



Ministry for the
Environment
Manatū Mō Te Taiao



REPORT

OF THE MINISTRY FOR THE ENVIRONMENT



FOR THE YEAR ENDED 30 JUNE 2009

Report of the Ministry for the Environment

For the Year Ended 30 June 2009

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

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1 Overview of the 2008/09 Year

Introduction from the Chief Executive

The 2008/09 financial year has been my first year as Chief Executive of the Ministry for the Environment and it has been a time of transition. During the year, the Ministry has served two different governments, implemented a new and significantly changed structure, and dealt with a potential significant decrease in budget in 2009/10.

Before the change of the government, the Ministry worked on implementing the then Government's priorities. When the government changed in November 2008, the Ministry responded to the changes and additions to our work programme priorities. In particular, reform of the Resource Management Act, review of the Emissions Trading Scheme, and consideration of the roles and functions in the environment sector of government, became key elements of our activities.

On the other hand, Cabinet decided to discontinue or scale back a number of sustainability work programmes that were not well aligned with the new Government's priorities. These decisions freed up savings that will support priority activities in the new financial year and helped manage the decrease in budget.

It is not easy to end a programme that staff have dedicated time and effort to, and though there has been some public concern about the loss of the sustainability programmes, there is a limit to how much the Ministry can realistically do each year. Taking on new priorities, especially in a time of financial constraint, inevitably means a reassessment of existing work.

This annual report reflects both the new priorities and the planned projects that were not completed because the work programme was discontinued or scaled back. Similarly, new priorities, while not part of our Statement of Intent for the year under review, are also included.

In addition to work programme changes, the 2008/09 year saw a major review of the Ministry's structure and ways of working. The new structure and governance systems took effect from July 2009 (see page 94 for a chart of the new structure). We believe that these changes will make it easier for our partners and stakeholders to know who they should talk to in the Ministry about the issues and work programmes in which they are interested, as well as providing greater clarity for our staff.

Building Ministry capability and strengthening our operating systems continues to be a priority. For example, a programme of management development was prepared and got under way from 1 July 2009, and we have adopted a programme to progressively review all internal policies and procedures, including developing new policies where there are gaps.

Over time I expect these improvements in capability and systems to add considerable value to our work and enhance our business operations.



Paul Reynolds
Chief Executive

The Ministry's strategic direction

Our vision

A prosperous New Zealand where a healthy environment enhances social and economic well-being.

Our mission

Environmental stewardship for a prosperous New Zealand – Tiakina te taiao kia tōnui a Aotearoa.

What we seek to achieve

- New Zealand is able to capitalise on its natural environmental advantages now and in the future.
- New Zealand's air, water, land and built communities are healthy.
- New Zealand's natural resources are managed effectively and New Zealanders are encouraged to use resources sustainably.
- Risks to people, the economy and the environment from pollution, contamination and other environmental hazards are minimised.

Our role

The Ministry for the Environment advises the Government on all matters related to the environment and is one of its major advisers on the sustainable development of New Zealand.

Acts Administered by the Ministry

- Soil Conservation and Rivers Control Act 1941
- Environment Act 1986
- Resource Management Act 1991
- Ozone Layer Protection Act 1996
- Hazardous Substances and New Organisms Act 1996
- Climate Change Response Act 2002
- Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- Fiordland (Te Moana o Atawhenua) Marine Management Act 2005
- Waste Minimisation Act 2008

Our Ministers' Priorities for 2008/09

During the year under review, there was a change in Ministry work programme priorities with the election of the new Government. In the first part of 2008/09, the Ministry worked on implementing the Government's priorities which included:

- the Emissions Trading Scheme legislation
- international negotiations for a comprehensive, post-2012 agreement on climate change
- improving freshwater management
- new waste legislation
- leading by example in the public sector on sustainability and building awareness among businesses and households.

The Ministry has been responsive to implementing the priorities of the new Government. We have shifted the focus of our work so resources are aligned with the Government's priority work areas. The new Government has priorities related to the first four priorities listed above as well as making progress on:

- reforming the Resource Management Act
- reviewing and implementing the Emissions Trading Scheme
- creating an Environmental Protection Authority
- improving environmental reporting.

Sustainability in the public sector, business and households is no longer a government priority, and some work programmes were discontinued or scaled back during the year. However, work on production and consumption issues, particularly in relation to business, is continuing.

Further information about action taken on these priorities is contained in the Statement of Service Performance section from page 23.

Assisting Ministers with their statutory functions

During 2008/09, the Ministry provided advice to the Minister in relation to:

- five call ins (two were completed and three are being managed)
- six applications to become requiring authorities
- two proposed water conservation orders.

The Work Programme Highlights

The Ministry sees its primary focus as environmental stewardship for New Zealand, in a way that delivers as many benefits as possible across all outcomes for all New Zealanders – including environmental, social, cultural and economic goals. Our work must contribute to people's quality of life and well-being while maintaining environmental values.

This section of the Ministry for the Environment's annual report outlines some of the highlights of our work programme for 2008/09, ordered by the end outcome to which they contribute. The Ministry has since introduced a more comprehensive outcomes framework which is depicted on page 22.

New Zealand's air, water, land and built communities are healthy.

Our main areas of focus, in contributing to the outcome above, were freshwater management, national direction, and the national environmental reporting programme.

Freshwater management

The Ministry's longer term outcomes for fresh water are to maintain and improve its quality and optimise its availability. During the year under review, the Ministry worked on the following areas to provide national direction and an appropriate framework for managing towards the longer term outcomes for fresh water. Highlights included:

- The National Policy Statement for Freshwater Management was produced and referred to a Board of Inquiry. The Board has received, and started to hear, submissions. This proposed National Policy Statement for Freshwater Management sets out the objective and policies for managing New Zealand's freshwater resources under the Resource Management Act 1991.
- Progress has also been made on the proposed National Environmental Standard for the Measurement of Water Takes which will help provide more accurate information about water use. The implementation task force is progressing best practice guidance material.
- Submissions have been received on the proposed National Environmental Standard on Ecological Flows and Water Levels. This proposed standard will promote consistency in the way we decide whether there is sufficient variability and quantity of water flowing in rivers, groundwater systems, lakes and wetlands. It will do this by setting allocation and flow limits.
- The National Environmental Standard for Sources of Human Drinking Water came into effect at the beginning of 2009. The purpose of the standard is to improve drinking water management by ensuring that catchments are included in the management of drinking water. The Ministry has provided ongoing technical support and advice to local government to help it implement the standard, including workshops, a supporting database, and a draft users' guide.

On 8 June 2009, the Government announced its new strategy, 'New start for fresh water'. It outlines the Government's new direction for water management in New Zealand. A subsequent paper will outline a programme of work to run until 2011 and beyond. Water management is part of Phase Two of the Resource Management Act reforms.

National direction

The Ministry provides national direction through national policy statements and national environmental standards. National policy statements help local government decide how competing national benefits and local costs should be balanced. National environmental standards ensure consistent minimum standards are maintained throughout all New Zealand's regions and districts.

In addition to progress with national direction on freshwater management, the following progress was made during the year under review.

- The Telecommunication Facilities National Environmental Standard was gazetted in October 2008.
- Consultation was undertaken on the proposed National Environmental Standard for On-site Wastewater.
- A draft discussion document on the proposed National Environmental Standard on Sea-level Rise was completed.
- A report on regional council implementation of the National Environmental Standards for Air Quality was prepared in 2008 and published online in June 2009. The report focuses on council progress in meeting the National Environmental Standards for Air Quality by 2013.
- In June 2009, a review of the National Environmental Standards for Air Quality was announced. The review aims to ensure the standards are practical and achievable. A Minister-appointed Technical Advisory Board began work in July 2009.
- The Board was appointed for the draft National Policy Statement on Flood Risk Management. Comments on the draft have been received. The section 32 analysis, (which aims to determine that the chosen method is the most appropriate way of addressing the issue, and which requires evaluation of the costs and benefits of the proposal) has begun.

National environmental reporting programme

In all of its policy work, the Ministry requires facts-based research, information and analysis to develop an evidence base for making good decisions. Reporting on the state of New Zealand's environment is essential for the Ministry to deliver on its shorter term outcomes. It also helps people who make decisions about natural resource use and management.

During 2008/09, a national environmental reporting programme was established with a reporting framework guiding regular updates of indicator information. A range of new national-scale data was commissioned and reported, including on fresh water. Two national environmental reporting forums were held in August 2008 and April 2009.

Risks to people, the economy and the environment from pollution, contamination and other environmental hazards are minimised.

Our main area of focus, in contributing to the outcome above, was waste minimisation.

Waste minimisation

During 2008/09, the Ministry made significant progress in implementing the Waste Minimisation Act 2008, which provides tools to measure and minimise waste to landfill. The Act gained Royal Assent on 25 September 2008 and created a Waste Advisory Board, which was appointed in October 2008. Part 4 of the Act “Territorial authority responsibilities” was successfully implemented in May 2009. This included publishing guidance for territorial authorities and setting up a function within the Ministry to ensure compliance with the requirements of the Act.

One of the key features of the Act is a waste disposal levy of \$10 per tonne. Regulations supporting the waste disposal levy were gazetted in May 2009 and the levy came into effect on 1 July 2009. The Ministry successfully implemented an Online Waste Levy System to be used by disposal facility operators from 1 July 2009. Positive feedback has been received from territorial authorities and disposal facility operators about the amount and quality of support they have received from the Ministry.

The remaining features of the Act, namely: Product Stewardship, the Waste Minimisation Fund, Reporting, Auditing, and Offences and Enforcement are progressing well and are on track to be implemented in December 2009.

The Recycling in Public Places Initiative exceeded targets, on time, under budget, with excellent stakeholder buy-in. The majority of councils involved in the initiative are planning to expand their number of bins through their long term council community plan budget processes. The success of the LoveNZ brand has also resulted in the Ministry entering into Memorandum of Understanding agreements with 10 businesses across New Zealand so far, to brand bins for their customers at their own cost.

New Zealand is able to capitalise on its natural environmental advantages now and in the future.

Our main area of focus, in contributing to the outcome above, was international climate change commitments.

International climate change commitments

The current focus of international climate change negotiations is the Bali road map process agreed in December 2007. This paves the way to securing a post-2012 agreement in Copenhagen in December 2009. The key meetings in 2008/09 were the conference of the parties in Poznan in December 2008 and subsequent negotiating meetings in Bonn in March and June 2009. The Ministry contributed significantly to the New Zealand delegation, including leading negotiations in one of the two main negotiating streams. A staff member of the Ministry is also currently serving a two-year term as chair of the United Nations Framework Convention on Climate Change’s subsidiary body for scientific and technological advice. This is a significant international role.

Policy advice on New Zealand's international climate change negotiating position culminated in Cabinet adopting a set of overarching guidelines in March 2009. These include:

- seeking an environmentally effective and economically efficient agreement
- seeking appropriate and effective action on mitigation by all developed countries and by major emitting and advanced developing countries
- committing New Zealand to a fair contribution to global mitigation efforts, which recognises our national circumstances
- agreeing to rules before commitments (this is particularly important given the role of agricultural emissions and forest sinks in New Zealand's emissions profile).

New Zealand's annual inventory of greenhouse gases was submitted to the United Nations Framework Convention on Climate Change to meet their deadlines. The Kyoto Protocol requires all parties to submit an inventory by the due date and to pass quality measures for parties to be eligible to trade Kyoto units internationally. Retaining international trading is critical to the functioning of the Emissions Trading Scheme. The timely inventory submission is also a key international obligation that validates and supports New Zealand's positions in the international negotiations.

All core components of the Land Use and Carbon Analysis System which supports New Zealand's international reporting were delivered, tested and accepted by 30 June 2009.

New Zealand's natural resources are managed effectively and New Zealanders use resources sustainably.

Our main areas of focus, in contributing to the outcome above, were the Emissions Trading Scheme, resource management reform, and decision making under the Resource Management Act.

Emissions Trading Scheme

The legislation to implement an Emissions Trading Scheme was passed into law in September 2008. The Ministry for the Environment and other ministries have been working to successfully implement the forestry sector into the scheme. Work is underway for the entry of the stationary energy and industrial processes sector on 1 January 2010.

In December, the Government established a Special Select Committee to review the Emissions Trading Scheme and related issues. The Ministry for the Environment and other ministries provided advice to the Committee, including a departmental report. The Committee is expected to report back to the House of Representatives by the end of August 2009.

In June 2009, a Climate Change Response (Emissions Trading Forestry Sector) Amendment Bill was introduced into the House, which will delay aspects of the Emissions Trading Scheme relevant to the forestry sector. This Bill was enacted on 30 June 2009. The Ministry is mindful that the review processes and possible legislative amendment to the Climate Change Response Act 2002 may change the date of entry of sectors and subsequent implementation plans.

Resource management reform

The Resource Management (Simplifying and Streamlining) Amendment Bill (the Bill) was prepared within 100 days of the new Government taking office. The Bill was referred to Select Committee on 19 February 2009 and submissions closed on 3 April 2009. The Departmental Report was considered by the Select Committee. The Bill was reported back to the House on 18 August 2009. The scope of Phase Two of Resource Management Act reform (including creating an Environmental Protection Authority) was considered by a Cabinet committee in April 2009.

The Resource Management (Simplifying and Streamlining) Amendment Bill proposes setting up an Environmental Protection Authority. The functions, powers and duties will be exercised by the Secretary for the Environment. While implementation depends on the Select Committee process, the Ministry has work underway on setting up the necessary framework for the Environmental Protection Authority to undertake its duties and functions.

Decision making under the Resource Management Act

Making decisions under the Resource Management Act is generally the responsibility of local authorities – regional councils or territorial authorities or both. However, the Act provides for the Minister for the Environment to intervene in decision-making processes for proposals of national significance. During 2008/09, two call ins were completed and two new requests for ministerial intervention under the RMA were received. Three call ins are now being managed.

- The first Board of Inquiry call-in process, for Contact Energy's Te Mihi Geothermal power station proposal, was completed. Consent was granted for the proposal.
- The first Environment Court call-in process, for Unison Networks Te Waka Wind Farm Proposal, was completed. Consent was declined for the proposal.
- Significant progress has been made on the call in of the Transpower Upper North Island Grid Upgrade Proposal with a draft decision to grant the applications released in May 2009.
- Two new proposals were called in: Contact Energy's Hauāuru mā raki (Waikato Wind Farm) Proposal and Mighty River Power's Turitea Wind Farm Proposal.

The 2007/08 biennial Resource Management Act Survey of Local Authorities report was completed in June 2009. It examined local authority implementation of the Act by providing information about key processes such as:

- the numbers and types of resource consent applications processed
- the time taken to process them
- resource consent application charges
- monitoring, compliance, complaints and enforcement of consents
- Māori participation in RMA processes
- good practice by local authorities
- the numbers and types of plan changes and variations.

Discontinued programmes

Following the 2008 general election, all chief executives were directed to undertake a review of work programmes and funding to ensure activities were aligned with government priorities and to free up savings for priority work. In addition, the Ministry was facing a potential decrease in departmental funding of approximately 30 per cent in 2009/10 as some short-term funding ended.

Following the review, in March 2009 Cabinet decided to discontinue three programmes to free up funding for new and existing priorities:

- Bioethics Council, a ministerial advisory committee for which the Ministry provided secretariat support
- Carbon Neutral Public Service Programme, which was aimed at reducing net greenhouse gas emissions in government agencies
- Govt³ Programme, through which the Ministry provided guidance to other government agencies to reduce the environmental impact of government operations.

Cabinet agreed that chief executives of all public service departments should continue to take practical action to reduce their impacts on the environment, where it makes economic sense.

Cabinet also decided to scale back the following work programmes:

- Recycling in Public Places Initiative to establish a network of recycling bins in high foot traffic and key tourist locations. Other methods of funding the LoveNZ bins beyond 2009 are being explored.
- Household Sustainability Programme to provide families with information and advice on reducing their environmental impact. This programme has been integrated with the Sustainable Business Development Programme to focus on consumption and production issues.

Our Organisational Health and Capability

Objectives and achievements

The Ministry's objectives and achievements for 2008/09 organisational health and capability are outlined in the table below.

Objective	Indicator	Measured by	Achievement
Build and maintain strong relationships and partnerships with those who affect environmental sustainability.	Positive views of external stakeholders on the department's performance in managing key relationships.	Survey of stakeholder perceptions of the Ministry.	A sample survey in 2008/09 indicated the need for alignment of engagement with strategic direction. Tools have been developed to support better stakeholder engagement.
Strengthen the capability of the Ministry to meet new demands and expectations.	Positive views of Ministers, central agencies and external stakeholders about the Ministry's ability to operate effectively in a complex environment.	Feedback from Ministers and central agencies. Survey of stakeholder perceptions of the Ministry.	Central agencies have been fully supportive of the Ministry's action to reorganise and refocus its activities to better meet growing demands and expectations.
Develop and maintain a skilled and motivated workforce which has the flexibility to adapt to changing goals and priorities over time.	Positive feedback from staff about their perceptions of working at the Ministry.	Internal climate/employee engagement survey that can be benchmarked against other public sector results.	A survey conducted in 2008/09 found the level of employee engagement was slightly lower than Gallup's state sector 50th percentile.
	Staff length of service and turnover.	Monitoring human resources statistics.	Human resources statistics are shown from page 11.
Operate efficient, practical and integrated internal systems.	Internal policies, procedures and systems are fit for purpose and consistently applied.	Internal audit and review based on internal audit schedule to be developed.	The Audit and Risk Committee has been established. The audit schedule has been agreed. Scheduled and ad hoc audits are being completed on a regular basis.
		Reports from external audits.	External reports agree that systems have been established and are operating.
		Regular internal monitoring.	Organisational policies and procedures are being formally reviewed and relaunched.

Become carbon neutral by 2012 and improve the Ministry's overall operational environmental performance.

Targets and commitments in the Govt³ Action Plan, Emissions Reduction Plan and Workplace Travel Plan.

Monitoring progress against the targets and commitments and reporting on this in the annual report to Parliament.

The Ministry achieved a reduction in total CO₂ emissions of 4 per cent per full-time equivalent staff member.

More detailed information is contained in the section 'Our environmental performance' on page 16.

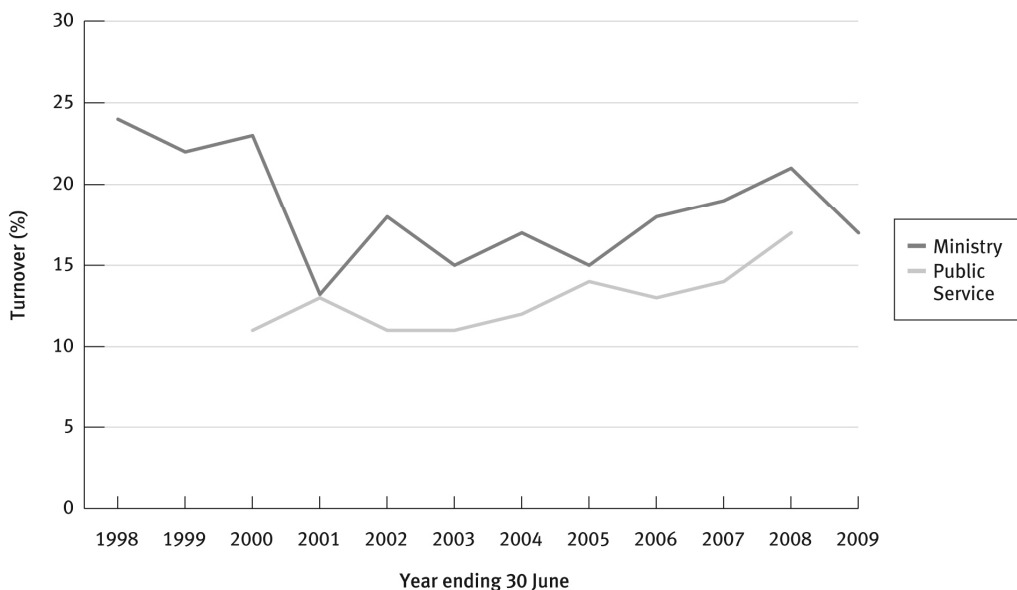
Ministry profile

The Ministry employs approximately 330 staff. Many of these staff are policy analysts whose core role is providing advice to the Government on environmental issues and implementing government decisions. The Ministry's policy staff come from a wide range of professional, technical and scientific backgrounds, including resource management, law, engineering and science. Many people have previously worked in local government, the private sector, or other central government agencies.

Core unplanned turnover at the Ministry is sitting at approximately 17 per cent. The lower rate of unplanned turnover is largely due to the current economic conditions. The Ministry's work on organisational development has also contributed. In 2008/09, the Ministry continued to progress a range of organisational development and human resource projects, including a competency framework using the research-based Lominger model, a management development programme, a new performance assessment process, and a new remuneration framework.

The average length of service within the Ministry is approximately 3.9 years. This is an increase over the previous year, and reflects the current employment market where retention is increasing due to employment uncertainty in the workplace.

Figure 1: Core unplanned turnover as at 30 June



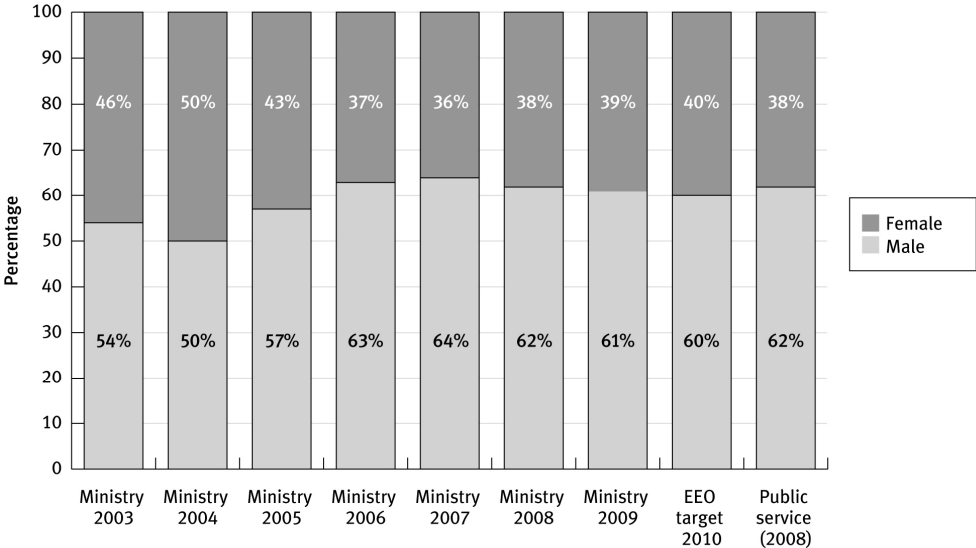
The Ministry for the Environment undertook an employee engagement survey using the Q12 Gallup methodology. This allows us to establish a benchmark that can be used against other public sector agencies. Information from this process has been implemented by teams across the organisation.

Equal employment opportunities

The Ministry contributes to the New Zealand Positive Aging Strategy, which is a partnership between central and local government and their communities. The Positive Aging Strategy has 10 goals and the Ministry and been working on three of them, including the retention of older workers, work life balance, and preparing for retirement. This work contributes to the Ministry’s workforce capability and ensures staff are provided with equal employment opportunities.

There has been a 1 per cent increase in the percentage of women in management in 2009.

Figure 2: Percentage of women in management at 30 June



Risk management

The Ministry now has an established internal audit function and scheduled reviews are occurring in key internal control areas. The Audit and Risk Committee met three times in 2008/09. This has been a very effective forum.

The Audit and Risk Committee identifies high level strategic risk with the Chief Executive and provides risk advice to the Chief Executive and executive management. This informs strategy and decision making and is informed by reporting that flows upwards through the Ministry.

The risk management framework has differing degrees of formality throughout the organisation. The Ministry consistently uses a structured approach to project risk management. Risk discussions occur on a day-to-day basis on day-to-day issues and risks. Another level of formality is used in planning and reporting. The Ministry is in the process of developing and agreeing its risk criteria to enable a greater degree of consistency in considering risk.

Key risks identified in the *Statement of Intent 2008 – 2011* on areas such as organisational strategy, recruitment, retention and development of staff, and systems and processes, are being actively and successfully managed. They will continue to be managed to the point where the likelihood of occurring or impacts (should they occur) reach a negligible level.

Improving Capability and Performance

Strategy

During 2008/09 the Ministry for the Environment developed a new mission statement, with a complementary Māori strapline, and further developed the outcomes framework. We began to reorient our activities towards a focus on strategic issues and relationships, the linkages across environmental, economic and social development, and towards becoming a centre of knowledge. We reorganised our work into 11 cross-ministry work programmes which reflect the major ongoing elements of our activities. These changes are reflected in the *Statement of Intent 2009 – 2012*.

The Ministry's strategic business plan, *Towards 2013*, sets out the broad direction we will follow in building capability and improving performance. The plan identifies six strategies for change, which outline the areas that we will need to invest in. During 2008/09 the major focus was on setting and achieving longer term goals, developing our people, and developing quality operating systems. Some key initiatives in these strategies for change are outlined in the sections below.

Leadership

The Ministry's Leadership Team initiated a significant programme of change in structure, focus, governance arrangements and ways of working. The focus of the Leadership Team is now on the strategic direction of the Ministry, key external relationships, and reputation management. The cross-ministry group of directors now has primary responsibility for leading and driving the work programme to ensure that the Ministry delivers on the Minister's priorities and carries out its statutory responsibilities.

Delegations of authority have been reviewed and updated. Governance papers were developed to clarify the levels of decision making in the new structure and the expectations of the different management roles, particularly their cross-ministry functions.

People

Building the knowledge and capability of the Ministry's employees is one of our six strategies for change. In working towards strengthening capability, the Ministry is developing a strategy to attract, retain and develop appropriately skilled staff. As part of the strategy the Ministry, in consultation with staff representatives, has developed new position descriptions which provide greater role clarity and purpose, and identify the accountabilities of the roles. These also enable staff to clearly identify and pursue a career path within the Ministry and across government.

Culture

Our collaborative and supportive culture is a strong element in why people choose to work at the Ministry for the Environment. The new structural arrangements put in place from 1 July 2009 will encourage stronger collaboration on work programmes across directorates and divisions to deliver on the Government's priorities.

Our collaborative culture also provides a strong basis for building the relationships and networks that the Ministry will need to work effectively with other sectors and achieve longer term goals.

Relationships

The Ministry's main strategic relationships are with the natural resources agencies in central government, regional councils and Māori leaders.

In 2008/09 the Natural Resources Sector was established to enhance collaboration between government agencies. Chaired by the Ministry for the Environment's Chief Executive, the Sector aims to take a strategic, coordinated and integrated approach to natural resources policies and management. Natural resources departments collaborated on a joint briefing for the incoming Government about critical issues for environmental sustainability.

The Ministry continued to develop its relationships with the Chief Executives' Environment Forum, which brings together the chief executives of regional councils with central government chief executives to work on issues of common interest.

Particular attention was given during the year to improving the Ministry's engagement with Māori and iwi leaders, who are key stakeholders in resource management. The Ministry has developed a set of principles to guide this engagement and an action plan to assist in building strategic relationships.

Processes, technology and physical assets

A programme for reviewing and updating internal policies and processes over the next two to three years has been developed. By the end of the financial year a new delegations framework had been approved, along with internal policies, processes and guidance for procurement, conflict of interest, and recruitment.

The Ministry continues to build on its information management capability with an ongoing focus on service delivery. We continue to refine internal processes to better manage our information technology, information management systems, and customer service.

A number of significant information initiatives were completed in 2008/09, including:

- upgrading our desktop services to provide complete remote working from anywhere
- introducing a framework to improve service delivery through continual improvement
- beginning a refresh of the primary Ministry website during the year under review, which will be completed in early 2009/10.

Structure

The Chief Executive, Dr Paul Reynolds, initiated a significant restructuring of the Ministry in 2008/09. The aim was to organise the Ministry in a way that would best enable us to meet the challenges of our work programmes and to have a management structure that would be more readily understood internally and externally.

The restructuring resulted in the Ministry being reorganised into three major divisions from 1 July 2009:

- **Policy Division**, led by Deputy Secretary Guy Beatson, will focus on providing information, analysis and advice on strategic policy issues and strengthening policy relationships.
- **Programmes Division**, led by Deputy Secretary Sue Powell, includes operational activities, implementation of policy proposals, and delivery of information and evidence to support the Ministry's work.
- **Strategy and Corporate Division**, led by Deputy Secretary Andrew Crisp, focuses on internal and external strategy, and corporate functions.

The Ministry's Environment Leadership Team is comprised of the Chief Executive, Deputy Secretaries and the Ministry's Tumuaki.

Chappie Te Kani is Tumuaki for the Ministry and leads Kaahui Taiao. Kaahui Taiao will provide strategic advice and support to the Chief Executive and the Executive Leadership Team on Māori and Treaty of Waitangi issues in relation to environmental and resource management policies.

The Ministry's new organisational structure is shown in Appendix B, on page 94.

Capital expenditure

The Ministry had two broad areas of capital expenditure in 2008/09. The Land Use and Carbon Analysis System (LUCAS) accounted for the majority of the capital expenditure in 2008/09 – \$1.244 million. This is a multi-faceted programme of work to meet New Zealand's obligations as a signatory to the Kyoto Protocol. As at 30 June 2009, both core components of the LUCAS application had been delivered, tested and accepted. The application combines geospatial information (maps) with carbon models and produces calculations and data in the format required for the United Nations Framework Convention on Climate Change.

The second area of expenditure is an ongoing amount of about \$630,000 per annum. The funds are mainly spent on updating the Ministry's desktop and server hardware. The remainder is allocated to the purchase and development of software.

Our Environmental Performance

The Ministry's environmental performance for 2008/09 is measured using the following indicators: waste produced and energy consumed (including transport energy). We also report on our carbon footprint. Our environmental performance is expressed throughout this section of the Annual Report both as overall totals and totals per full-time equivalent staff member (FTE).

Internal targets for each indicator have been set to meet specific targets outlined in the New Zealand Energy Efficiency and Conservation Strategy 2007. In keeping with the targets in the strategy, the Ministry focuses on improving its performance against the set of sustainability indicators on a per FTE basis.

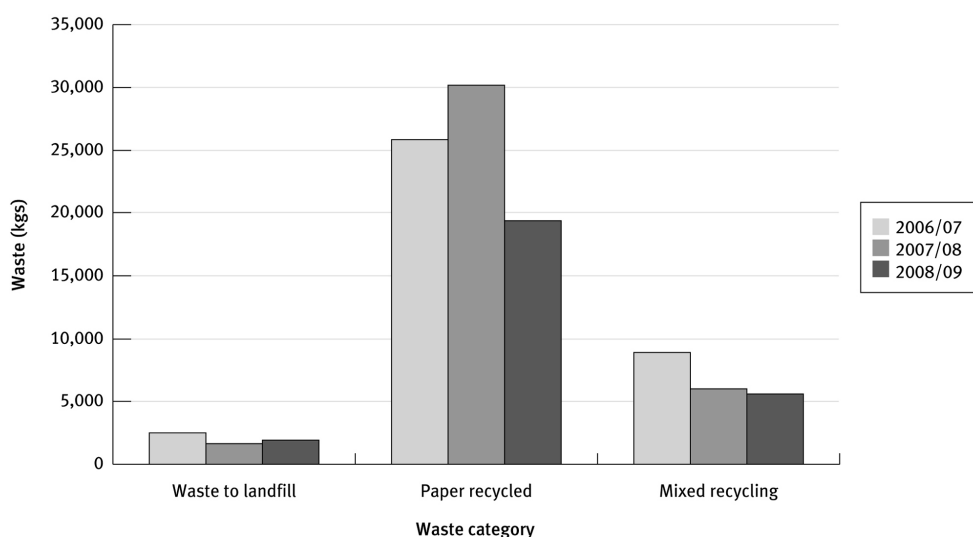
Highlights

The year yielded significant improvements across the Ministry's set of sustainability indicators notably in electricity consumption and distance travelled by ground transport. Improvements equate to a 4 per cent reduction in emissions per FTE for 2008/09. The Ministry will continue to make progress in these areas. The major outcomes of this year's environmental performance compared with 2007/08 are:

- electricity consumption per full-time equivalent staff member decreased 11 per cent
- total waste per full-time equivalent staff member decreased by 35 per cent
- distance travelled by ground transport per full-time equivalent staff member (including Ministry fleet vehicles, taxis and rental cars) decreased by 14 per cent
- domestic air travel per full-time equivalent staff member decreased by 17 per cent
- international air travel per full-time equivalent staff member increased by 13 per cent.

Waste

Figure 3: Ministry for the Environment total waste



The Ministry for the Environment continues to achieve significant reductions in its waste to landfill through continued use of the ‘green cube’ recycling system, and through ongoing staff awareness campaigns. The highlights for 2008/09 were a reduction in paper recycling of 36 per cent to 19.4 tonnes in 2008/09.

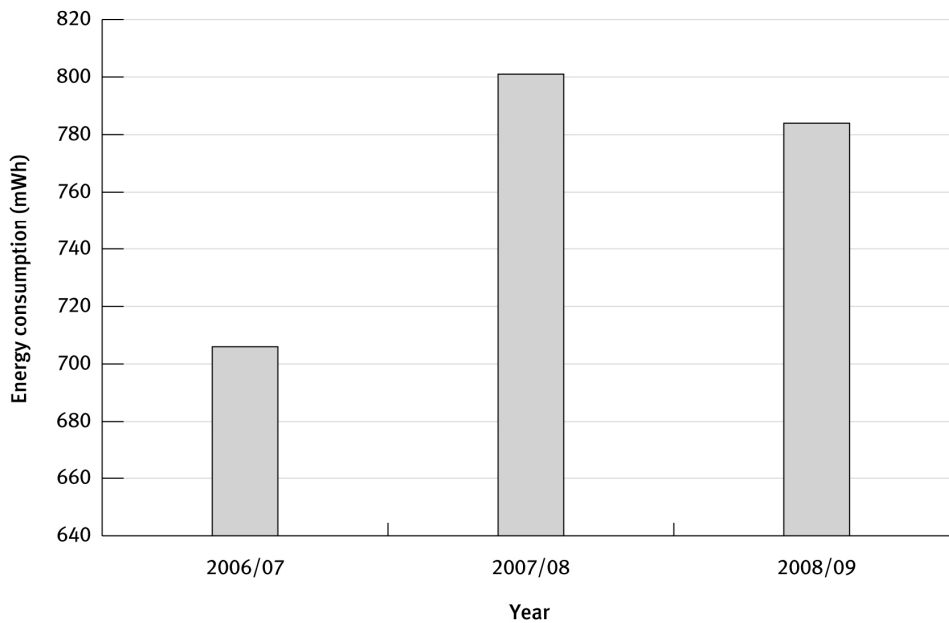
Total waste for the Ministry is estimated to have decreased by 29 per cent in 2008/09, and total waste per FTE is estimated to have decreased by 35 per cent. This decrease is due solely to the 36 per cent decrease in paper waste highlighted above.

Table 1: Benchmarking our performance: waste per FTE

	2008/09	2007/08	2006/07
Waste to landfill per FTE (kg)	6	6	9
Total waste per FTE (kg)	87	134	140

Energy

Figure 4: Ministry for the Environment total electricity consumption



The Ministry has three offices located in Auckland, Wellington and Christchurch. Energy consumption at the Ministry’s Wellington office (Environment House) accounts for 90 per cent of the Ministry’s total energy consumption and was therefore the focus of energy reduction initiatives for 2008/09.

The Ministry consumed 783,634 kWh of electricity in 2008/09, a 2 per cent decrease from 2006/07 (801,844 kWh). On a per FTE basis, the Ministry consumed 2,539 kWh of electricity, an 11 per cent decrease from 2007/08 (2,847 kWh per FTE).

Table 2: Benchmarking our performance: energy consumption per FTE

	2008/09	2007/08	2006/07
Electricity consumption per FTE (kWh)	2,539	2,847	2,654
Key targets and commitments	Progress at 30 June 2009		
5% reduction in electricity consumption per FTE	11% decrease in electricity consumption per FTE		
Maintain energy consumption at the Wellington office below 120kWh/m ²	Recorded energy consumption of 130 kWh/m ²		

Business travel

Figure 5: Ministry for the Environment travel analysis

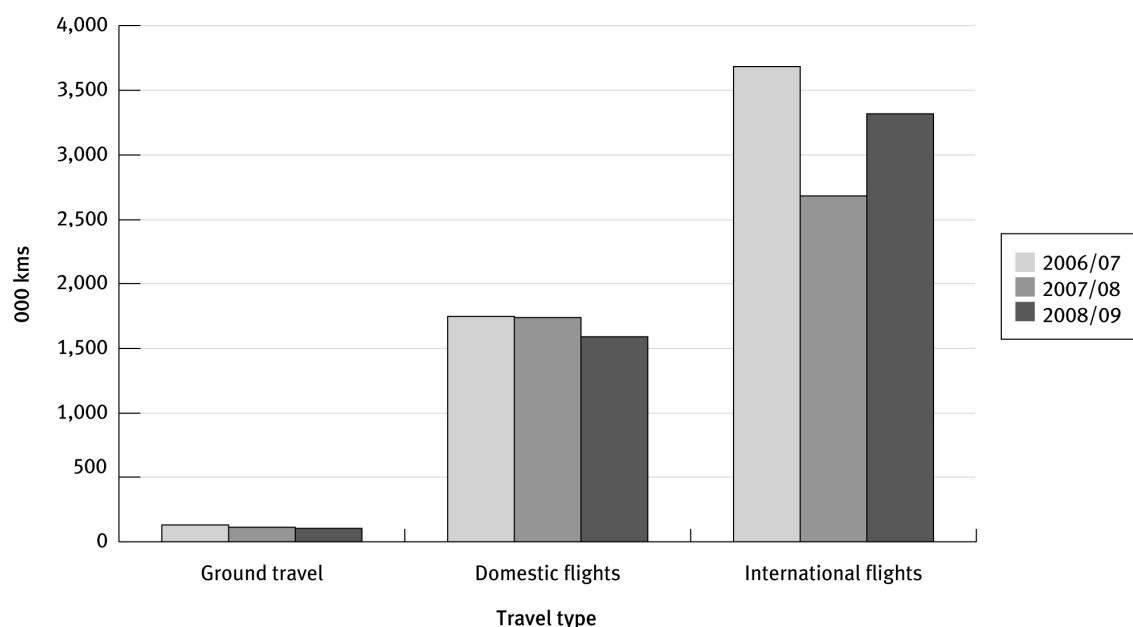


Table 3: Benchmarking our performance: business travel per FTE

	2008/09	2007/08	2006/07
Domestic air travel per FTE (km)	5,151	6,176	6,568
International air travel per FTE (km)	10,752	9,533	13,852
Ground travel per FTE (km)	334	397	487
Key targets and commitments	Progress at 30 June 2009		
Reduction in domestic air travel of 6% per FTE	Achieved a reduction in domestic air travel of 17% per FTE		
Reduction in international air travel of 6% per FTE	Increase in international air travel per FTE of 13%		
Reduction in distance travelled by ground transport of 6% per FTE	Achieved a reduction in distance travelled by ground transport of 14% per FTE		

Staff travelled 103,211 km in our three Ministry hybrid cars, taxis and rental cars, a 6 per cent decrease from 2007/08 (110,082 km). On a per FTE basis, this equates to 334 km, a 14 per cent decrease from 2007/08 (391 km per FTE).

Employees who pay for a taxi personally and are reimbursed are not included in this figure. The Ministry continues to make available to staff, bus tickets for travel across town and two bicycles and safety equipment for staff use.

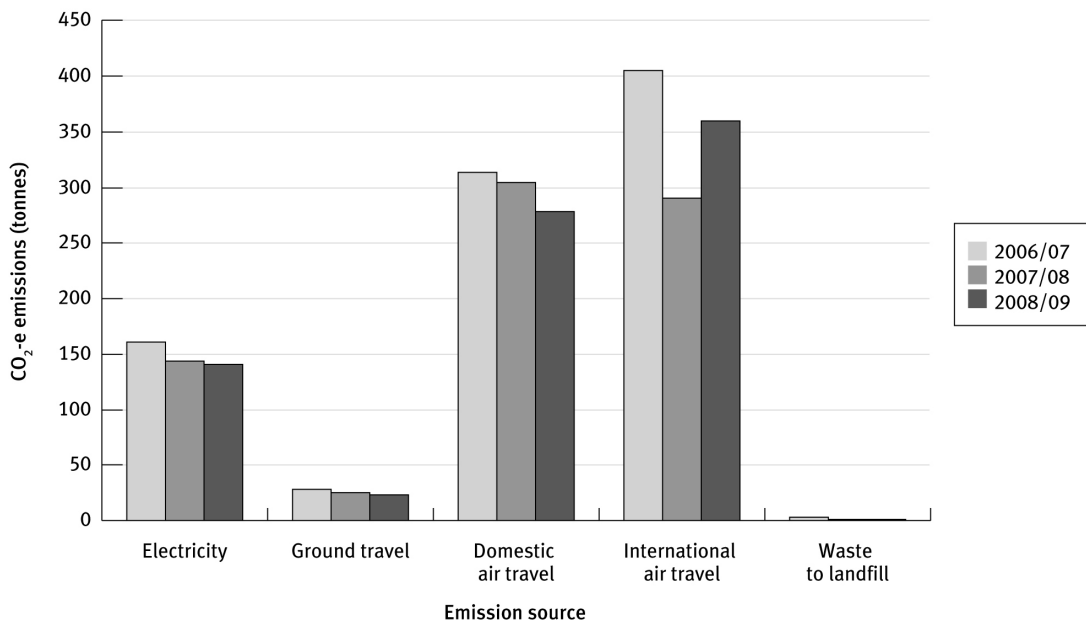
Ministry staff flew 1,589,582 km domestically in 2008/09, a 9 per cent decrease from 2007/08 (1,739,216km). Per FTE this equates to 5,151 domestic kilometres, a 17 per cent decrease from 2007/08 (6,176 km flown per FTE).

Ministry staff flew 3,318,161 km internationally in 2008/09, a 24 per cent increase from 2007/08 (2,684,545km). Per FTE this equates to 10,752 international kilometres, a 13 per cent increase from 2007/08 (9,533 km flown per FTE).

The Ministry plays a key role in representing New Zealand interests in international climate change and environmental negotiations. International engagement also provides opportunities for New Zealand to influence the policies and practices of other countries, and to learn from their experience so we can adopt international best practices. The Ministry's commitments to international work programmes are growing, potentially increasing the need for international travel. Because of the nature of engagement in international situations, video conferencing is not always a suitable substitute for attendance at international meetings.

Carbon footprint

Figure 6: Ministry for the Environment CO₂ equivalent emissions



Note: Emission factors are updated each year, and will slightly affect the reported tonnage of CO₂-e emissions. At the time of publication the emission factors for 2008/09 were unavailable. The Ministry has used 2007/08 emission factors in calculating the carbon dioxide emissions for 2008/09.

The Ministry generated a minimum* of 804 tonnes of carbon dioxide (CO₂)-equivalent emissions in 2008/09, a 5 per cent increase in total emissions from 2007/08 (766 tonnes). However, the Ministry's CO₂ equivalent emissions were 2.6 tonnes per FTE, a 4 per cent decrease per FTE from 2006/07 (2.7 tonnes per FTE). This decrease is largely due to a reduction in domestic air travel and a reduction in staff vehicle use in 2008/09.

Table 4: Benchmarking our performance: CO₂ equivalent emissions per FTE

	2008/09	2007/08	2006/07
CO ₂ -equivalent emissions per FTE (tonnes)	2.6	2.7	3.4
Key targets and commitments		Progress at 30 June 2009	
Reduction in total CO ₂ emissions of 6% per FTE		Achieved a reduction in total CO ₂ emissions of 4% per FTE	

* Note that while calculated in accordance with international Greenhouse Gas (GHG) accounting protocols, in common with many organisations reporting on their CO₂ impact, our CO₂ figure represents a minimum only.

Crown Entity Monitoring

The Environmental Risk Management Authority

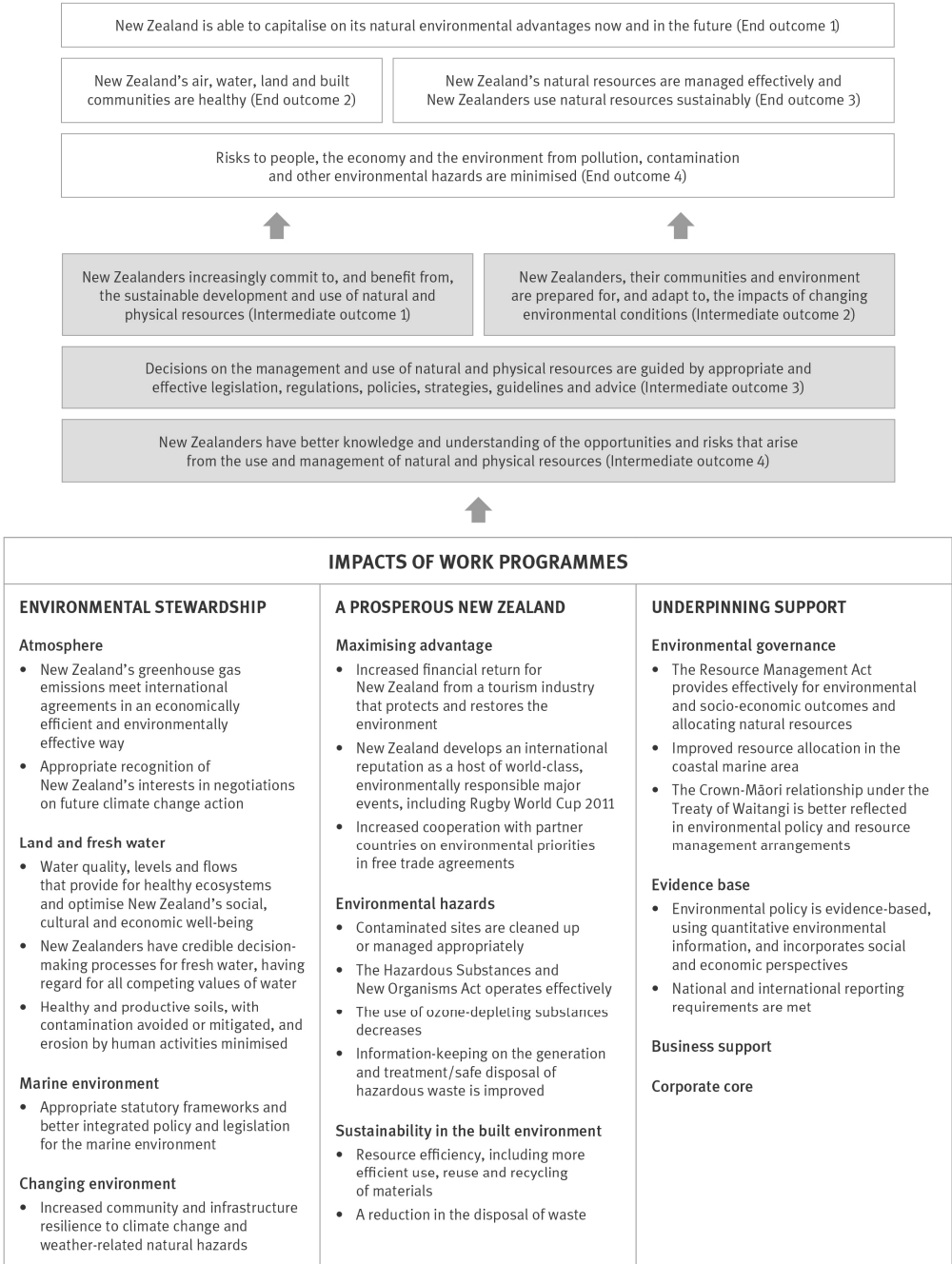
During 2008/09, the Ministry continued to monitor the performance of the Environmental Risk Management Authority (ERMA New Zealand), on behalf of the Minister for the Environment. The Secretary for the Environment and the Deputy Secretary met monthly with the Chair of the Authority and the Chief Executive to address emerging issues, potential risks, and progress on matters of relevance to both parties.

In addition, the Secretary, Deputy Secretary and Ministry manager responsible for this area met with the Authority and senior ERMA New Zealand management staff as part of the Authority's strategic planning day. Formal six-weekly liaison meetings were also held with the relevant manager at the Ministry and the senior management of ERMA New Zealand to discuss joint work programmes and other matters of mutual interest to ensure any key issues were addressed quickly and effectively. At a staff level there were numerous meetings on work programmes where input from both parties was necessary.

The Ministry also reviewed quarterly reports, drafts of key accountability documents, and other major reports produced by the Authority to monitor ERMA New Zealand's progress against its annual objectives. Every six months the Ministry provided a detailed analysis of ERMA New Zealand's performance to the State Services Commission and Treasury.

Our Outcomes Framework

ENVIRONMENTAL STEWARDSHIP FOR A PROSPEROUS NEW ZEALAND TIAKINA TE TAIAO KIA TŌNUI A AOTEAROA



2 Statement of Service Performance for the Year Ended 30 June 2009

Performance Reporting

This section provides detailed information about the specific outputs provided and the achievements against performance measures during 2008/09 that contributed to the Ministry's end outcomes.

The outputs and performance measures in this section are those set out in the *Statement of Intent 2008 – 2011* and the Estimates 2008/09.

In this section, similar outputs are grouped into output classes within Vote Environment and Vote Climate Change. There is no simple one-to-one relationship between the output classes and the Ministry's end outcomes. Each output may have contributed to more than one of the Ministry's end outcomes.

During 2008/09, the Ministry developed the outcomes framework, shown on the previous page. The original end outcomes are the same as those contained in the *Statement of Intent 2008 – 2011*. However, during the year under review, the Ministry further developed its outcomes framework by adding intermediate outcomes (in the shaded boxes), linking the impacts of the Ministry's work programmes with its end outcomes. Given that the outcomes framework contained in the *Statement of Intent 2008 – 2011* is less comprehensive than the framework completed during the year under review, we have included the more recent version.

Quality Standards for Policy Advice

The Ministry's main output is policy advice, which is primarily captured in the output classes Environmental Policy Advice and Climate Change Policy Advice. The Ministry has policies, standards, best practice documents, and standard operating procedures to ensure its service performance remains at an optimum level. The standards are applied to all aspects of our organisation, and are maintained through internal processes to ensure the quality of our policy advice. These processes include peer review and consultation both within the organisation and with relevant external agencies. All significant issues are also discussed by senior management at weekly meetings to ensure work programmes remain consistent with the Minister's priorities.

In 2009, the Ministry ran a policy skills programme to improve the Ministry's understanding of the workings of Parliament and government, and the role of public servants.

During the year under review, the Ministry set the following measures for both Vote Environment and Vote Climate Change against which to assess its provision of advice.

All Vote Environment and Vote Climate Change output classes

Performance target	2008/09 Performance
100 per cent compliance with the Ministry's quality standards for analysis and advice, as assessed by the Minister through satisfactory completion of Cabinet's Regulatory Impact Assessment requirements.	75%*
All reports comply with the Ministry's quality standards for analysis and advice, as assessed through an annual independent external policy quality audit, review and benchmarking process.	Not assessed
Managerial and peer review is maintained to ensure that the quality standards are met.	Achieved
The Ministry reports to the Minister at least twice a year to enable the Minister to assess the Ministry's performance in the delivery of its outputs and to provide feedback.	Achieved

Vote Environment Output Class: Environmental Policy Advice

The Ministry has an important role in ensuring effective environmental governance in New Zealand. As part of this role it undertakes investigations, analysis, review and monitoring. It provides advice on a range of environmental issues. The role includes leading whole of government initiatives, coordinating the collaboration of central and local government in the delivery of environmental programmes and administering legislation, as well as providing advice to the Government and others.

Through this output class, the Minister purchased advice on environmental policies, issues and the implementation of government decisions to achieve a healthy environment, which enhances social and economic well-being.

The key work programmes in the *Statement of Intent 2008 – 2011* were divided into eight priority areas. Of those eight priority areas, seven were relevant to the Environmental Policy Advice Output Class: environmental sustainability in key sectors; fresh water; oceans; waste minimisation; urban design and development; environmental reporting; and environmental governance. Performance on each of these seven areas is reported below.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
Revenue:				
38,475	Crown	40,300	39,892	41,248
448	Departmental	511	367	403
3	Other	5	5	5
38,926	Total revenue	40,816	40,264	41,656
33,369	Total expenses	40,194	40,264	41,656
5,557	Net surplus	622	0	0

* The achievement of 75 per cent refers to Regulatory Impact Statements assessed by the Ministry and the Treasury.

Environmental sustainability in key sectors

The Minister purchased advice on all sectors of New Zealand society taking account of environmental impacts when making decisions, and on investment increases in areas that encourage de-coupling of environmental pressures from economic growth.

Performance target	2008/09 Performance
<p>Collect information from government agencies showing progress on sustainability indicators and targets, develop measures for the business sustainability programme, and monitor and measure changes in trends and awareness on sustainability for households.</p>	<p>Achieved – Annual monitoring data collected from the Govt³ member agencies for 2008/09 showed significant impact reductions from previous years in energy use and waste to landfill, as well as some substantial cost savings from sustainable procurement. In March 2009, Cabinet decided to discontinue this programme. Due to cessation of the Govt³ programme, this annual reporting by agencies will not be required in the future.</p> <p>Achieved – The Sustainable Business Network and Environmental Choice reported to the Ministry regularly on the progress of their programmes. Between January 2007 and December 2008, the Sustainable Business Network saw a 40 per cent growth in membership. With Ministry funding, it has provided 456 organisations (including businesses) with active, hands-on support between January 2007 and June 2009. The Ministry has identified the need to understand more about the environmental impacts of business, and where resource efficiency cost savings could be made. Therefore, research will be undertaken in this area as part of the 2009/10 programme.</p> <p>Achieved – The Ministry published the second annual Household Sustainability Survey 2008. It provides a snapshot of New Zealanders’ attitudes and behaviours on being environmentally sustainable. Subjects of the survey include: using water efficiently; organic waste reduction; managing electrical waste; energy efficiency; transportation; building and renovating sustainably; and taking sustainability into account for purchasing decisions.</p>
<p>Build business capability to create a ‘step change’ that results in better environmental outcomes (such as reduced waste and greater energy efficiency).</p>	<p>Achieved – A web-based Ecolabel Directory was launched in August 2008 in partnership with the Ministry of Economic Development. Eight new product specifications for the Government-owned ecolabel, Environmental Choice NZ, were developed to support government procurement. Funding was provided to the Sustainable Business Network to support businesses to implement activities to improve environmental impacts (such as waste reduction and energy efficiency).</p>
<p>Influence business by demonstrating that sustainability results in improved economic, social and environmental well-being.</p>	<p>Partially achieved – Research was conducted on business perceptions of sustainability, business needs and local government business support programmes to inform business engagement policy. The Ministry’s partnership with New Zealand Trade and Enterprise resulted in a number of programmes integrating a focus on sustainability. Of particular note was a conference on sustainable design for export companies in September 2008 and the integration of environmental thinking in New Zealand Trade and Enterprise’s “Better by Design” programme.</p> <p>The Ministry supported the integration of environmental criteria (Qualmark Green) into Qualmark’s quality accreditation system. Since August 2008, all Qualmark licence holders have been assessed against the environmental criteria. One hundred and ninety-six operators are now Qualmark Green rated and a further 300 are eligible to apply. The Ministry also continued to support the tourism sector through ongoing organisation and facilitation of the tourism waste working group.</p>

Provide resources, information and training to Govt³ agencies (including working with the Ministry of Economic Development to deliver best practice guidance to the state sector on sustainable procurement policy); and develop and deliver programmes that influence behaviour change.

Achieved – Before Cabinet’s decision in March 2009 to discontinue the Govt³ programme, the Ministry held a comprehensive series of workshops on sustainable procurement, travel planning, waste, buildings and paper with a focus on reducing consumption and cost. The Ministry also launched the Paper Buyers’ Guide and the Sustainable Building Toolkit. Following the Cabinet decision, member agencies were advised of Cabinet’s expectation that they would continue to reduce their environmental impact, and of the voluntary tools that remained in place (eg, to support energy efficiency, sustainable procurement, transport planning, and sustainable building).

Foster household actions that protect and improve the environment and will have beneficial impacts on greenhouse gas emissions.

Achieved – The Ministry conducted and used research to inform the development of interventions to lessen the impact of the household sector on the environment. Interventions included public awareness activities, such as events, and the sustainability.govt.nz website. In March 2009, Cabinet decided to scale back the Sustainable Households Programme.

Develop strong strategic partnerships with local government, communities and business to effectively reach the target audience; and build capability in central, regional and local government to accelerate the uptake of environmentally sustainable behaviour in households.

Achieved – The Ministry supported the Sustainable Living Programme and Choices Programme, in partnership with local government and community groups. These programmes promote environmentally-sustainable action by households.

Fresh water

The Minister purchased advice on maintaining and improving the quality of fresh water and optimising its availability.

Performance target	2008/09 Performance
<p>The Sustainable Water Programme of Action is implemented and local government has appropriate tools to manage fresh water. (Three national instruments implemented.)</p>	<p>Partially achieved –</p> <ul style="list-style-type: none"> • Submissions on the proposed National Policy Statement for Freshwater Management closed in April 2009. • Submissions on the proposed National Environmental Standard on Ecological Flows are being analysed. • The National Environmental Standard for the Measurement of Water Takes has technical issues to be resolved regarding exemptions and the form of regulation. The implementation task force is progressing best practice guidance material. • The joint Māori work programme research projects continue to be on track. <p>The Ministry provided a Cabinet paper in March 2009 on a strategic direction for fresh water. ‘New Start for Fresh Water’ was agreed by Government in June 2009, setting the direction for water reform, and a process for developing solutions.</p>

Support implementation of the Lake Taupo Protection Programme by local government.	Achieved – The Lake Taupo Protection Trust is making significant progress towards achieving its target of reducing the amount of manageable nitrogen flowing into the lake by 20 per cent. Using the public funding provided by the Crown, Environment Waikato and the Taupo District Council, the Trust has purchased five farms with a view to securing nitrogen reductions by changing land use before re-selling, plus negotiating land-use changes on another property. These are expected to achieve a reduction in nitrogen emissions of 27.5 tonnes per annum – 18 of the 20 per cent referred to above.
Implement the National Environmental Standard for Sources of Human Drinking Water.	Partially achieved – The draft users’ guide for the National Environmental Standard and the supporting database on the compliance status of drinking-water treatment plants were prepared and distributed. Workshops with regional councils on implementing the standard are underway. Implementation will take place over a number of years.
Evaluate the effectiveness of the Dairying and Clean Streams Accord in improving water quality.	Achieved – The Ministry of Agriculture and Forestry now leads the annual evaluation of progress against Accord targets. The Ministry for the Environment leads on implementing a water quality monitoring strategy associated with the Accord. While the strategy acknowledges that it is difficult to separate the specific impacts of Accord actions on water quality from other actions in dairy catchments, the Ministry has completed the first stage of work in monitoring water quality in predominantly dairy farming catchments. A baseline report on water quality in selected monitored dairy farming catchments, completed in June 2009, presents a national picture against which water quality trends in the catchments can be benchmarked over time. The Ministry expects to provide ongoing monitoring reports on water quality in the selected catchments every five years, using this baseline report as a reference point.
Investigate the potential for a water efficiency labelling scheme.	Achieved – The Ministry has been working with the Ministry of Consumer Affairs on the development of a water efficiency labelling scheme. A water efficiency labelling scheme will help consumers make informed purchase decisions by displaying comparative water efficiency labelling (and consumption) information at the point of sale. A draft version of the water efficiency labelling scheme regulations was released to a select group of stakeholders for consultation in May 2009. The submissions received from this process are now being considered by both the Ministry and the Ministry of Consumer Affairs.

Oceans

The Minister purchased advice on managing environmental effects in New Zealand’s Exclusive Economic Zone, to contribute to achieving a healthy marine environment.

Performance target	2008/09 Performance
Prepare a Bill (which establishes new environmental controls to fill gaps for the regulation of environmental effects of activities in New Zealand’s Exclusive Economic Zone) for introduction into the House of Representatives and support the Bill through all stages of the House.	Not achieved – Original policy agreements have been superseded by proposals to give a future Environmental Protection Authority a role in regulation of the Exclusive Economic Zone. Further development of draft legislation is awaiting key Cabinet decisions.

Waste minimisation

The Minister purchased advice on minimising waste generation, minimising risk and damage to the environment from waste generation and disposal, and more efficient use, reuse and recycling of materials.

Performance target	2008/09 Performance
Develop, provide and implement regulatory and non-regulatory tools to measure and minimise waste.	Achieved – The Waste Minimisation Act 2008 gained Royal Assent on 25 September 2008. The Act created a Waste Advisory Board, which was appointed in October 2008. Regulations relating to the Waste Disposal Levy of \$10 per tonne were gazetted in May 2009, ready for commencement of the levy from 1 July 2009. An Online Waste Levy System has been implemented for waste disposal facility operators to submit monthly returns on waste tonnage that will be used to measure waste and calculate the levy.
Work with supply chains of products that become a priority to ensure that relevant parts of the chain take responsibility for effectively minimising waste from the product and manage any environmental harm from waste products.	Achieved – The Ministry continued to encourage industry sectors to develop voluntary product stewardship schemes for key waste streams, such as agricultural chemicals, waste tyres, and packaging. The first voluntary product stewardship scheme under the Waste Minimisation Act, for used lubricating oil, was accredited by the Minister in April 2009. Public submissions were received in May 2009 on priority items for product stewardship and work is on track to identify potential priority products in 2009/10.
Work with key stakeholders to improve diversion from landfill and encourage recycling, especially of construction and demolition, and organic waste.	Not achieved – Work on tools that will improve landfill diversion of construction and demolition waste was put on hold to divert resources to the implementation of the Waste Minimisation Act 2008. Towards the end of 2008/09, the Ministry began working with stakeholders to enable progress to be made in 2009/10.
Develop a long-term monitoring and reporting framework for waste.	Achieved – A trial project with landfill operators on waste composition data collection was completed in May 2009. The Online Waste Levy System has been implemented for waste disposal facility operators to submit monthly returns on waste tonnage that will be used to measure waste and calculate the levy.

Other work completed during 2008/09

The Recycling in Public Places Initiative partnership between central and local government established a network of easily recognisable LoveNZ recycling bins in high-foot traffic and key tourist locations across New Zealand. The Ministry funded (through partnership agreements) 12 local councils to purchase and install 314 bins by the end of this financial year. A total of 533 bins were installed during the first two years of funding. Cabinet agreed to scale back funding of this initiative in March 2009.

Urban design and development

The Minister purchased advice on national guidance on urban design, promoting and administering the Urban Design Protocol, and contributing to the sustainable development of Auckland.

Performance target	2008/09 Performance
National guidance is provided on quality urban design.	Achieved – Submissions on the scope of a potential National Policy Statement (NPS) on Urban Design closed on 30 September 2008 and over 120 submissions were received. The summary of submissions report was published in March 2009 and is available on the Ministry's website. Future consideration of the need for, and nature of, an NPS on urban design will form part of the urban planning work in the next phase of agreed resource management reforms.
Promote and administer the New Zealand Urban Design Protocol.	Achieved – Urban Design Protocol Case Law Seminars were delivered in March 2009 and the third edition of the Urban Design Toolkit was released. Newsletters have been sent out to signatories each month. The newsletters provide links to the latest international urban design research and reports. There are currently 173 signatories to the Protocol. This is an increase on the figure reported in 2007/08.
Contribute to the sustainable development and transformation of Auckland.	<p>Achieved – The Ministry contributed to the Government's response to the Royal Commission of Inquiry on Auckland Governance. The Cabinet paper regarding the Government's high-level response to Royal Commission Report was approved on 6 April 2009.</p> <p>The Ministry contributed to legislation to establish the Auckland Council, which was passed, and further legislation on additional matters is before the Select Committee. Further work is underway on issues including an integrated planning framework for Auckland, allowing the successful transition to the new Auckland Council, water services, and achieving central government priorities in Auckland over the next 18 months. These will be reported back to Cabinet over the next several months and will feed into further legislation later in the year.</p>

Environmental reporting

The Minister purchased research, information and analysis for developing an evidence base for making good decisions to contribute to its outcome of accessible, high-quality information.

Performance target	2008/09 Performance
Produce regular updates for the core set of national environmental indicators from the state of the environment report.	<p>Achieved – Four environmental report cards were published to update indicator information on marine protection, air quality, transport, and household consumption (13 variables). Energy and waste (five variables) were published in July. A full set of indicator information was made available in electronic format on the Ministry for the Environment website.</p> <p>Technical reports were produced to update indicator information on physical and chemical river water quality, and fish community health. A technical report on periphyton (a potentially nuisance algae) in rivers was completed early in 2009/10.</p>
Finalise an environmental reporting framework to guide national-level reporting on the state of the New Zealand environment.	Achieved – An independent review of the <i>Environment New Zealand 2007</i> state of the environment report was completed in August 2008. This fed into a reporting framework, which was completed in February 2009. A technical guide to the set of national environmental indicators was completed in March 2009. Two national environmental reporting forums were held in August 2008 and April 2009.

Produce other occasional reports and surveys on selected aspects of the environment, in accordance with the environmental reporting framework.

Achieved –

- A solid waste audit survey was completed in December 2008.
- A national *Good Practice Guide for Air Quality Monitoring and Data Management* was completed in March 2009.
- The 2007/08 biennial Resource Management Act survey of local authorities report was completed in June 2009.
- A baseline report on water quality in selected monitored dairy farming catchments was completed in June 2009.
- Good progress was made in finalising national cyanobacteria (Algal Bloom) guidelines for fresh water.

Environmental governance

The Minister purchased advice on good environmental governance related to the Resource Management Act, the Hazardous Substances and New Organisms Act, the Ozone Layer Protection Act, and international engagement on the environment.

Resource Management Act

Performance target	2008/09 Performance
National environmental standards and national policy statements are developed and implemented. (Three national environmental standards and three national policy statements.)	<p>Partially achieved – National environmental standards (NES):</p> <ol style="list-style-type: none"> 1. On-site Wastewater Systems NES – consultation on the proposed NES and a summary of submissions published. 2. Telecommunication Facilities NES – gazetted in October 2008, Users’ guide to NES prepared and workshops held with local government and industry. A six-month stocktake of the NES is being carried out to gauge effectiveness and identify learnings applicable to other NES. 3. Electricity Transmission NES – drafting instructions were sent to the Parliamentary Counsel Office and will be ready in July 2009. The proposed NES for electricity transmission risks is being re-scoped. 4. Contaminated Land NES – progressing. Toxicological background work is being peer-reviewed externally, guidelines on site investigation and soil analysis are being reviewed, preliminary cost-benefit analysis is underway, and a draft discussion document is being developed. 5. Air Quality NES – a report on regional council implementation of the National Environmental Standards for Air Quality was published online in June 2009. In June 2009, a review of the NES was also announced and a Minister-appointed Technical Advisory Board began work in July 2009. <p>Partially achieved – National policy statements (NPS):</p> <ol style="list-style-type: none"> 1. Renewable Electricity Generation NPS – submissions have been summarised and the Board of Inquiry hearings started in April 2009. 2. Flood Risk Management NPS – a Board of Inquiry was appointed in August 2008, consultation on the draft National Policy Statement ended in December 2008, and a high level analysis of costs and benefits took place in February 2008.

3. Electricity Transmission NPS – guidance on implementation for councils (in association with Transpower, Local Government New Zealand and councils) is expected to be prepared in mid-2009.

Monitor performance of the Resource Management Act, including local government performance, and provide sound advice to Ministers and others.

Achieved – The Ministry completed research reports on consent processing, consent costs, plan development, Resource Management Act enforcement, and Environment Court costs. These reports were used to identify areas of delays and costs, and to inform policy development for the first phase of the Resource Management Act reform.

The 2007/08 biennial Resource Management Act Survey of Local Authorities report was completed in June 2009. It examined local authority implementation of the RMA.

Assist Ministers with their statutory functions under the Resource Management Act, including processing call ins, water conservation orders and other interventions on projects of national significance.

Achieved –

- Kawarau River water conservation order amendment application – hearings were held from May – June 2009.
- Hurunui River water conservation order application – the hearing began on 13 March 2009.
- Oreti River water conservation order – this was gazetted in August 2008.
- Buller River water conservation amendment order – this was gazetted in September 2008.
- Requiring authorities – 12 new applications for approval have been received since June 2008. Five requiring authority applications were approved and gazetted in March 2009.
- Crown submissions (three) – concluding Mahinerangi and Project Hayes wind farm applications in Central Otago through Environment Court processes; and submitting on Central Wind wind farm consent application near Waiouru.

Provide best practice advice and assistance to local government, practitioners, public, business and iwi to improve understanding of the Resource Management Act.

Achieved –

- Making Good Decisions – 354 people attended courses under the ‘Making Good Decisions’ banner. The sixth edition of *The Decision-maker* newsletter was published electronically in December 2008.
- RMA training with the Society of Local Government Managers – two training workshops are now annual fixtures – RMA Hearings Administrators’ Training, and RMA Technicians’ Training. A workshop was held in June 2009. Another will be held in October 2009. A new one-day workshop on RMA fundamentals was delivered in May and June. Another workshop will be held in August 2009. RMA Plan Administrators training is under development.
- Quality planning: Seven new and 16 updated guidance notes were published on the Quality Planning website. Five research reports have also been published. The Quality Planning newsletter ‘QP News’ was significantly upgraded.

Implement the statutory obligations that arise from Treaty of Waitangi claims of settlements and foreshore and seabed agreements.

Not achieved – Implementation of the foreshore and seabed agreements is on hold pending the review of the Foreshore and Seabed Act.

Other significant work completed during 2008/09

The following work, not originally represented in the *Statement of Intent 2008 – 2011* or the Estimates 2008/09, was also completed in 2008/09.

Reform of the Resource Management Act

The Resource Management (Simplifying and Streamlining) Amendment Bill was developed and referred to Select Committee on 19 February 2009. Submissions closed 3 April 2009. The Departmental Report was considered by the Select Committee. The Bill was reported back to the House on 18 August 2009.

The scope of Phase Two of Resource Management Act reform, including aquaculture reform, creation of an Environmental Protection Authority, infrastructure and public works matters, water management, urban planning, and a range of legislative interface issues, was approved by Cabinet in April and work has begun on detailed policy options.

Waikato-Tainui Deed of Settlement

An inter-departmental team based at the Ministry for the Environment worked with Waikato-Tainui and other Waikato River iwi during the course of the year to implement the Deed of Settlement with Waikato-Tainui for the Waikato River. This involved:

- a. the formation of the Guardians of the Waikato River Establishment Committee
- b. the formation of the Waikato River Statutory Board Establishment Committee
- c. commissioning the scoping study for the clean-up of the Waikato River
- d. facilitation of seven accords between Waikato-Tainui and government agencies
- e. support for the finalisation of a transfer of powers report
- f. negotiation over the co-management of Crown-owned lands in the lower-Waikato River
- g. support for the review of Waikato River co-management arrangements
- h. payment of funds to Waikato-River Iwi as per the deed of settlement with Waikato-Tainui and the deeds of agreement with Raukawa and the Te Arawa Affiliate Iwi/Hapū.

International engagement on the environment

Performance target	2008/09 Performance
Where Cabinet decides, negotiate and implement environment cooperation agreements in the context of new and existing free trade agreements.	Achieved – A Memorandum of Agreement on Environmental Cooperation with the Philippines was signed. A Memorandum of Understanding on Environmental Cooperation with Indonesia and an Agreement on Environmental Cooperation with Malaysia were concluded. Negotiations with the Gulf Cooperation Council, Hong Kong and Korea were progressed. Cooperation programmes with Trans Pacific (P4) partners (Chile, Singapore and Brunei), with Thailand and with China were advanced.
Engage with and contribute to the work of relevant international environmental organisations and to debate in the development of international protocols.	Achieved – The Ministry contributed to, and attended, several international meetings including: United Nations Environment Programme, Cartagena Protocol on Biosafety, OECD Environment Policy Committee, OECD Joint Working Party on Trade and Environment, and OECD Global Forum on Trade and Climate Change.

Hazardous Substances and New Organisms Act and the Ozone Layer Protection Act

Performance target	2008/09 Performance
Provide appropriate statutory frameworks and policies to ensure the effective and efficient operation of the Hazardous Substances and New Organisms Act and the Ozone Layer Protection Act.	Achieved – Work on the Hazardous Substances and New Organisms (Organisms Prescribed as Not New Organisms) Regulations 2009 (SR 2009/143) was completed and the regulations came into effect on 19 June 2009. The Ministry provided advice to Cabinet on regulatory options to improve compliance with the Hazardous Substances and New Organisms Act and has sought approval to develop infringement notice regulations.
Provide appropriate leadership amongst key agencies to clarify roles and responsibilities in support of the Hazardous Substances Compliance and Enforcement Strategy.	Achieved – The Ministry initiated the establishment of a strategic group to oversee the implementation of the Hazardous Substances Compliance and Enforcement Strategy. Extensive work was done with the Department of Labour and ERMA New Zealand in presentations of the strategy to the Department of Labour regional managers and to the Workplace Health and Safety Council. Work is continuing to develop options to improve hazardous substances compliance (incorporating outcomes from the Test Certifier Regime Review).
Support the Environmental Risk Management Authority (ERMA) and the Minister in meeting their statutory obligations.	Achieved – The Ministry supported ERMA New Zealand staff in the development of its annual Monitoring Report, Hazardous Substances Compliance and Enforcement Intentions Report, four Quarterly Reports (fourth, first, second and third quarters), Annual Report, two six-monthly reports on performance of Crown entities to the State Services Commission and Treasury, draft Statement of Intent, Fees and Charges Review plus associated briefings to the Minister. The Ministry provided the support necessary to ensure compliance with Ministerial obligations, notably in relation to appointments to the Authority, call in and statutory and regulatory amendments.

Ministerial support

The table below covers the outputs related to the provision of support to Ministers. It covers performance for the Minister for the Environment, the Minister for Climate Change Issues, and Associate Ministers.

Actual 2006/07	Actual 2007/08	Performance Measures	2008/09 Performance	Target 2008/09
2,374	1,248	Number of Ministerial correspondence. ¹	1,196	N/A
87%	90%	The percentages of Ministerial drafts provided for the Ministers' signature are accurate.	83%	90%
91%	85%	The percentages of draft Ministerial replies are completed within 10 working days of receipt by the Ministry. ²	82%	95%
71	122	Number of departmental Official Information Act requests.	77	N/A
83%	65%	The percentage of Departmental Official Information Act requests sent out within statutory deadlines.	71%	100%
65	80	Number of Ministerial Official Information Act requests.	98	N/A
75%	68%	The percentage of Ministerial Official Information Act requests sent to the Ministers' Offices within timeframes.	71%	100%
478	317	Number of Parliamentary Questions.	317	N/A
93%	98%	The percentage of Parliamentary Questions (including supplementary questions) sent to the Ministers' Offices within timeframes.	100%	100%

1 The figures noted above in the number of Ministerial correspondence received in 2006/07 included briefing notes, Ministerials, speeches, media releases and Official Information Act requests. The figures provided for 2007/08 and 2008/09 consist of Ministerials only. The figure solely for Ministerials in 2006/07 is 1,486.

2 The timeliness measure for Ministerial correspondence changed during 2007/08 from 20 working days to 10 working days in agreement with the Ministers.

Vote Environment

Output Class: Bioethics Council

The Minister purchased the effective operation of the Bioethics Council, comprising advice, research, public dialogue, provision of information and administration.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
Revenue:				
1,333	Crown	913	1,333	913
8	Departmental	9	6	6
1,341	Total revenue	922	1,339	919
1,312	Total expenses	815	1,339	919
29	Net surplus	107	0	0

Performance target	2008/09 Performance
The Bioethics Council provides information to, and interacts effectively with, its stakeholders.	Achieved – The Council appointed a working group on nanotechnology that delivered a draft project plan on a public engagement project to the Council in October 2008. As part of that plan it held a two-day symposium on nanotechnology that included scientists, researchers, regulators and non-government organisations. The results of this symposium can be viewed on the Ministry of Research, Science and Technology website. In March 2009, Cabinet decided to disestablish the Bioethics Council.

Vote Environment

Output Class: Delivery of Environmental Management Programmes

The Minister purchased the administration (contracting, managing, monitoring and auditing) of a range of environmental management programmes delivered by third parties.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
Revenue:				
1,100	Crown	1,100	1,100	1,100
1,100	Total revenue	1,100	1,100	1,100
1,007	Total expenses	1,100	1,100	1,100
93	Net surplus	0	0	0

Performance target	2008/09 Performance
All funding is allocated according to fund criteria; all contracted environmental programmes delivered by third parties are managed and monitored.	Achieved – \$10 million was allocated to the community, non-governmental organisations, industry and regional government to undertake environment programmes. These programmes included contaminated sites clean-ups, aquaculture planning, resource management initiatives, and community driven environmental management. All funding was allocated according to fund criteria and relevant contracts were managed and monitored appropriately.

Vote Environment

Output Class: Environmental Assistance to the Pacific Islands

The Minister purchased the service of working with the waste sector to assist in the removal of unwanted scrap metal from the Cook Islands.

Resources employed

Actual 30/06/2008 \$000	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
Revenue:			
93 Other	126	198	178
93 Total revenue	126	198	178
93 Total expenses	126	198	178
0 Net surplus	0	0	0

Performance target	2008/09 Performance
800 tonnes of scrap metal is removed from the Cook Islands.	Not achieved – The total shipped in 2008/09 was 392 tonnes, bringing the total since the project began on 1 July 2006 to 2,077 tonnes. In 2008/09, recovery slowed due to world scrap metal prices falling by about 70 per cent. Recycling Cook Islands then processed heavy gauge and non-ferrous metals only. The Ministry assisted Recycling Cook Islands with the purchase of new hydraulic shear to help improve productivity and profitability in the future.

Vote Environment

Output Class: Resource Management Act Call Ins

The Minister purchased the public notification process for considering nationally significant applications under the Resource Management Act (RMA), where the Minister for the Environment exercises the call-in powers under the legislation, and where necessary, providing support to boards of inquiry.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
Revenue:				
1,502	Other	1,719	464	2,824
1,502	Total revenue	1,719	464	2,824
1,502	Total expenses	1,719	464	2,824
0	Net surplus	0	0	0

Performance target	2008/09 Performance
100 per cent of applications are assessed in accordance with statutory requirements.	<p>Achieved –</p> <ul style="list-style-type: none"> • Contact Energy’s Te Mihi Geothermal power station proposal call-in process was completed in September 2008. The Board granted consent for the proposal. • Transpower’s Upper North Island Grid Upgrade Proposal – the Board of Inquiry hearing ended on 31 October 2008 after 72 days. The Board released a draft decision to grant the applications on 26 May 2009. • Contact Energy Hauāuru mā raki (Waikato Wind Farm) – the hearing started 27 April 2009. The hearing adjourned in May 2009 for 12 months on Contact’s request. • Mighty River Power’s Turitea Wind Farm Proposal – 702 submissions were received. The hearing began on 6 July 2009. • Unison Networks Te Waka Wind Farm Proposal – proposal was referred to the Environment Court in January 2008. Decision to decline the applications for the wind farm was made by the Environment Court in December 2008.

Vote Environment Departmental Capital Expenditure

The Minister purchased the acquisition or development of assets by, and for the use of, the Ministry for the Environment.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
	Capital expenditure appropriation:			
448	Property, plant and equipment	340	390	340
968	Intangibles	1,584	3,040	1,584
1,416	Total capital expenditure appropriation:	1,924	3,430	1,924
916	Total expenses	1,762	3,430	1,924
500	Net surplus	162	0	0

Performance target	2008/09 Performance
The Land Use and Carbon Analysis System (LUCAS) database is developed and implemented by 30 June 2009.	Achieved – As at 30 June, all core components of the LUCAS application had been delivered, tested and accepted for the 2008 Greenhouse Gas Inventory report. The application combines geospatial information (maps) with carbon models and produces data in the format required for the United Nations Framework Convention on Climate Change.

Vote Climate Change Output Class: Carbon Monitoring Programme

The Minister purchased the development and implementation of the New Zealand Carbon Monitoring Programme. It ensures data entering our Land Use and Carbon Analysis System on our land use, land-use change and forestry data in the annual National Inventory Report is accurate, robust and meets international reporting requirements.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
	Revenue:			
7,035	Crown	9,181	12,238	12,081
7,035	Total revenue	9,181	12,238	12,081
6,251	Total expenses	9,122	12,238	12,081
784	Net surplus	59	0	0

Performance target	2008/09 Performance
Meet the UNFCCC reporting requirements and pass the Good Practice Guidance Review.	<p>Achieved – The annual inventory of greenhouse gas emissions and removals as required by the United Nations Framework Convention on Climate Change (UNFCCC) and the supplementary information under the Kyoto Protocol was compiled and submitted by the 15 April 2009 deadline. The inventory will be reviewed in September 2009.</p> <p>A draft of New Zealand’s fifth national communication to the UNFCCC was completed and will be ready for submission to the UNFCCC by the 1 January 2010 deadline.</p>

Vote Climate Change

Output Class: Climate Change – Policy Advice

The Minister purchased climate change policy advice on reducing greenhouse gas emissions and related policy advice, as well as advice on the resilience and adaptation of New Zealand’s economy, society and environment to climate change.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
	Revenue:			
14,070	Crown	11,976	19,064	12,648
65	Departmental	80	55	55
14,135	Total revenue	12,056	19,119	12,703
12,478	Total expenses	11,876	19,119	12,703
1,657	Net surplus	180	0	0

Performance target	2008/09 Performance
New Zealand Emissions Trading Scheme implemented for pre-1990 forestry and liquid fossil fuels sectors.	Achieved – The forestry sector has entered into the Emissions Trading Scheme. Eight million New Zealand Units have been issued into the Crown Holding Account in the New Zealand Emissions Unit Register, some of which were transferred into the accounts of eligible post-1989 forest owners in early April 2009. Regulations for the liquid fossil fuels sector are in place for the sector to fully enter the Emissions Trading Scheme in 2011 with voluntary reporting beginning in 2009.
Planned milestones met for allocation of pre-1990 forestry units and inclusion of remaining sectors in 2010 (stationary energy and industrial processes).	Achieved – The submission deadline for the forestry allocation plan was extended until 30 April 2009. Work is underway on developing and consulting on the regulations for the stationary energy and industrial sector for their entry into the Emissions Trading Scheme in 2010. At present no work or allocation plans are underway for this sector. The Ministry is mindful that the review processes and possible legislative amendment to the Climate Change Response Act 2002 may change the entry date of sectors and subsequent implementation plans. The Ministry of Agriculture and Forestry, under delegated authority, consulted on a draft forestry allocation plan.

Planned milestones met for inclusion of remaining sectors in 2013 (agriculture, waste and other).	Achieved – In conjunction with the Ministry of Agriculture and Forestry a report from the Agriculture Technical Advisory Group was provided to Ministers in early 2009. Planned milestones are being met for the entry of other sectors into the Emissions Trading Scheme in 2013.
International submission and negotiating timelines for New Zealand’s position on climate change are met (100 per cent of deadlines).	Achieved – All 29 submissions were made in accordance with United Nations Framework Convention on Climate Change processes and timelines.
Engage with sectors on climate change adaptation policies and implementation (100 per cent of planned sectors).	Achieved – The Ministry has engaged with a wide range of stakeholders through presentations and attending meetings and conferences. Audiences include central government, local government, engineers, insurers, surveyors, lifeline utilities groups, planners, researchers and students.
Lead the implementation of the Carbon Neutral Public Service Programme to reduce net greenhouse gas emissions in government agencies.	Achieved until Cabinet decided on 9 March 2009 to discontinue the programme – Emissions inventories and reduction plans were developed and reported annually for 34 agencies. Indigenous forestry offset projects were progressed with the Department of Conservation on Crown land, and contracts for purchasing emissions units were successfully entered into. Officials are closing out existing contractual commitments and maintaining relationships.
Emissions inventories and reduction plans are developed and monitored annually (34 agencies).	
Provide support to Ministers in legislating for an Emissions Trading Scheme.	Achieved – In the first quarter of the 2008/09 year the Climate Change Response Act 2002 was amended to implement an Emissions Trading Scheme. Since then, the forestry sector has entered the scheme and work is underway in preparation for the entry of the other sectors into the scheme. The Ministry has provided support and advice to the Minister on the scheduling and timing implications of the Emissions Trading Select Committee review, the immediate legislative amendment, and a possible further substantive legislative amendment. The Ministry is also working through options for harmonising the New Zealand Emissions Trading Scheme with the Australian Carbon Pollution Reduction Scheme. In June 2009, the Act was amended to delay aspects of the Act relating to forestry.
Meeting international and domestic reporting obligations, including building and implementing the Land Use and Carbon Analysis System (LUCAS) to meet the requirements of the Kyoto Protocol.	Achieved – The annual update of the ‘net position’ report – the projected balance of units over the first commitment period of the Kyoto Protocol was compiled and released in April 2010. The report will undergo international review in August 2009. (See Departmental Capital Expenditure for information on the Land Use and Carbon Analysis System.)
Contribute to New Zealand’s efforts to negotiate a comprehensive post-2012 international agreement to reduce greenhouse gases under the United Nations Framework Convention on Climate Change and its Kyoto Protocol	Achieved – The Ministry played a full part in United Nations negotiations in Poznan in December 2008. It worked with the Ministry of Foreign Affairs and Trade to secure Cabinet decisions on New Zealand’s negotiating position for subsequent negotiations in Bonn in late March 2009 and early June 2009. The Ministry also completed work on greenhouse gas emissions analysis and long-term projections of emissions and removals in support of New Zealand’s negotiating position.

<p>Effective partnerships with science researchers, central government and local government to develop national guidance so that local government and business can prepare for climate change.</p>	<p>Achieved –</p> <ul style="list-style-type: none"> • A national environmental standard on coping with sea-level rise is being scoped. A draft discussion document was completed by 30 June 2009. • Approximately 1700 climate change adaptation packs have been distributed since 1 July 2008. Four documents providing local government with guidance regarding climate change have been published. There have been two updates to technical manuals and their summaries.
<p>Lead the whole-of-government policy work programme on climate change.</p>	<p>Achieved – The Ministry chairs the cross-departmental Chief Executives’ governance group for the whole-of-government climate change programme. This group meets on a monthly basis to review progress and identify and manage any risks around implementing the programme. This governance role continues to be supported by a number of steering and working groups providing follow through on coordination and implementation tasks.</p>
<p>Assess possible areas of untapped, cost effective, Kyoto-compliant abatement.</p>	<p>Not achieved – This is on hold while the Emissions Trading Scheme is under Select Committee review. We will need to establish how existing policies work in the context of the amended Emissions Trading Scheme before possible further areas of untapped abatement can be identified.</p>

Ministerial Support

Note: The table on page 34 covers performance for Vote Climate Change.

Vote Climate Change Output Class: Policy Advice – Energy Efficiency and Conservation

The Minister purchased policy advice on energy efficiency and conservation issues.

Resources employed

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary estimates 30/06/2009 \$000
	Revenue:			
516	Crown	100	300	140
516	Total revenue	100	300	140
296	Total expenses	70	300	140
220	Net surplus	30	0	0

Performance target	2008/09 Performance
<p>Three case studies to assist councils to implement energy efficiency in households.</p>	<p>Not achieved – Some progress was made, but staff working on this were diverted to higher priority work areas (eg, Waste Act implementation) and this work was not completed.</p>
<p>Develop up to three partnerships with industry to develop business opportunities relating to the provision of energy efficient products and services to households.</p>	<p>Partially achieved – The Ministry worked with the Department of Building and Housing, the Ministry of Economic Development, EECA and industry to scope the business case and technical factors of a Residential Rating Tool that rates the energy efficiency of homes along with other factors such as health, warmth and resource efficiency. A Residential Rating Tool Scoping Document was completed on 30 June 2009. It included a market segmentation consumer needs analysis, building industry needs assessment, and assessment of the technical factors of the rating tool. The rating tool is seen as an important precursor to enabling industry to develop effective solutions, products and services for home owners to improve the performance of their homes in terms of energy efficiency, health and overall performance.</p>

3 Financial Statements for the Ministry for the Environment

Performance Indicators for the Year Ended 30 June 2009

	Unit	Actual 30/06/2009	Supplementary forecast 30/06/2009
Operating results			
Revenue: Crown	\$000	63,570	65,470
Revenue: Departments and other	\$000	2,450	2,950
Output expenses	\$000	65,022	68,420
Gain on sale of assets	\$000	0	5
Net surplus	\$000	998	5
Working capital			
Net current assets	\$000	2,745	2,051
Current ratio	Ratio	1.26	1.23
Resource utilisation			
Property, plant and equipment			
Property, plant and equipment at year-end	\$000	1,557	1,616
Value per employee	\$000	5.2	5.4
Additions as % of property, plant and equipment	%	32.4	21.0
Property, plant and equipment as % of total assets	%	9.2	10.8
Intangible assets			
Intangible assets at year-end	\$000	1,835	2,263
Value per employee	\$000	6.1	7.5
Additions as % of intangible assets	%	89.4	70.0
Intangible assets as % of total assets	%	10.9	15.1
Taxpayers' funds			
Level at year-end	\$000	5,101	5,101
Level per employee	\$000	17.0	17.0
Net cash flows			
Surplus/(deficit) from operating activities	\$000	(1,071)	1,366
Surplus/(deficit) from investing activities	\$000	(1,719)	(1,919)
Surplus/(deficit) from financing activities	\$000	(7,501)	(7,501)
Net increase/(decrease) in cash held	\$000	(10,291)	(8,054)
Human resources			
Staff turnover	%	17.0	16.0
Average length of service	Years	3.9	3.0
Total staff	No.	300	300

Statement of Financial Performance for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Notes	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
Income					
65,689	Revenue: Crown		63,570	78,320	65,470
2,119	Revenue: Other	2	2,450	1,095	2,950
0	Gains	3	0	5	5
67,808	<i>Total income</i>		66,020	79,420	68,425
Expenditure					
23,702	Personnel costs	4	27,652	23,484	27,202
915	Depreciation and amortisation expense	8, 9	980	1,789	1,332
228	Capital charge	5	383	278	278
34,073	Other operating expenses	6	36,007	53,864	39,608
58,918	<i>Total expenditure</i>		65,022	79,415	68,420
8,890	Net surplus		998	5	5

Explanations of significant variances against budget are detailed in note 20.

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2009

Actual 30/06/2008 \$000		Notes	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
Assets					
Current assets					
18,488	Cash and cash equivalents		8,197	8,051	10,434
1,369	Debtors and other receivables	7	5,123	350	574
154	Pre-payments		182	100	100
20,011	<i>Total current assets</i>		13,502	8,501	11,108
Non-current assets					
1,824	Property, plant and equipment	8	1,557	1,385	1,616
1,463	Intangible assets	9	1,835	2,715	2,263
3,287	<i>Total non-current assets</i>		3,392	4,100	3,879
23,298	Total assets		16,894	12,601	14,987
Liabilities					
Current liabilities					
8,346	Creditors and other payables	10	7,358	5,880	7,530
8,890	Repayment of surplus	11	998	5	5
1,521	Employee entitlements	12	2,401	785	1,522
18,757	<i>Total current liabilities</i>		10,757	6,670	9,057
Non-current liabilities					
829	Employee entitlements	12	1,036	615	829
829	<i>Total non-current liabilities</i>		1,036	615	829
19,586	Total liabilities		11,793	7,285	9,886
3,712	Net assets		5,101	5,316	5,101
Taxpayers' funds					
3,712	General funds	13	5,101	5,316	5,101
3,712	Total taxpayers' funds		5,101	5,316	5,101

Explanations of significant variances against budget are detailed in note 20.

The accompanying notes form part of these financial statements.

Statement of Changes in Taxpayers' Funds for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
3,039	Balance at 1 July	3,712	3,712	3,712
8,890	Surplus for the year	998	5	5
8,890	Total recognised income and expense	998	5	5
(8,890)	Repayment of surplus to the Crown	(998)	(5)	(5)
673	Capital contribution	1,389	1,604	1,389
3,712	Balance at 30 June	5,101	5,316	5,101

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Note	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
Cash flows from operating activities					
65,689	Receipts from Crown		60,153	78,320	65,470
1,169	Receipts from revenue other		2,740	1,095	3,562
(34,873)	Payments to suppliers		(36,388)	(53,864)	(40,019)
(23,331)	Payments to employees		(26,565)	(23,484)	(27,202)
(228)	Payments for capital charge		(383)	(278)	(278)
813	Goods and services tax (net)		(628)	0	(167)
9,239	<i>Net cash flows from operating activities</i>	14	(1,071)	1,789	1,366
Cash flows from investing activities					
9	Receipts from sale of property, plant and equipment		0	5	5
(509)	Purchase of property, plant and equipment		(370)	(390)	(340)
(496)	Purchase of intangible assets		(1,349)	(2,342)	(1,584)
(996)	<i>Net cash flows from investing activities</i>		(1,719)	(2,727)	(1,919)
Cash flows from financing activities					
673	Capital contributions		1,389	1,604	1,389
(677)	Repayment of surplus		(8,890)	(5)	(8,890)
(4)	<i>Net cash flows from financing activities</i>		(7,501)	1,599	(7,501)
8,239	Net (decrease)/increase in cash		(10,291)	661	(8,054)
10,249	Cash at the beginning of the year		18,488	7,390	18,488
18,488	Cash at the end of the year		8,197	8,051	10,434

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

The accompanying notes form part of these financial statements.

Statement of Commitments as at 30 June 2009

Capital commitments

The Ministry has no capital commitments (2008: Nil).

Non-cancellable operating lease commitments

The Ministry leases property, plant and equipment in the normal course of its business. The majority of these are for both accommodation and operating leases in Wellington, Christchurch and Auckland.

The amounts disclosed below include amounts for both accommodation and operating leases in Wellington, Christchurch and Auckland.

Operating commitments include lease payments for premises, telephone contracts, vehicle leases and photocopiers. All commitments are disclosed at current rental rates.

Other non-cancellable commitments

The Ministry has entered into non-cancellable contracts for cleaning services, consulting services and other contracts for service.

	30/06/2009 \$000	30/06/2008 \$000
Non-cancellable operating lease commitments		
Not later than one year	2,205	1,895
Later than one year but not later than five years	8,451	6,861
Later than five years	5,909	74
<i>Total non-cancellable operating lease commitments</i>	16,565	8,830
Other non-cancellable commitments		
Not later than one year	13,840	10,205
Later than one year but not later than five years	17,699	11,681
Later than five years	11,799	14,513
<i>Total other non-cancellable commitments</i>	43,338	36,399
Total commitments	59,903	45,229

The accompanying notes form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets as at 30 June 2009

Contingent liabilities

The Ministry has a contingent liability for legal proceedings of \$1.95 million representing the amount claimed by the plaintiff in relation to defamation allegations. The Ministry is currently disputing the claim.

The Ministry may be required on expiry of its premises lease in Wellington to make-good any damage caused to the premises and to remove any fixtures and fittings installed by the Ministry. The Ministry has the option to renew the lease. The value of this contingent liability is unquantified.

There were no other contingent liabilities as at 30 June 2009 (2008: Nil).

Contingent assets

The Ministry has no contingent assets as at 30 June 2009 (2008: Nil).

Statement of Unappropriated Expenditure for the Year Ended 30 June 2009

Departmental appropriations and Net Asset Schedule

Departmental output classes were produced within appropriation. (2008: no unappropriated expenditure.)

There was a breach of projected net assets in 2007/08 due to an error in the Main Estimates figures. This was addressed in the Supplementary Estimates.

Statement of Departmental Expenses and Capital Expenditure Against Appropriations for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Appropriation* 30/06/2009 \$000
Vote Environment			
Appropriation for departmental output expenses			
33,369	Environmental Policy Advice	40,194	41,656
1,007	Delivery of Environmental Management Programmes	1,100	1,100
1,312	Bioethics Council	815	919
93	Environmental Assistance to the Pacific Islands	126	178
1,502	Resource Management Act Call Ins	1,719	2,824
2,619	World Environment Day	0	0
39,902	Total	43,954	46,677
Vote Climate Change			
Appropriation for departmental output expenses			
296	Policy Advice – Energy Efficiency and Conservation	70	140
12,478	Policy Advice – Climate Change	11,876	12,703
6,251	Carbon Monitoring Programme	9,122	12,081
19,025	Total	21,068	24,924
Capital appropriation			
673	Capital contribution	1,389	1,389

* This includes adjustments made in the supplementary forecast and transfers under the Public Finance Act 1989.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies for the year ended 30 June 2009

Reporting entity

The Ministry for the Environment is a government department as defined by section 2 of the Public Finance Act 1989.

The financial statements of the Ministry for the Environment are for the year ended 30 June 2009. The primary objective of the Ministry is to provide services to the public rather than making a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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

The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2009.

Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with the New Zealand generally accepted accounting practices (NZ GAAP). They also comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

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

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted, and which are relevant to the Ministry, include:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as 'owner' separately from 'non-owner' changes. The revised standard gives the Ministry the option of presenting items of income and expense and components of other comprehensive

income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Ministry expects it will apply the revised standard for the first time for the year ended 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

(i) Budget figures

The budget figures are those amended by the 2008/09 Supplementary Estimates.

(ii) Revenue

Operations

The Ministry derived revenue through the provision of outputs to the Crown and for services to third parties. Revenue from the supply of goods and services is measured at the fair value of consideration received. Revenue earned from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognised at balance date on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Rental income

Rental income is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease. Lease incentives granted are recognised evenly over the term of the lease as a reduction in total rental income.

(iii) Expenditure

Grants/subsidies

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Cost allocation

The Ministry derived the costs 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 cost driver of salaried full-time equivalents. There were no material changes to the cost allocation model during the 2008/09 year.

Criteria for direct and indirect costs

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

Direct costs assigned to outputs

All direct operating costs are charged directly to outputs. Direct personnel costs are charged on the basis of the full-time equivalents that are directly attributable to an output. For the year ended 30 June 2009, direct costs accounted for 74% of the Ministry's costs (2008: 76%).

Indirect costs assigned to outputs

All indirect costs are assigned to outputs on a percentage basis calculated on the number of full-time equivalents per output. For the year ended 30 June 2009, indirect costs accounted for 26% of the Ministry's costs (2008: 24%).

(iv) Leases

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.

(v) 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 Financial Performance.

(vi) Cash and cash equivalents

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

(vii) Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

(viii) Property, plant and equipment

Property, plant and equipment consists of land, buildings, leasehold improvements, furniture and office equipment, and computer hardware.

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

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

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 property, plant and equipment are recognised in the Statement of Financial Performance 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.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at a rate that will write off the cost or valuation of the assets, over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Depreciation rate (%)	Useful life (years)
Furniture and fittings	12.5 – 20	5 – 8
Office equipment	20	5
Computer hardware	25 – 33	3 – 4

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.

(ix) Intangible assets

Software acquisition and development

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

Costs that are directly associated with acquiring software for use by the Ministry, are recognised as an intangible asset.

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 Financial Performance.

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

	Amortisation rate (%)	Useful life (years)
Computer software	33	3
Computer software licences (Land Use and Carbon Analysis System)	13.33	7.5

(x) Impairment of non-financial assets

Property, plant and equipment and 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 for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

(xi) Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(xii) Employee entitlements

Pension liabilities

Obligations for contributions to defined contribution retirement plans are recognised in the Statement of Financial Performance as they fall due. Obligations for defined benefit retirement plans are recorded at the latest actuarial value of the Crown liability. All movements in the liability, including actuarial gains and losses, are recognised in full in the Statement of Financial Performance in the period in which they occur.

Other employee entitlements

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported on an actuarial basis, based on the present value of the expected future entitlements.

Termination benefits

Termination benefits are recognised in the Statement of Financial Performance only when there is a demonstrable commitment to either terminate employment before normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

(xiii) Superannuation schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwisaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the statement of financial performance as incurred.

(xiv) 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.

(xv) Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST except where otherwise stated. Creditors and other payables and Debtors and other receivables 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 Creditors and other payables or Debtors and other receivables in the Statement of Financial Position.

(xvi) Taxation

The Ministry is exempt from income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided for.

(xvii) Critical accounting estimates and assumptions

In preparing these financial statements the Ministry has made no significant estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

(xviii) Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments at the point a contractual obligation arises, to the extent that they are yet to be performed.

(xix) Contingencies

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

(xx) Taxpayers' funds

Taxpayers' funds is the Crown's net investment in the Ministry and is measured as the difference between total assets and liabilities. Taxpayers' funds is disaggregated and classified as general funds.

(xxi) 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 other

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000
521	Departmental	600
1,598	Other	1,850
2,119	Total revenue other	2,450

3. Gains

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000
0	Net gain on disposal of property, plant and equipment	0
0	Total gains	0

4. Personnel costs

Personnel costs include expenditure and provisions for salaries, wages, annual leave, retirement and long service leave.

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000
22,809	Salaries and wages	26,436
619	Employer contribution to defined contribution plans	706
269	Increase in employee entitlements	463
5	Other	47
23,702	Total personnel costs	27,652

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwisaver and Government Superannuation Fund.

5. Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2009 was 7.5% (2008: 7.5%).

6. Other operating expenses

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000
	<i>Fees to auditor:</i>	
132	Audit fees for the financial statement audit	149
10	Audit fees for NZ IFRS transition	5
0	Fees for other services	0
1,790	Operating lease payments	2,039
842	Advertising and publicity	923
5,350	Contributions and sponsorship	3,123
17,013	Consultancy	20,591
5,121	General and administration	4,740
11	Net loss on disposal of property, plant and equipment and intangibles	676
3,804	Other operating costs	3,761
34,073	Total other operating expenses	36,007

7. Debtors and other receivables

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Debtors	4,312	1,186
Less provision for doubtful debts	0	0
Net debtors	4,312	1,186
GST receivable	811	183
Total debtors and other receivables	5,123	1,369

The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and the appropriate provision applied, as detailed below:

	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	5,032	0	5,032	573	0	573
Past due 1 – 30 days	74	0	74	565	0	565
Past due 31 – 60 days	0	0	0	226	0	226
Past due 61 – 90 days	17	0	17	0	0	0
Past due > 91 days	0	0	0	5	0	5
Total	5,123	0	5,123	1,369	0	1,369

No provision has been made for doubtful debts as all debtors are current. There were no indications at balance date that any of these debtors are impaired.

8. Property, plant and equipment

	Furniture and fixtures \$000	Office equipment \$000	Computer hardware \$000	Total \$000
Cost or valuation				
Balance as at 1 July 2007	1,891	178	1,310	3,379
Additions	0	22	448	470
Add: Closing work in progress	0	0	188	188
Less: Opening work in progress	0	0	(237)	(237)
Revaluation increase	0	0	0	0
Transfer to be held for sale	0	0	0	0
Disposals	(49)	0	(147)	(196)
Balance at 30 June 2008	1,842	200	1,562	3,604
Balance as at 1 July 2008	1,842	200	1,562	3,604
Additions	0	17	476	493
Add: Closing work in progress*	0	0	12	12
Less: Opening work in progress	0	0	(188)	(188)
Revaluation increase	0	0	0	0
Transfer to be held for sale	0	0	0	0
Disposals	(13)	(13)	(116)	(142)
Balance at 30 June 2009	1,829	204	1,746	3,779

Accumulated depreciation and impairment losses

Balance as 1 July 2007	509	121	733	1,363
Depreciation expense	226	18	328	572
Eliminate on disposal	(8)	0	(147)	(155)
Eliminate on revaluation	0	0	0	0
Eliminate on transfer to be held for sale	0	0	0	0
Impairment losses	0	0	0	0
Balance at 30 June 2008	727	139	914	1,780
Balance as 1 July 2008	727	139	914	1,780
Depreciation expense	226	19	331	576
Eliminate on disposal	(7)	(11)	(116)	(134)
Eliminate on revaluation	0	0	0	0
Eliminate on transfer to be held for sale	0	0	0	0
Impairment losses	0	0	0	0
Balance at 30 June 2009	946	147	1,129	2,222
Carrying amounts				
At 1 July 2007	1,382	57	577	2,016
At 30 June and 1 July 2008	1,115	61	648	1,824
At 30 June 2009	883	57	617	1,557

* The amount of work in progress as at 30 June 2009, \$11,913 relates to the additions of servers (2008: \$187,558 relates to the development of the Land Use and Carbon Analysis System to assist New Zealand in assessing its compliance with the Kyoto Protocol.)

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

9. Intangible assets

	Acquired software \$000	Acquired software licences \$000	Internally generated software (Online Waste Levy System) \$000	Internally generated software (LUCAS) \$000	Total \$000
Cost					
Balance at 1 July 2007	1,475	0	0	0	1,475
Additions	87	187	0	406	680
Add: Closing work in progress	187	0	0	643	830
Less: Opening work in progress	(243)	0	0	(772)	(1,015)
Disposals	0	0	0	0	0
Balance at 30 June 2008	1,506	187	0	277	1,970
Balance as at 1 July 2008	1,506	187	0	277	1,970
Additions	293	0	0	1,392	1,685
Add: Closing work in progress **	16	0	149	425	590
Less: Opening work in progress	(187)	0	0	(643)	(830)
Disposals ***	(7)	0	0	(764)	(771)
Balance at 30 June 2009	1,621	187	149	687	2,644

Accumulated amortisation and impairment losses

Balance as 1 July 2007	164	0	0	0	164
Amortisation expense	121	21	0	201	343
Disposals	0	0	0	0	0
Impairment losses	0	0	0	0	0
Balance at 30 June 2008	285	21	0	201	507
Balance at 1 July 2008	285	21	0	201	507
Amortisation expense	197	30	0	177	404
Disposals	(7)	0	0	(95)	(102)
Impairment losses	0	0	0	0	0
Balance at 30 June 2009	475	51	0	283	809
Carrying amounts					
At 1 July 2007	1,311	0	0	0	1,311
At 30 June and 1 July 2008	1,221	166	0	76	1,463
At 30 June 2009	1,146	136	149	404	1,835

** The amount of work in progress as at 30 June 2009 relates to the development of the Online Waste Levy system \$149,081; upgrade of library information management system \$16,140; and the development of Land Use and Carbon Analysis System \$425,175 (2008: \$830,287 – development of Land Use and Carbon Analysis System and Financial Management Information System.)

*** The disposals as at 30 June 2009 \$763,228 relates to the Write off for the development work carried out for the Calculation and Reporting Application work not being used for the current development of Land Use and Carbon Analysis System.

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

10. Creditors and other payables

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Creditors	1,926	3,188
Accrued expenses	4,962	5,158
Provisions	470	0
Fixed asset payable	0	0
Total creditors and other payables	7,358	8,346

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of creditors and other payables approximates their fair value.

Provisions relate to the Mapua contaminated site clean-up project. This is a new provision made in 2008/09.

11. Repayment of surplus

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Net surplus	998	8,890
Total repayment of surplus	998	8,890

The repayment of surplus is required to be paid by the 31st October of each year.

12. Employee entitlements

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Current employee entitlements are represented by:		
Salary accrual	925	301
Annual leave	1,330	1,111
Retirement and long service leave	146	109
<i>Total current portion</i>	2,401	1,521
Non-current employee entitlements are represented by:		
Retirement and long service leave	1,036	829
Total employee entitlements	3,437	2,350

The retirement and long service leave were valued by AON Consulting as at 30 June 2009. The major assumptions used in the actuarial valuation were:

- a discount rate has been used by finding the weighted averages of returns on government stock of different terms as at 30 June 2009. The rates used range from 3.49% to 6.35% depending on the term of the liability for each employee (30 June 2008: 6.42% to 7.09%)
- a long-term annual salary growth rate of 3.0% (2008: 3.0%)
- a promotional salary scale derived from the experience of New Zealand superannuation schemes
- the value of the liability is not material for the Ministry's financial statements; therefore, any changes in assumptions will not have a material impact on the financial statements.

13. Taxpayers' funds

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
General funds		
Balance of 1 July	3,712	3,039
Net surplus	998	8,890
Capital contribution from Crown	1,389	673
Provision for repayment of surplus to Crown	(998)	(8,890)
General funds at 30 June	5,101	3,712

14. Reconciliation of net surplus to net cash from operating activities

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Net surplus	998	8,890
Add/(less) non-cash items:		
Depreciation and amortisation expense	980	915
<i>Total non-cash items</i>	980	915
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	679	11
Add/(less) movements in working capital items:		
(Increase)/decrease in debtors and other receivables	(3,754)	(138)
(Increase)/decrease in pre-payments	(28)	1
Increase/(decrease) in creditors and other payables*	(1,033)	(736)
Increase/(decrease) in employee entitlements	1,087	296
<i>Net movements in working capital items</i>	(3,049)	(566)
Net cash from operating activities	(1,071)	9,239

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

15. Related party transactions and key management personnel

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.

The Ministry enters into transactions with government departments, Crown entities and state-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

Apart from those transactions described above, the Ministry has not entered into any related party transactions.

Key management personnel compensation

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Salaries and other short-term employee benefits	1,766	1,725
Post-employment benefits	45	55
Other long-term benefits	0	0
Termination benefits	248	83
Total key management personnel compensation	2,059	1,863

Key management personnel include the Chief Executive and the seven members of the Senior Management Team (2008: The Chief Executive and the seven members of the Senior Management Team).

16. 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.

17. Financial instruments' 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 a series of 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 has no significant exposure to currency risk on its financial instruments. Accordingly, no sensitivity analysis has been completed.

Interest rate risk

Interest rate risk is the risk that the return on invested funds will fluctuate due to changes in market interest rates. Under the Public Finance Act 1989, the Ministry cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

The Ministry has no significant exposure to interest rate risk on its 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 debtors and deposits with banks.

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

The Crown Retail Deposit Guarantee Scheme for deposits held with banks that have opted into the scheme provides a guarantee of \$1million per depositor per guaranteed institution. Deposits beyond this level are not covered by this scheme.

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 net debtors (note 7). There is no

collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

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

In 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.

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.

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
2008				
Creditors and other payables (note 10)	8,346	0	0	0
2009				
Creditors and other payables (note 10)	7,358	0	0	0

18. Categories of financial instruments

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

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
<i>Loans and receivables</i>		
Cash and cash equivalents	8,197	18,488
Debtors and other receivables (note 7)	5,123	1,369
Total loans and receivables	13,320	19,857
<i>Financial liabilities measured at amortised cost</i>		
Creditors and other payables (note 10)	7,358	8,346

19. Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprise general funds. Equity 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 income, expenses, assets, liabilities and compliance with the Government Budget processes and with Treasury instructions.

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

20. Explanations of major variances against budget

Explanations for major variances from the Ministry's estimated figures in the 2008/09 Main Estimates are as follows:

(i) Statement of financial performance

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Revenue: Crown	63,570	78,320	14,750
Personnel costs	27,652	23,484	4,168
Consultancy	20,591	31,476	(10,885)
General and administration	4,740	11,858	(7,118)

Crown revenue was lower than budget partly due to transfer of \$3.6m from 2008/09 to 2009/10 for various work programmes. The Ministry also identified \$10.546m savings in several work programmes as part of the Value For Money review. The Ministry also drew down less cash from Crown than budgeted in its Supplementary Estimates.

Personnel costs were higher than budget because of the increased staff numbers during the course of the year and includes increases in remuneration and some redundancy costs. The increase in staff numbers were in particular a result of implementing the Emission Trading Scheme and Waste Minimisation Act.

Consultancy costs (including contractors' fees) were lower than budget partly due to the transfer of funds from 2008/09 to 2009/10 for several work programmes. Also several work programmes were completed using resources within the Ministry. The Ministry also identified \$10.546m savings in several work programmes as part of the Value for Money review.

General and administration costs were also lower than budget due to the savings identified in several work programmes as part of the Value for Money review.

(ii) Statement of financial position

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Debtors and other receivables	5,123	350	4,773
Creditors and other payables	7,358	5,880	(1,480)
Employee entitlements	3,437	1,400	(2,037)

The higher level of Debtors and other receivables relates to amounts receivable from Crown, GST receivable and invoices raised for the recovery of Resource Management Act Call-ins costs and other costs at 30 June 2009.

The Ministry accrued many invoices due to suppliers/providers not providing invoices before the year end cut off. Hence, creditors and other payables are higher than budgeted.

Employee entitlements were higher than budget due to the year end salary accrual and also annual and other leave liabilities were higher than anticipated.

(iii) *Statement of cash flows*

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Receipts from Crown	60,153	78,320	(18,167)
Payments to suppliers	(36,388)	(53,864)	17,476
Payments to employees	(26,565)	(23,484)	(3,081)
Repayment of surplus	(8,890)	(5)	(8,885)

Explanations for variances in the Statement of Cash Flows are explained above.

4 Non-Departmental Statements and Schedules for the Year Ended 30 June 2009

The following non-departmental statements and schedules record the income, expenses, assets and liabilities the Ministry manages on behalf of the Crown. The Ministry for the Environment administered approximately \$112 million of non-departmental payments, \$810 million of non-departmental revenue and receipts, \$220 million of assets, and \$22 million of liabilities on behalf of the Crown for the year ended 30 June 2009.

Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Appropriation* 30/06/2009 \$000
Vote Environment			
Appropriations for non-departmental output expenses			
2,657	Contaminated sites Remediation Fund	5,444	5,474
2,893	Sustainable Management Fund	3,314	3,381
9,012	Hazardous Substances and New Organisms Assessment and Management	10,012	10,012
400	Promotion of Sustainable Land Management	400	400
14,962	Subtotal	19,170	19,267
Appropriations for non-departmental other expenses			
500	Recycling in Public Places	509	525
208	United Nations Environment Programme	350	393
923	Legal and Environment Centre Grants	1,377	1,378
59	International Subscriptions	110	117
873	Warm Homes Grants and Assistance	1,096	1,100
0	Waikato River Initiatives Fund	10,000	10,000
0	Rotorua Lakes Restoration Programme	7,300	8,975
0	Funding for Waikato River Co-Management	6,500	26,000
0	Scoping Study for Clean-up Fund	0	200
0	Clean-up of former Patea Freezing Works	1,500	1,500
2,563	Subtotal	28,742	50,188
17,525	Total for Vote Environment	47,912	69,455
Vote Climate Change			
Appropriations for non-departmental output expenses			
20,582	Energy Efficiency and Conservation Authority	0	0
20,582	Subtotal	0	0
Appropriations for non-departmental other expenses			
10,100	Energy efficiency and renewable energy grants and assistance	0	0
93	Framework Convention on Climate Change	227	227
226,088	Movement in price of Kyoto units held	40,943	0
300	Contribution to Climate Change Development Fund	295	300
0	Allocation of New Zealand Units	16,277	22,844
0	Issue of NZ AAU's to PFSI participants	144	586
236,581	Subtotal	57,886	23,957
Non-departmental capital expenditure			
2,000	Crown Energy Efficiency	0	0
0	Purchase of PRE Units	140	3,500
2,000	Subtotal	140	3,500
259,163	Total for Vote Climate Change	58,026	27,457

* This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

The movement in the Kyoto Protocol liability reflects a re-measurement in the provision for the Crown's liability under the Kyoto Protocol. The re-measurement in the provision takes account of the revision in the price for Kyoto-compliant emission units, the re-estimation of the net emission position, and movements in the EURO/NZ exchange rate.

In accordance with Section 4(2)(a) of Part One of the Public Finance Amendment Act 2004, changes in assets and liabilities due to re-measurement do not require appropriations.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations for the Year Ended 30 June 2009 (continued)

Details of multi-year appropriations

The Ministry has a multi-year appropriation for Non-Departmental output expenses for the provision of grants to assist regional councils and unitary authorities in aquaculture planning. This appropriation began on 1 July 2006 and expires on 30 June 2011.

	Actual 2009 \$000	Actual 2008 \$000	Actual 2007 \$000
Vote Environment			
Appropriation: Contestable Aquaculture Planning Fund			
Original appropriations	2,000	2,000	2,000
Cumulative adjustments	0	0	0
Total appropriations	2,000	2,000	2,000
Opening cumulative actual	388	0	0
Current year supplementary estimates	500	500	0
Current year spend	498	388	0
Closing cumulative actual	886	388	0
Unspent	1,114	1,612	2,000

Details of indemnity payments

The Ministry has a liability on behalf of the Crown for the indemnity payments in relation to the Projects to Reduce Emissions and this is authorised under section 65ZG of the Public Finance Act 1989.

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Appropriation 30/06/2009 \$000
Vote Climate Change			
Appropriations for non-departmental output expenses			
210	Indemnity payments	294	N/A
210	Total for indemnity payments	294	N/A

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Statement of Non-Departmental Unappropriated Expenditure and Capital Expenditure for the Year Ended 30 June 2009

There was a breach of appropriation in 'Framework Convention on Climate Change' \$25,000 in December 2008 due to fluctuation in exchange rates as the amounts are paid in US dollars. This was addressed in the Supplementary Estimates (2008: Nil).

All other expenses in relation to the activities of, or appropriations administered by, the Ministry during 2008/09 were within appropriation (2008: nil).

The difference in Vote Climate Change represents a remeasurement of the Kyoto Protocol Liability.

Schedule of Non-Departmental Income for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
	Vote Environment			
	Income			
676	Coastal royalties	578	400	400
676	Total non-departmental income: Vote Environment	578	400	400
	Vote Climate Change			
	Income			
0	Emissions trading	0	308,320	0
368,103	Change in estimate of Kyoto units held	809,798	0	809,798
368,103	Total non-departmental income: Vote Climate Change	809,798	308,320	809,798

Explanations of significant variances against budget are detailed in note 7.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Schedule of Non-Departmental Capital Receipts for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
	Capital receipts			
642	Catchment Works Loans – principal	0	0	0
1,377	Crown Energy Efficiency Loans	0	0	0
2,019	Total non-departmental capital receipts	0	0	0

Explanations of significant variances against budget are detailed in note 7.

Schedule of Non-Departmental Expenses for the Year Ended 30 June 2009

Actual 30/06/2008 \$000		Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
	Vote Environment			
14,962	Non-departmental output expenses	19,170	25,534	19,267
0	Impairment loss on land	1,029	0	0
2,563	Non-departmental other expenses	28,742	12,456	50,188
388	Non-departmental multi-year output expenses	498	500	500
2,131	GST input tax credit expense	3,759	4,905	2,713
20,044	Total non-departmental expenses: Vote Environment	53,198	43,395	72,668
	Vote Climate Change			
20,582	Non-departmental output expenses	0	0	0
236,581	Non-departmental other expenses	57,886	749,387	23,957
210	Indemnity liability payments	294	N/A	N/A
3,573	GST input tax credit expense	225	0	0
2,000	Non-departmental capital expenditure	140	3,500	3,500
262,946	Total non-departmental expenses: Vote Climate Change	58,545	752,887	27,457

Explanations of significant variances against budget are detailed in note 7.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Schedule of Non-Departmental Assets as at 30 June 2009

The schedule of assets summarises the assets that the Ministry administers on behalf of the Crown.

Actual 30/06/2008 \$000		Notes	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
Assets					
Current assets					
20,572	Cash and cash equivalents		6,265	15,952	17,309
1,392	Debtors and other receivables	2	1,378	0	0
21,964	<i>Total current assets</i>		7,643	15,952	17,309
Non-current assets					
2,507	Debtors and other receivables	2	0	0	0
6,813	Crown land holdings	3	5,784	6,813	6,813
0	Kyoto Protocol units	5	206,683	0	224,116
0	Pre units		140	3,500	3,500
9,320	<i>Total non-current assets</i>		212,607	10,313	234,429
31,284	Total non-departmental assets		220,250	26,265	251,738

In addition, the Ministry monitors the Environmental Risk Management Authority which is a Crown entity. The investment in this entity is recorded within the Financial Statements of the Government on a line-by-line basis. No disclosure is made in this schedule.

The Crown Retail Deposit Guarantee Scheme for deposits held with banks that have opted into the scheme provides a guarantee of \$1 million per depositor per guaranteed institution. Deposits beyond this level are not covered by this scheme.

Schedule of Non-Departmental Liabilities as at 30 June 2009

The schedule of liabilities summarises the liabilities the Ministry administers on behalf of the Crown.

Actual 30/06/2008 \$000		Notes	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Supplementary forecast 30/06/2009 \$000
Liabilities					
11,252	Creditors and other payables	4	5,159	8,200	8,200
210	Provision for indemnity payment		504	N/A	N/A
562,173	Kyoto Protocol units	5	0	481,560	0
0	Allocation of NZ Units to Forestry and AAU's to PFSI participants		16,421	440,665	22,844
573,635	Total non-departmental liabilities		22,084	930,425	31,044

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Schedule of Non-Departmental Commitments as at 30 June 2009

The schedule sets out the level of commitments made against out-year appropriations and funding baseline for non-departmental expenditure. The Ministry has entered into non-cancellable deeds of funding that it administers on behalf of the Crown.

	30/06/2009 \$000	30/06/2008 \$000
Non-cancellable deeds (GST exclusive)		
Not later than one year	15,154	4,877
Later than one year but not later than five years	50,600	2,721
Later than five years	7,000	0
Total non-cancellable deeds	72,754	7,598

Schedule of Non-Departmental Contingencies as at 30 June 2009

Contingent liabilities

Guarantees and indemnities

The Ministry has a liability on behalf of the Crown for the indemnity payments as authorised under section 65ZG of the Public Finance Act 1989 for the Projects to Reduce Emissions (second) Agreement. However, the contingency for the indemnity payment is not able to be quantified as at 30 June 2009 (2008: nil).

Other contingent liability

The Ministry has a liability on behalf of the Crown relating to the 92.3 million forestry credits. The Ministry of Agriculture and Forestry estimate that 92.3 million forestry credits will be generated. To the extent that these forests are harvested (in subsequent commitment periods), an associated liability is generated that will need to be repaid. As the forestry credits have been incorporated when calculating the current position for the first commitment period, the associated obligation in respect of future commitment periods has been reported as a separate contingent liability. Using the price as at 30 June 2009, this contingent liability can be measured at \$1,995 million (2008: nil).

Other unquantifiable contingent liabilities

Environment liabilities

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

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2009.

Departments managing significant Crown properties have implemented systems to identify, monitor and assess potential contaminated sites.

In accordance with IAS 37: Provisions, Contingent Liabilities, any contaminated sites for which costs can be reliably measured have been included in the Schedule of Non-Departmental Liabilities.

Contingent assets

The Ministry on behalf of the Crown has no contingent asset (2008: \$2.5 million receivable in respect of the Mapua contaminated site clean-up project.)

Notes to the Non-Departmental Financial Statements

1. Statement of accounting policies for the year ended 30 June 2009

Reporting entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of the operation and cash flows for the year, reference should also be made to the Financial Statements of the Government.

Accounting policies

These non-departmental schedules and statements 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 schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

The following particular accounting policies have been applied:

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 income or expenses.

Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with the Treasury instructions, GST is returned on revenue received on the behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the government financial statements, except where GST is paid on behalf of the Crown for emission reduction services provided by the parties to the Project to Reduce Emissions agreements. An input tax deduction is claimed as a refund from the Inland Revenue Department.

Land holdings

With the disestablishment of the Ministry of Works and Development in 1988, the Ministry for the Environment inherited a large number of land holdings consisting of:

- reserves that have been taken for flood protection purposes
- soil conservation reserves.

Land is recorded at fair value less impairment losses. Valuations undertaken in accordance with standards issued by the New Zealand Property Institute are used where available. Otherwise, valuations conducted in accordance with the Rating Valuation Act 1998, which have been confirmed as appropriate by an independent valuer, have been used.

Land is revalued every five years in line with Crown accounting policies. The previous valuations were carried out in the 2003/04 financial year and the new valuations received as at 30 June 2009 are included in the 2008/09 financial year.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

Loans at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted using a rate for loans of a similar term and credit risk. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of financial performance.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into 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 value of that penalty or exit cost.

Budget figures

The budget figures are those amended by the 2008/09 Supplementary Estimates.

2. Debtors and other receivables

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Loans receivable	0	3,899
Other receivables	1,378	0
Total debtors and other receivables	1,378	3,899
Represented by:		
Current	1,378	1,392
Non-current	0	2,507

Loans receivable represent loans given to third parties on behalf of the Energy Efficiency and Conservation Authority (EECA).

The face value of these loans outstanding is \$0 (2008: \$4,722,677).

The carrying amount of other receivables approximates their fair value.

As at 30 June 2009 and 2008, all loans and other receivables have been assessed for impairment and appropriate provision applied, as detailed below:

	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	1,378	0	1,378	3,899	0	3,899
Past due 1 – 90 days	0	0	0	0	0	0
Past due 90 – 180 days	0	0	0	0	0	0
Past due 180 – 360 days	0	0	0	0	0	0
Past due > 360 days	0	0	0	0	0	0
Total	1,378	0	1,378	3,899	0	3,899

No provision has been made for doubtful debts as all debtors are current. There were no indications at balance date that these debtors are impaired.

3. Crown land holdings

	Land and Buildings \$000	Forestry \$000	Total \$000
Cost or valuation			
Balance as at 1 July 2007	3,871	2,942	6,813
Additions	0	0	0
Revaluation increase	0	0	0
Disposals	0	0	0
Balance at 30 June 2008	3,871	2,942	6,813
Balance as at 1 July 2008	3,871	2,942	6,813
Additions	0	0	0
Revaluation increase	2,009	388	2,397
Disposals	0	0	0
Balance at 30 June 2009	5,880	3,330	9,210
Accumulated depreciation and impairment losses			
Balance as 1 July 2007	0	0	0
Depreciation expense	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2008	0	0	0
Balance as 1 July 2008	0	0	0
Depreciation expense	0	0	0
Impairment losses	2,594	832	3,426
Balance at 30 June 2009	2,594	832	3,426
Carrying amounts			
At 1 July 2007	3,871	2,942	6,813
At 30 June and 1 July 2008	3,871	2,942	6,813
At 30 June 2009	3,286	2,498	5,784

Land holding valuations received were undertaken on a market value basis as at 30 June 2009 by following independently contracted registered valuers: AgFirst Valuations Ltd, Quotable Value Ltd and Kohntrol Forest Services Ltd.

As the land use is restricted to soil conservation purposes, the purchasers in the market would only be the local authority or through a Māori interest protection mechanism. The market value is therefore unlikely to reflect the amount that could actually be recovered through the sale of the land. Consistent with the values recognised in 2003/04, an estimate of the loss on sale of each of the parcels has been factored into the recoverable amount recognised in the 2008/09 financial statements.

4. Creditors and other payables

	Actual 30/06/2009 \$000	Actual 30/06/2008 \$000
Creditors	5,159	11,252
Total creditors and other payables	5,159	11,252

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of creditors and other payables approximates their fair value.

5. Provision for New Zealand's obligation under the Kyoto Protocol

Analysis of provision for Kyoto Protocol obligation	Actual 30/06/2009 \$ million	Actual 30/06/2008 \$ million
Opening provision	(562)	(704)
Change in the price of carbon	(41)	(226)
Change in net projected emission units	810	368
Closing provision	207	(562)
	Emission units¹	Emission units
Kyoto Target (Assigned Amount Units)	309.6	309.6
Less AAUs allocated to emission reducing projects	6.8	7.0
Total commitment target	302.8	302.6
Projected emission units		
Agriculture	184.0	198.5
Energy (including transport) and industrial processes	185.7	185.6
Waste	8.3	7.2
Solvent and other product use	0.2	0.2
Total projected emission units	378.2	391.5
Removals via forests	92.3	84.1
Deforestation emissions	(7.3)	(16.9)
Net removals via forests	85.0	67.2
Net projected emission units	293.2	324.3
Surplus (deficit) in units	9.6	(21.7)
	\$ million	\$ million
Surplus (deficit) in \$ millions	207	(562)

¹ One emission unit is equivalent to one tonne of greenhouse gas emissions converted to carbon dioxide equivalents by the global warming potential.

The New Zealand Government has committed under the Kyoto Protocol to ensuring that New Zealand's average net emissions of greenhouse gases over 2008-2012 (the first commitment period of the Kyoto Protocol or CP1) is reduced to 1990 levels or to take responsibility for the difference. New Zealand can meet its commitment through emissions reductions and use of the Kyoto Protocol flexibility mechanisms such as Joint Implementation, the Clean Development Mechanism, and offsetting increased emissions against carbon removed by forests. The position will crystallise when the first Kyoto commitment period is settled up post-2012. These financial statements report on the New Zealand Government's obligations for the first commitment period, but not for future commitment periods which are currently being negotiated.

New Zealand's net Kyoto position as at 30 June 2009 of \$NZ207 million (2008: \$NZ(562) million) is based on a surplus of 9.6 million Kyoto Protocol emission units and a carbon price of €10 per unit. The carbon price in New Zealand dollars equates to \$NZ21.61, using the 30 June 2009 exchange rate of €0.46280 = \$NZ1 (30 June 2008: €0.48285 = \$NZ1, and a carbon price of €12.50 per unit).

The quantum of the deficit has been compiled from agricultural, forest sink and deforestation projections provided by the Ministry of Agriculture and Forestry, energy (including transport) and industrial processes projections from the Ministry of Economic Development and waste projections from the Ministry for the Environment. The projections use the latest information from the national inventory of greenhouse gas emissions and removals submitted to the United Nations Framework Convention on Climate Change Secretariat on 15 April 2009.

No liability for periods beyond 2012 has been recognised, as New Zealand currently has no specific obligations beyond the First Commitment Period. However, a view about the outcome of negotiations for future periods is intrinsic to the market price for carbon that has been used to measure the position.

Beyond 2012, the financial impact of New Zealand's climate change response will depend on the global stabilisation goal, the global cap/emission reducing strategy, the rules regarding which activities can be used to achieve emission reductions and the target that New Zealand signs up to. Within New Zealand, the Emissions Trading Scheme (NZ ETS) will transfer the impact of world price for carbon through the economy. Determinations as to when sectors are covered under the NZ ETS and how much free allocation is made to these sectors will therefore impact these financial statements.

In addition, during the first commitment period, MAF estimate that 92.3 million tonnes of credits will be generated by carbon removals via forests. To the extent that these forests are harvested (in subsequent commitment periods), an associated liability is generated that will need to be repaid. As the forestry credits have been incorporated when calculating the current position for the first commitment period, the associated obligation in respect of future commitment periods has been reported as a separate contingent liability. Using the price as at 30 June 2009, this contingent liability can be measured at NZ \$1,995 million (i.e. 92.3 million x NZ \$21.61).

AEA Technology, an independent UK based firm, has previously assessed the robustness of the assumptions and methodologies underpinning the projections and found them to be sound and reasonable.

The movement in the projected balance of Kyoto Protocol units is set out in the *Net Position Report 2009: Projected balance of Kyoto Protocol units during the first commitment period* which is published by the Ministry for the Environment. The change from the previous projection is explained mainly by lower projected emissions from the agriculture sector and increased net removals from planted forests. Agriculture emissions projections are lower largely due to the effect of the 2007/2008 drought. The two key reasons for the change in net removals by post-1989 forests are that new information on post-1989 planted forests indicates that these

forests are removing more carbon dioxide per hectare than assumed previously (8.2 million tonnes) and new information on intended deforestation emissions (9.6 million tonnes). A full copy of this report can be found on the Ministry's website: www.mfe.govt.nz

The carbon price has been determined by the Treasury, based on market transactions that have occurred.

The measurement of the Kyoto position is, by its nature, more uncertain than a number of other items in the statement of financial position. Fluctuations in the value of the estimate may occur through changes in the assumptions underlying the quantum, movements in the price of carbon and the exchange rate with the European currency unit, and government policy changes.

6. 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.

7. Explanations of major variances against budget

Explanations for the major variances from the Ministry's non-departmental estimated figures in the Main Estimates are as follows:

(i) Schedule of non-departmental income

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Vote Climate Change			
Emissions trading	0	308,320	308,320
Change in estimate of Kyoto units held	809,798	0	(809,798)

The Ministry anticipated receiving NZ/international units from emitters in the financial year ended 30 June 2009. Due to changes in the Emissions Trading Scheme and as a result of delays in adjustments around the forestry sector, liquid fuels and the inclusion of agriculture, they are now expected to occur in the financial year ending 30 June 2010.

Income was higher than anticipated due to the revision in carbon units in the financial year ended 30 June 2009.

There were no other significant variances to budget.

(ii) Schedule of non-departmental expenses

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Vote Environment			
Non-departmental output expenses	19,170	25,534	6,364
Non-departmental other expenses	28,742	12,456	(16,286)
Vote Climate Change			
Non-departmental other expenses	57,886	749,387	691,501
Non-departmental capital expenditure	140	3,500	3,360

In Vote Environment, non-departmental output expenses are lower than budget due to the transfer of funds from 2008/09 to 2009/10 for Tui Mine and other contaminated sites remediation funds.

Other expenses to be incurred by the Crown are higher than budget due to following new appropriations in 2008/09 year: Waikato River Initiative fund \$10m: Waikato River Co-management fund \$6.5m and Clean-up of Patea Freezing works \$1.5m.

In Vote Climate Change, non-departmental other expenses were lower than budget as a lower amount of NZ/international units were allocated to emitters due to changes in the Emissions Trading Scheme and as a result of delays in adjustments around the forestry sector, liquid fuels and the inclusion of agriculture.

The \$140,000 non-departmental capital expenditure relates to the purchase of PRE units. Expenditure is lower than budget due to the Government's decision to stop the programme. Before making this decision the Crown had entered into several forward contracts with units sellers which obliges it to pay when units are delivered. These will see delivery in later years.

(ii) Statement of assets

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Cash and cash equivalents	6,265	15,952	(9,687)
Debtors and other receivables	1,378	0	1,378
Crown land holdings	5,784	6,813	(1,029)
Kyoto Protocol units	206,683	0	206,683
Pre units	140	3,500	(3,360)

The Ministry drew less funding from Crown and used its excess cash balance to fund the outputs. This resulted in lower than the budgeted Cash and cash equivalents.

Debtors and other receivables relates to the GST receivable from the Inland Revenue Department and other receivables from Department.

Crown land holdings were revalued in the 2008/09 financial year with a resulting net decrease in value recognised of \$1.029 million.

The \$140,000 for Pre units represents payments on committed contracts that were entered into before the Government decision to stop the programme. The Ministry also had entered into several other forward contracts with units' sellers which obliges the Crown to pay when units are delivered over the next four years.

(iii) Statement of liabilities

	Actual 30/06/2009 \$000	Main estimates 30/06/2009 \$000	Variance \$000
Creditors and other payables	5,159	8,200	3,041
Kyoto Protocol units	0	481,560	481,560
Allocation of NZ Units and AAU's to Forestry and PFSI participants	16,421	440,665	424,244

Creditors and other payables are lower than budget due to the delay in work programme around the Contaminated Sites Remediation Fund. The Ministry has sought an expense transfer of \$5.8m to 2009/10. The Ministry also paid the majority of creditors before year-end.

As a result of the change in the projected net position of emission units from a deficit to a surplus, the Kyoto protocol provision is now reported as an asset. The Kyoto Protocol provision is affected by three factors: projected net position; carbon price per unit; and fluctuations in foreign exchange rates.

Due to changes in the Emissions Trading Scheme and as a result of delays in adjustments around the forestry sector, liquid fuels and the inclusion of Agriculture, the Ministry issued lower than anticipated NZ Units and AAU's to Forestry and PFSI participants in the financial year ended 30 June 2009.

Statement of Responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry for the Environment, for the preparation of the Ministry's financial statements and statement of service performance, and for the judgements made in them.

I have the responsibility of establishing, and I have established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2009.



Paul Reynolds
Chief Executive
30 September 2009

Countersigned by:



Rochelle Davis
Chief Financial Officer
30 September 2009

Audit Report

To the readers of the Ministry for the Environment's financial statements and statement of service performance for the year ended 30 June 2009

The Auditor-General is the auditor of the Ministry for the Environment (the Ministry). The Auditor-General has appointed me, Robert Manktelow, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of the Ministry for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Ministry on pages 43 to 66:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Ministry's financial position as at 30 June 2009;
 - the results of its operations and cash flows for the year ended on that date;
 - its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009; and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- The schedules of non-departmental activities on pages 67 to 84 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.
- The statement of service performance of the Ministry on pages 23 to 42:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and

- its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2008 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Ministry.



Robert Manktelow
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Ministry for the Environment for the year ended 30 June 2009 included on the Ministry's web site. The Ministry's Board is responsible for the maintenance and integrity of the Ministry's web site. We have not been engaged to report on the integrity of the Ministry's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 June 2009 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5 Contact Information

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Appendix A: Advisory Bodies 2008/09

Board of Inquiry to consider the proposed National Policy Statement (NPS) on Renewable Electricity Generation

Purpose	A Board of Inquiry was appointed in August 2008 to consider the proposed NPS on Renewable Electricity Generation.
Number of members	4
Number of meetings held from 1 July 2008 to 30 June 2009	5

Board of Inquiry to consider the proposed National Policy Statement (NPS) for Freshwater Management

Purpose	A Board of Inquiry was appointed in July 2008 to consider the proposed NPS for Freshwater Management.
Number of members	4
Number of meetings held from 1 July 2008 to 30 June 2009	4

Board of Inquiry for the Te Mihi Geothermal Power Station Proposal

Purpose	<p>A Board of Inquiry was appointed to consider the application by Contact Energy to build a new geothermal power station in the Wairakei-Tauhara Geothermal Field.</p> <p>The Board issued its final report in September 2008 and was then disestablished.</p>
Number of members	4
Number of meetings held from 1 July 2008 to 30 June 2009	2

Environmental Legal Assistance Fund Advisory Panel

Purpose	<p>The Panel was set up by the Ministry to provide independent evaluations and recommendations to the Secretary for the Environment on applications that were made to the Fund.</p> <p>The Panel comprises seven members appointed for their knowledge of environmental law, resource management issues and community groups and iwi. The members are appointed by the Secretary for the Environment. The Panel's Chairperson is Dr Royden Somerville QC. It meets approximately every 5 weeks.</p>
Number of members	7
Number of meetings held from 1 July 2008 to 30 June 2009	10

Fiordland Marine Guardians

Purpose	The functions of the Fiordland Marine Guardians include advising and making recommendations to management agencies (the Ministry for the Environment, the Department of Conservation, the Ministry of Agriculture and Forestry, the Ministry of Fisheries, and Southland Regional Council), and Ministers about the effectiveness of management measures in the Fiordland (Te Moana o Atawhenua) Marine Area and likely threats to the area.
Number of members	8
Number of meetings held from 1 July 2008 to 30 June 2009	5

Resource Management Act Technical Advisory Group

Purpose	The RMA Technical Advisory Group was appointed in December 2008 to provide the Minister with independent advice on the RMA Phase 1 reforms.
Number of members	8
Number of meetings held from 1 July 2008 to 30 June 2009	9

Special Tribunal Appointed to hear the proposed Water Conservation Order on the Hurunui River

Purpose	The Tribunal was appointed in August 2008 to consider the application and prepare a decision report to the Minister.
Number of members	4
Number of meetings held from 1 July 2008 to 30 June 2009	3

Special Tribunal appointed to hear the proposed amendment to the Kawarau Water Conservation Order

Purpose	The Tribunal was appointed in June 2008 to consider the application and prepare a decision report to the Minister.
Number of members	3
Number of meetings held from 1 July 2008 to 30 June 2009	4

Toi Te Taiao: The Bioethics Council

Purpose	To enhance New Zealand's understanding of the cultural, ethical and spiritual aspects of biotechnology, and to ensure that the use of biotechnology has regard for the values held by New Zealanders. In March 2009, Cabinet decided to disestablish the Bioethics Council.
Number of members	10
Number of meetings held from 1 July 2008 to 30 June 2009	3

Waste Advisory Board

Purpose	The Waste Advisory Board was established under the Waste Minimisation Act 2008 to provide advice to the Minister on request, on such matters as the declaration of priority products, product stewardship scheme guidelines, funding criteria, effectiveness of the waste levy, and regulations under the Act.
Number of members	7
Number of meetings held from 1 July 2008 to 30 June 2009	4

Note: an independent Board of Inquiry was appointed in August 2008 to consider a proposed National Policy Statement on Flood Risk Management. The Board, however, was not operational during the year under review as it was appointed without a proposed national policy statement to consider. The Ministry will continue to analyse whether a national policy statement is the best tool to address the problem.

Appendix B: Organisational Chart

The Ministry for the Environment's structure, shown below, took effect on 1 July 2009.

