencies. The CCCE Board typically meets at least

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<sup>25</sup> Climate Change Response Act 2002, [section 5ZK](#).

<sup>26</sup> Climate Change Response Act 2002, [section 5ZU](#).

<sup>27</sup> Public Service Act 2020, [Schedule 2, Part 3](#).

monthly, and the Climate IEB Unit has a key role in enabling the CCCE Board to undertake its governance function well. The Climate IEB Unit's work programme includes:

- leading the process to monitor and report progress across the emissions reduction plan and national adaptation plan, including responding to monitoring reports from the Climate Change Commission
- advising the CCCE Board on how to perform our adaptive management role in delivering these plans
- coordinating across agencies to provide progress reports on the delivery of the new Government's climate priorities, as outlined in manifesto and coalition agreement documents
- providing quarterly reporting on progress towards emissions budgets (including the Prime Minister's Target 9) and adaptation goals, while also working to improve the availability and quality of data to measure progress towards our climate goals
- engaging with key stakeholders to understand different perspectives
- developing strategic agendas and supporting briefings for CCCE Board and CPMG meetings and supporting the Chairs of the Board and CPMG.

## Organisational health and capability

Reporting requirements on organisational health and capability are included as part of [Ministry reporting](#) (eg, inclusion, diversity).

## Our performance against strategic intentions and appropriation

The CCCE Board appropriation, which supported the CCCE Board, was administered by the Ministry. As the administrator, the Ministry reports the performance information for the appropriation in its annual report.

The CCCEB Board's performance against the measure 'Reporting on the delivery of Government's climate priorities is delivered on time' is included in the Ministry's reporting on its operating performance.

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

Our performance reporting against our strategic priorities complies with generally accepted accounting practice (GAAP) and service performance reporting standard PBE FRS 48. This financial year, we are reporting against the [Strategic intentions 2023–2027](#).

**Strategic objective:** Support Aotearoa New Zealand's transition as we develop a low-emissions, climate-resilient economy and society by monitoring our progress and advising the Government on any changes needed to meet that goal.

#### Long-term outcomes

- Aotearoa can meet its emissions budgets and climate resilience goals by adapting our policy approach to address risks and take advantage of new opportunities.
- Climate change and economic policy programmes are mutually reinforcing and support an equitable transition to new areas of economic activity over time.

#### Impact (3–5 years)

The impact of emissions reduction activities on abatement are understood and tracked with as little lag as possible.

Aotearoa New Zealand's resilience to climate change impacts is well understood – there is a clear understanding of goals and the measures needed to achieve them.

Climate change policy decisions are made in the context of the economic cycle and resources are targeted at policies with the greatest potential to deliver abatement.

Impact measures	How we performed 2022/23	Impact measures	How we performed 2023/24
		The CCCE Board coordinates the implementation of cross-agency actions and strategies in the emissions reduction plan and the national adaptation plan. <i>New measure</i>	The CCCE Board coordinated implementation of actions in the emissions reduction plan and national adaptation plan every six months, including by advising on adaptive management and key upcoming decision points, to provide for any necessary 'course correction' and to seize new opportunities.
The CCCE Board actively monitors and reports against the emissions reduction plan and emissions budgets through quarterly, six-monthly and annual reports.	Provided two quarterly reports on the previous Government's priority areas in the emissions reduction plan.  Delivered the first six-monthly report on progress across the emissions reduction plan.	The CCCE Board actively monitors and reports against the emissions reduction plan, the national adaptation plan, and emissions budgets through quarterly reports to the CPMG.	The CCCE Board has delivered regular progress reports to Ministers on the implementation of the first emissions reduction plan and national adaptation plan, and on progress towards emissions budgets and adaptation goals. This includes the August 2023 six-monthly progress report to the CRMG on the emissions reduction plan and the national adaptation plan.  Under the new Government, reporting frequency has been adjusted to quarterly, with progress reports provided in March and May 2024. These reports have been oriented to include progress reporting on the new Government's climate priorities.  Reports on implementation progress on the first emissions reduction plan and tracking towards emissions budgets,

Impact measures	How we performed 2022/23	Impact measures	How we performed 2023/24
			and the national adaptation plan continue to be provided every six months or every second quarter.
The CCCE Board takes an adaptive management approach that enables the Government to be agile in response to differences in the planned and actual pace and impact of emissions reduction plan initiatives.	<p>Provided updated advice to the CRMG on the sufficiency of existing actions to achieve the first three emissions budgets.</p> <p>Built a secretariat to support the CCCE Board, which leads engagement with agencies and develops collective advice for the CCCE Board's consideration.</p>	The CCCE Board takes an adaptive management approach that enables the Government to be agile in response to differences in the planned and actual pace and impact of initiatives across the two plans.	<p>The CCCE Board continued to monitor the implementation of emissions reduction plan and national adaptation plan actions, providing updated advice to the CPMG in March 2024 on the sufficiency of existing actions to achieve the first three emissions budgets.</p> <p>A further update on tracking of priority initiatives and emissions projections was provided in May 2024.</p>
The CCCE Board is well connected across the public and private sectors and with Māori, to enable positive climate action, identify barriers and opportunities in the climate response, and uphold Tiriti principles.	Built a secretariat to support the CCCE Board, which leads engagement with agencies and develops collective advice for the CCCE Board's consideration.	The CCCE Board is well connected across the public and private sectors, and with Māori to enable positive climate action, identify barriers and opportunities in the climate response, and uphold Tiriti principles.	<p>The CCCE Board has held engagements with public and private sector entities and individuals, including:</p> <ul style="list-style-type: none"> <li>the Energy Efficiency and Conservation Authority</li> <li>Sir Jonathon Porritt (Green Futures UK and co-founder of The Aotearoa Circle)</li> <li>He Pou a Rangi   Climate Change Commission</li> <li>the Reserve Bank of New Zealand</li> <li>the Climate Business Advisory Group (established with the Sustainable Business Council and comprising business representatives).</li> </ul> <p>CCCE Board members also engage regularly within their individual portfolios.</p>

## Financial performance

The CCCE Board has a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this annual report. Financial information about the Board's operation can be found in the Ministry for the Environment Annual Report, as the servicing department. The Climate Change Chief Executives Board appropriation, which supports the Board, is administered by the Ministry. As the administrator, the Ministry reports performance information for the appropriation in the Ministry for the Environment Annual Report.

The appropriation for the Board in 2023/24 was \$4.132 million, of which \$3.403 million was spent in 2023/24.

## Statement of responsibility

The Climate Change Chief Executives Board is responsible for ensuring the accuracy of any end-of-year performance information it prepares, whether or not that information is included in this annual report.

In the opinion of the CCCE Board, the annual report fairly reflects our operations, progress, and organisational health and capability.

### Signatures

Name	Title	Signature
<b>James Palmer</b>	Te Hēkeretari mō te Taiao – Secretary for the Environment / Chairperson of the Climate Change Chief Executives Board	
<b>Struan Little</b>	Te Hēkeretari mō Te Tai Ōhanga – Secretary to the Treasury / Vice Chairperson of the Climate Change Chief Executives Board (Acting)	
<b>Penny Nelson</b>	Te Tumu Whakarae mō Te Papa Atawhai – Director-General of Conservation	
<b>Ray Smith</b>	Te Tumu Whakarae mō Manatū Ahu Matua – Director-General of Primary Industries	
<b>Carolyn Tremain</b>	Te Hēkeretari mō Hikina Whakatutuki – Secretary for Business, Innovation and Employment	
<b>Audrey Sonerson</b>	Te Hēkeretari mō Te Manatū Waka – Secretary for Transport	
<b>Paul James</b>	Te Hēkeretari mō Te Tari Taiwhenua – Secretary for Internal Affairs	
<b>David Gawn</b>	Tāhūhū rangapū mō Te Rākau Whakamarumarū – Chief Executive of the National Emergency Management Agency	

# Spatial Planning Board

## Annual Report 2023/24

### Introduction

On 1 July 2023, the Strategic Planning Reform Board became known as the Spatial Planning Board (SP Board). The change in name reflected a shift in the SP Board's focus from overseeing the development of the Spatial Planning Bill to governing implementation of the Spatial Planning Act 2023 (SP Act). SP Board members and remit agencies continued to work together to bring an all-of-government perspective to the legislative reform and its prospective implementation.

Following the repeal of the SP Act in December 2023, the SP Board's role was no longer required. The SP Board held its final meeting in February 2024 and was formally disestablished on 30 June 2024.

### About the Spatial Planning Board

The SP Act integrated decision-making under several statutory frameworks that directly affected a range of portfolios administered by:

- Department of Conservation
- Department of Internal Affairs
- Ministry for Culture and Heritage
- Ministry for the Environment
- Ministry of Business, Innovation and Employment
- Ministry of Education
- Ministry of Health
- Ministry of Housing and Urban Development
- Ministry for Primary Industries
- Ministry of Transport
- Te Arawhiti
- Te Puni Kōkiri
- the Treasury.

The Public Service Commissioner drew from these remit agencies to select the SP Board's chairperson and members. In 2023/24, the SP Board members were the Secretary for the Environment (Chair), Director-General of Conservation, Secretary for Housing and Urban Development, Secretary for Internal Affairs and Secretary for Transport.

SP Board members were jointly responsible to the appropriate Minister for the SP Board's operation and performance. From 1 July 2023 to 23 November 2023, the appropriate Minister was the Minister for the Environment and after 23 November 2023 was the Minister for Resource Management Reform.

## Structure and resourcing

The SP Board was serviced by the Ministry for the Environment (the Ministry) and supported by the Spatial Planning Policy Office (SPP Office). Office staff were drawn from the Ministry and other agencies within the SP Board's remit and funded from the SP Board's appropriation. The size of the SPP Office averaged around 16 full-time equivalent staff between 1 July 2023 and 31 March 2024.

The SPP Office worked closely with the wider resource management reform team within the Ministry.

## Organisational health and capability

Reporting requirements relating to organisational health and capability (eg, inclusion, diversity) are included as part of [Ministry reporting](#).

## Strategic intentions and performance reporting

The SP Board appropriation, which supported the SP Board, was administered by the Ministry. As the administrator, the Ministry reports the performance information for the appropriation in its annual report.

The SP Board's performance against the measure 'Technical quality of advice papers (assessed by a survey with a methodical robustness of 100 per cent)' is included in the Ministry's reporting on its operating performance.

The SP Board had a three-year waiver from the Minister of Finance to provide information on its strategic intentions.<sup>28</sup> This is because the functions and operations of the SP Board are covered by the strategic intentions of the relevant departments – in particular, the Ministry for the Environment.

The SP Board supported the wider Ministry strategic intention to reform the environmental management system through repealing and replacing the Resource Management Act 1991.

The Ministry's annual performance report on progress against strategic intentions provides an update on resource management legislation, including the SP Act. The relevant impact indicators<sup>29</sup> are as follows.

- Planning and environmental legislation is put into effect.
- The first three regions are supported for the development of regional spatial strategies and natural and built environment plans.

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<sup>28</sup> Public Finance Act 1989, [section 41\(3A\)](#).

<sup>29</sup> The Ministry and the SP Board both contribute to these performance measures. The results are included in the '[Our strategic priorities](#)' section under Strategic priority 1, Activity 1.



## Spatial Planning Board performance

### **Supporting the Spatial Planning Bill and preparing for implementation of the Spatial Planning Act 2023**

The SP Board's focus in the first quarter of the financial year was supporting the Spatial Planning Bill through to enactment in August 2023 and preparing for the implementation of the SP Act. This included groundwork to appoint ministerial appointees to regional planning committees and coordinate central government agencies' input into regional spatial planning.

### **Repeal of the Spatial Planning Act 2023 and disestablishment of the Spatial Planning Board**

Following the 2023 General Election, the SP Board's focus was realigned with the new Government's priorities. The SP Board oversaw work to repeal the SP Act in December 2023 and provided advice on spatial planning as part of the resource management reform work programme led by the Ministry for the Environment.

In March 2024, on the advice of the SP Board, Cabinet made the decision to disestablish the SP Board. The SPP Office completed the work to formally disestablish the SP Board and the SPP Office, and to hand over to the Ministry. The SP Board's role in providing advice on spatial planning to the Minister for Resource Management Reform transferred to the Ministry for the Environment on 1 April 2024, along with the SPP Office's remaining staff. Orders in Council formally disestablishing the SP Board came into effect on 30 June 2024.

## Financial performance

The SP Board had a waiver from the Minister of Finance, under section 45AB of the Public Finance Act 1989, from the requirement to include financial statements in this annual report. Financial information about the SP Board's operation is provided in the annual report of its servicing department, the Ministry for the Environment.

The appropriation for the SP Board in 2023/24 was \$6,812 million, of which \$3,794 million was spent in the financial year. As part of the 2023 mini-Budget, the remaining funding of \$3,018 million was withdrawn, along with all other funding for implementation of the previous Government's resource management reform programme.

## Statement of responsibility

In the opinion of the Spatial Planning Board, this annual report fairly reflects the Board's operations, progress and organisational health and capability.

### Signatures

Name	Title	Signature
<b>James Palmer</b>	Te Hēkeretari mō te Taiao – Secretary for the Environment / Chairperson of the Board	
<b>Andrew Crisp</b>	Te Tumu Whakarae mō Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development	
<b>Audrey Sonerson</b>	Te Hēkeretari mō Te Manatū Waka – Secretary for Transport	
<b>Paul James</b>	Te Hēkeretari mō Te Tari Taiwhenua – Secretary for Internal Affairs	
<b>Penny Nelson</b>	Te Tumu Whakarae mō Te Papa Atawhai – Director-General of Conservation	

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**Bankers**

Westpac