

Ministry for the Environment
Statement of Intent
2003 – 2006

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Statement of Responsibility

The forecast financial statements for the Ministry for the Environment for the year ending 30 June 2004 contained in this Statement of Intent have been prepared in accordance with section 34A of the Public Finance Act 1989.

The Chief Executive of the Ministry for the Environment acknowledges, in signing this statement, that he is responsible for the forecast financial statements contained in this Statement of Intent.

The financial performance forecast to be achieved by the Ministry for the year ending 30 June 2004 that is specified in part two of the Statement of Intent is as agreed with the Minister for the Environment, who is the Minister responsible for the financial performance of the Ministry for the Environment.

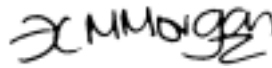
We certify that the information contained in this report is consistent with the appropriation contained in the Estimates for the year ending 30 June 2004 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed



Barry Carbon
Chief Executive
28 April 2003

Countersigned



Fiona Morgan
Chief Financial Officer
28 April 2003

Foreword

We are driving through a time of change for the Ministry. Our first Statement of Intent is a useful indication of where we are now and where we are going.

The Ministry was established more than 16 years ago. The world has changed since then: local government and other parts of central government now have environment and sustainable development as parts of their key objectives and core competencies. So we are changing both what we do and how we do it. This is consistent with the evolution of the role of government as a whole, and the evolution of the environment function in particular. Now, in April, we are well advanced in making changes. We should be there by 1 July 2003.

Our primary intent will be to provide leadership in environment where leadership from central government is appropriate. In one sense leadership will mean working across government, either central or local, at a senior level to promote effective performance – good governance if you like. In another sense, leadership means taking a leading role on today's issues of national importance: sustainable development, climate change, oceans policy, etc – issues consistent with key government goals.

In parallel with our efforts on leadership, we intend to work on partnerships with many who share the environment field. To us, partnership means doing things for others while they do things for us. We see that big progress is possible through partnership at a senior level across fields like environment standards, air quality, water management, waste management, sustainable industry, contaminated sites, and so on.

Consistent with our expectations that we will deliver a good environment through good governance, we will accept accountability for fixing things that are broken. There will not be the appearance or the actuality of good governance until some issues are fixed: process issues like delays under the Resource Management Act; complexities under the Hazardous Substances and New Organisms Act; obvious environmental problems like the orphan contaminated site at Mapua, abandoned wastes at Bluff, or wilding pines at Mid Dome; or persistent issues like the interaction of farming with water quality. We intend to work with others to deliver such 'fixing'.

In order to deliver on our intent, we are changing the way we operate. We are almost fully restructured towards a model that focuses on our relationships with others and influencing behaviour. We are attracting exciting staff at a senior level. We are embarking on ambitious training and development schemes, run by us, for all of us. The world of environment changes rapidly, and the issues of tomorrow will not be the issues of today. Hence a key part of our targets will be to develop in our people the leadership and partnership skills to deliver.

We look forward to the coming year.

A handwritten signature in black ink, appearing to read "Barry Carbon". The signature is written in a cursive, flowing style with a large initial 'B'.

Barry Carbon
Chief Executive

Part One: The Ministry

Chapter One: Who we are

Principal objective

The Ministry for the Environment is a government department established under the Environment Act 1986. It reports to the Minister for the Environment and the Minister of Energy.

The Ministry's principal objective is to make a significant contribution towards achieving a good environment for New Zealanders through good governance. Later we describe what we mean by a 'good environment' and 'good governance'.

Statutory functions

The Ministry's functions under the Environment Act 1986 can be summarised as:¹

- to advise the Minister on all aspect of environmental administration
- to obtain information ... and conduct and undertake research
- to advise the Government and its agencies on:
 - environmental legislation
 - assessment and monitoring of environmental impacts
 - pollution management and control
 - identification and reduction of natural hazards
 - control of hazardous substances
- to assist in resolving conflict regarding policies and proposals that may affect the environment
- to provide and disseminate information and services to promote environmental policies, including education and mechanisms for promoting participation in environmental planning.

That same Act defines 'environment' very widely.

¹ See Appendix One for transcript of the Environment Act 1986 Section 31 Functions of the Ministry.

The Ministry also has specific functions under the:

- Resource Management Act 1991
- Hazardous Substances and New Organisms Act 1996
- Ozone Layer Protection Act 1996
- Climate Change Response Act 2002.

New directions

Following considerable consultation with stakeholders during the past year, the Ministry has embarked on a new direction. We heard a clear message that stakeholders wanted us to show leadership on the environment, to work in partnership with other sectors and organisations, and to fix problems. Also we have clear expectations in the ‘key government goals to guide the public sector in achieving sustainable development’. In the same way that Treasury looks across agencies on money issues, and State Services Commission does on public service, we will work across government on environment issues.

We are changing what we do to be more relevant to the challenges of today. We are changing how we are structured so that we may deliver on that. And we will focus on new skills to enable us to operate at a more senior level.

The Ministry has re-organised its structure to reflect its new directions. Most importantly our work about the environment will focus on:

- leading whole of Government initiatives
- working in partnership with central government
- working in partnership with local government
- promoting sustainable industry
- encouraging community activities.

The many individual issues (water, waste, air, soils, Resource Management Act, Hazardous Substances and New Organisms Act, etc) that determined structure and function in the past have been subsumed in a model designed to focus on augmenting and enhancing the roles of the many others in the environment field.

This will enable us to give better effect to new Government policy and initiatives, most significantly the Sustainable Development for New Zealand Programme of Action and, to a lesser extent, to contribute with others to initiatives under the Government’s Growth and Innovation Framework.

In the short term we aim to give credibility to our expectation for good governance, fix what is not working well, and firm up the framework that protects our environment. In the longer term, we see ourselves giving a stronger emphasis to action on sustainability – encouraging businesses and other sectors to perform better than they are required to. We recognise that high standards of environmental and social performance are what society wants and increasingly expects of organisations in both the public and private sector.

To help achieve this we have:

- started a new way of working, based on developing strong partnerships with other government agencies and other key sectors
- reorganised the Ministry from being focused on dimensions of the environment to being focused on working with major stakeholder groups, such as local government, on specific issues
- actively recruited new people with specific skills, and embarked on a professional development programme for staff.

This will enable us to fix the problems stakeholders identified and exercise true leadership through action and getting results that matter to stakeholders.

Vision and values

As a part of our development we will review our vision and mission, but for the time being we will retain the previous vision and mission.

Vision

- A healthy environment which sustains people and nature

Mission

- Making a difference through environmental leadership

Values

- Effective
- Trusted
- Influential

Objective and role

The focus of our endeavours is the environment and people of New Zealand – a good environment where biodiversity and natural areas are protected and enhanced, where productive areas are husbanded

sustainably, and the places where people live are clean, healthy and safe. A New Zealand reinforced by its sense of place.

We are one important player in the delivery of this. The principal role of the Ministry is to ensure purposeful and consistent environmental governance at all levels, with the objective being a good environment through good governance. Our job is to interact with and influence the others who manage and operate in our environment. Obviously a different approach will be taken depending on the issues: sometimes prescriptive if it must be done, sometimes encouraging if it is nice to be done.

We will use a range of measures, such as:

- leading the development of policies which result in legislation that guides or prescribes behaviour
- developing bottom-line environmental standards
- encouraging organisations to work beyond the ‘bottom-line’ standards
- implementing legislation

and sometimes, as a last resort, intervening to fix things where existing governance systems have not worked and the environment is damaged or at risk.

All of these interventions will be designed to achieve a good environment through good governance by central and local government, private and community organisations and individuals.

We will build strong relationships with other organisations to lead new or whole of government initiatives, partner with others to lift the game beyond compliance, and work to fix problems and to prevent them recurring.

Development of the Statement of Intent

This is the Ministry’s first Statement of Intent. It has largely been a top-down exercise. With more time we will be more inclusive next time. We will continue to develop greater clarity of direction, hone our outcomes and develop measures and indicators around them. We acknowledge we do not yet have these, but will be working on them over the next 12 months. We will also continue to learn and to develop our organisational capability to lead and manage, to ensure that what we do makes a significant contribution to achieving a good environment.

Chapter Two: A context

The Statement of Intent

The context for the Statement of Intent is set for the Ministry by the outcomes sought by the Government, the state of New Zealand's society, economy and environment and the future pressures upon them.

The overarching element of Government policy that sets the scene for our work over the next three years is the Sustainable Development for New Zealand – Programme of Action. Sustainable development is “*development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs*”.²

The Growth and Innovation Framework is also important, as it is designed to grow the economy through maximising New Zealand's natural competitive advantages. Each of these major policies recognises the central importance of the environment to the future economic and social wellbeing of New Zealand.

We do not pretend that this Statement of Intent prescribes what we will do over the next three years. Instead, it concentrates on the great changes we face over the next year and on ‘cutting our cloth’ to a deliverable and useful package.

Strategic context

Key government goals to guide the public sector in achieving sustainable development³

Strengthen national identity and uphold the principles of the Treaty of Waitangi

Celebrate our identity in the world as people who support and defend freedom and fairness, who enjoy arts, music, movement and sport, and who value our diverse cultural heritage; and resolve at all times to endeavour to uphold the principles of the Treaty of Waitangi.

Grow an inclusive, innovative economy for the benefit of all

Develop an economy that adapts to change, provides opportunities and increases employment, and, while reducing inequalities, increases

² Sustainable Development for New Zealand – Programme of Action, 2003.

³ Ibid.

incomes for all New Zealanders. Focus on the Growth and Innovation Framework to improve productivity and sustainable economic growth.

Maintain trust in government and provide strong social services

Maintain trust in government by working in partnerships with communities, providing strong social services for all, building safe communities and promoting community development, keeping faith with the electorate, working constructively in Parliament and promoting a strong and effective public service.

Improve New Zealanders' skills

Foster education and training to enhance and improve the nation's skills so that all New Zealanders have the best possible future in a changing world. Build on the strengthened industry training and tertiary sectors to ensure that New Zealanders are among the best-educated and most skilled people in the world.

Reduce inequalities in health, education, employment and housing

Reduce the inequalities that currently divide our society and offer a good future for all by better co-ordination of strategies across sectors and by supporting and strengthening the capacity of Maori and Pacific Island communities. Ensure that all groups in society are able to participate fully and to enjoy the benefits of improved production.

Protect and enhance the environment

Treasure and nurture our environment with protection for ecosystems so that New Zealand maintains a clean, green environment and builds on our reputation as a world leader in environmental issues. Focus on biodiversity and biosecurity strategies.

Contribution to government outcomes

The three key government goals that most relate to the Ministry for the Environment are to:

- protect and enhance the environment
- grow an inclusive, innovative economy for the benefit of all, and
- strengthen national identity and uphold the principles of the Treaty of Waitangi.

Our operations

The environment is affected by and affects many things that collectively make up life in New Zealand. In carrying out its responsibilities, and in working with others, the Ministry needs to be constantly aware of a number of key issues and the tensions that can exist between them. These include:

Environment

The environment in New Zealand is one of the country's defining features and is recognised internationally. Most New Zealanders have a very close association with the environment either through their recreation or their work. A high-quality environment is central to New Zealand's prosperity and has an intrinsic value. Despite the value placed on the environment by most New Zealanders, we still need to address the cumulative impact on the environment of many small decisions or non-decisions made by individuals and organisations.

Environmental issues are not only important to the growth of the economy but also demand the capacity for flexibility as new issues arise. Recent examples include genetic engineering, climate change, energy efficiency and transport policies.

Economy

The environment is important to the New Zealand economy, which:

- is based largely on primary production
- recognises the increasing value of tourism.

Given New Zealand's traditional reliance on its natural resource base, it will be a challenge to facilitate an acceleration of growth while protecting ecosystems and preserving opportunities for future generations. Even without resource intensive production, an expanding economy will require resources for leisure and to support the necessary infrastructure.

Industry itself has become a major player in the environment through cleaner production, environmental reporting, sustainable production, ethical investing, voluntary agreements, etc.

Cultural

The centrality of the environment to our cultural identity and, in particular, the relationship of Maori as tangata whenua to the environment, increases the importance and complexity of environmental governance and management. These cultural values are embedded in legislation and the Treaty of Waitangi as a key part of our constitutional framework and, therefore, need to be respected and recognised in decisions that affect the environment.

This is reflected in working within the Resource Management Act to enable development and economic growth in a manner and form that recognises and respects the environmental interests of iwi. Cultural interests are important across the spectrum, from the built environment through to icon issues like Lake Taupo.

Political

People have become increasingly aware of the interrelationship between the environment, the economy, and the social and cultural identity and wellbeing of New Zealand. Recognition and acceptance of this is reflected in widespread support in the community for the concept and principles of sustainable development. This is seen as a commonsense and practical way forward for New Zealand that will build on its competitive and commercial strengths while maintaining the environment for future generations to use and enjoy.

Social

Aspects of our society that affect our environment include:

- demographic growth, and the changing demographic profile
- immigration and the different values that immigrants bring
- tourism.

Technological

Changes in technology also affect our environment including:

- industry impacts
- consumer impacts
- new chemicals and new organisms.

Security

There are also threats to the environment and economy from ongoing biosecurity issues, primarily resulting from increased international trade.

Relationships

Most of the things the Ministry becomes involved in cut across someone else's business. We have perhaps 20 current issues that cut across the interests of regional government. We have issues that cut across the interests of Transport, Fisheries, Agriculture and Forestry, Economic Development, Conservation, etc. There are issues that cut across iwi interests, and issues that cut across communities. It is a challenge for us to manage these, at least in sympathy with each other. Each issue can be seen as the 'weather' in developing the overall 'climate' of a good environment through good governance.

Chapter Three: The Ministry's outcomes

Outcome framework

The Ministry's principal objective is a good environment for New Zealand through good governance. This underpins all of our work, which is aimed at achieving one major outcome closely aligned to the Government's goal of sustainable economic growth based on maximising the country's competitive advantages. Central to this is the environment. The major outcome is supported by three more specific outcomes that reflect the key elements of sustainable development. A range of activities, some examples of which are included, contributes to each outcome.

Major outcome

The Ministry for the Environment works to achieve the sustainable development of New Zealand and expects the following outcomes:

Sustainable development is the context for all of the Ministry's work. It assumes the implementation of the 10 principles of Sustainable Development for Policy and Decision Making adopted by the Government⁴ (see Appendix Two).

⁴ Sustainable Development for New Zealand – Programme for Action, 2003, p10.

Outcome 1: Quality environment

There will be a good environment for New Zealand; the quality of the environment should meet the reasonable aspirations of New Zealanders.

All people should be able to live in a clean, healthy and safe environment, and biodiversity should be protected and enhanced. This will be achieved by working with others to clearly set goals for the parameters of the environment and to strive for their attainment. The mechanisms will vary from intrusive and forceful, through expecting and requiring, to wanting and encouraging. This outcome primarily contributes to the wider government outcome of 'Protecting and enhancing the environment'.

Outcome 2: Good environmental governance

There will be good environmental governance for New Zealand. Governance includes setting directions, prioritising, being effective, being responsive, being trusted. The outcome will be good governance of the environment at all levels – central and local government, community, iwi, public and private firms, and by individuals.

Again this means the Ministry working with others to provide cohesive governance that is efficient and effective. It means that New Zealanders are told about and informed on environmental issues where they have an interest. It means they are given a say, and listened to, before decisions are made that affect them. It means that the Ministry will work to uphold the principles of the Treaty of Waitangi.

This includes governance arrangements that involve:

- the Ministry:
 - providing leadership on national environmental issues
 - ensuring the Government receives one coherent set of advice, which incorporates a range of perspectives
 - ensuring that legislation and regulation purposefully achieve effective and efficient management of environmental resources
 - ensuring cost-effective regulation with minimal compliance costs or barriers to innovation
 - exercising national and international roles
- the intergenerational role of the Crown in allocating resources, defining limits and bottom lines (eg, sustainable yields)
- setting bottom-line standards. (In some areas a lack of standards contributes to a playing field that is not level, less-than-efficient decision-making and uncertainty about environmental performance)
- eliminating arrangements that present purposeless barriers to development

- giving effect to the Government's Sustainable Development Principles
- providing certainty of safety from harm (codes, standards, enforcement, penalties for non-compliance).

This outcome will contribute to the wider government outcome to 'Maintain trust in government' as well as to 'Protect and enhance the environment'.

Outcome 3: Quality economic growth

Economic growth will follow the principles of sustainable development. This role we share with others.

Sustainable development is the context of much of the Ministry's activity. As well as an overall role in this area, we have a particular role for the delivery of sustainable water and sustainable cities.

This outcome will contribute to the wider government outcome to 'Grow an inclusive, innovative economy for the benefit of all'.

Chapter Four: Delivering on outcomes

This section identifies the Ministry's priorities, how it intends to give effect to the priorities, and the links to the Ministry's outcomes.

Priorities

There is a temptation here to over-promise and over-commit. In fact our priorities are very simple and quite short-term. They are:

1. To transform ourselves so as to be able to deliver on our new direction
2. To deliver on those priorities set by our Ministers
3. To close off the myriad of previous activities which were drowning our hopes of delivery
4. To use success in mutually recognised functions as a foundation for new relationships
5. To not drop the ball when we are juggling so many.

Earlier we discussed the broad approach to what we will do. Here, by example, we indicate that we are examining every present and future activity in terms of its relevance, timeliness, efficiency and effectiveness.

The Ministry and the Treaty of Waitangi

Our work is consistent with the principles of the Treaty of Waitangi as expressed by the Courts and Waitangi Tribunal⁵ and is guided by earlier work on ‘Principles for Crown Action on the Treaty of Waitangi’.⁶

In addition to taking the principles into account in its work, the Ministry has the specific role of assisting iwi to work within the Resource Management Act, by providing advice and other forms of direct assistance.

We will drive consultation with iwi about aquaculture, genetic modification and so on. We are asking, however, if we can go beyond consultation per se, to deliver on values important to iwi and others. Water quality is one potential item of delivery.

The Ministry’s strategic approach

In working to achieve a good environment through good governance, the Ministry will use three key strategies:

Leading – whole of government and interdepartmental initiatives

Partnering – with key sectors and organisations to develop and implement measures to improve environmental governance

Fixing – problems with environmental decision-making.

⁵ Te Puni Kokiri (2001) He Tirohanga o Kawa ki te Tiriti o Waitangi: A guide to the principles of the Treaty of Waitangi as expressed by the Courts and the Waitangi Tribunal.

⁶ Department for Justice (1989) Principles for Crown Action on the Treaty of Waitangi.

Contributing to Ministry outcomes

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<p>4.1: Leading whole of government initiatives</p> <ul style="list-style-type: none"> • Oceans policy • Climate change 	<p>Applying the Ministry's expertise to provide leadership to whole of government initiatives, developing partnerships and working with other government organisations will result in a robust governance framework to guide decision-making and influence behaviour towards the environment in the future. Further it will have a direct impact on the nature of partnerships between stakeholders and government, and between New Zealand and other nations. As such it will make a direct contribution to all of the Ministry's outcomes, but particularly ensuring the continuation of a sustainable good quality environment.</p>	<p>Whole of government means being entrusted to lead, and delivering leadership beyond sectoral interest. It means that the preparation for Government's oceans policy and the implementation of climate change policy goes beyond sectoral environment interests to sustainable development.</p>
<p><i>National oceans policy</i></p>	<p>This work will contribute to all three Ministry outcomes through the development of a governance framework for effective management of the oceans in light of future pressure on oceans. It will:</p> <ul style="list-style-type: none"> • provide for sustainable management of oceans environment and ecosystems • protect our oceans • enable the economic and social benefits of oceans use and conservation to be optimised • meet our international obligations for the global environment. 	<ul style="list-style-type: none"> • Leading the whole of government team to drive the policy. • Setting direction for Oceans Policy. • Public consultation on a range of Government proposals for action. • Analysis of responses and preparation of recommendations to government of a programme of initiatives to contribute to New Zealand's national Oceans Policy.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<i>Climate change</i>	<p>This work will help to fulfil New Zealand's international obligations under the Framework Convention on Climate Change and the Kyoto Protocol. In doing this it will also contribute to quality economic growth through:</p> <ul style="list-style-type: none"> • supporting increased efficiency in production and energy use • encouraging the increased use of renewable energy sources • contributing to carbon sequestration. <p>Climate change work will also contribute to quality of life and a quality environment by:</p> <ul style="list-style-type: none"> • contributing to international action that will ultimately benefit the global and national environment • encouraging forest sinks, particularly indigenous and other conservation forests with biodiversity benefits. 	<ul style="list-style-type: none"> • Leading the whole of government team to implement government policy. • Developing and implementing price-based measures including: <ul style="list-style-type: none"> – negotiated Greenhouse Agreements – a projects mechanism to reduce greenhouse gas emissions. • Establishing and managing a range of programmes for working with the agriculture and forestry sectors, local government and small to medium sized enterprises. • Providing climate change information programmes. • Working on initiatives with major stakeholders to increase energy efficiency and the use of renewable fuels. • Aligning climate change and energy work programmes with the work of the Energy Efficiency and Conservation Authority.
4.2: Leading inter-departmental work	<p>The primary purpose of the Ministry leading inter-departmental work on environmental issues is to ensure the Government receives coherent advice on environmental issues from government departments, that is constructed from the interest and expertise of each Ministry or department and the experience of their stakeholders. This will directly contribute to rigorous and efficient decision-making and the development of an integrated and, therefore, robust environmental governance framework. This will be capable of addressing new issues as they emerge and will support the achievement of the key outcomes sought by the Government.</p>	

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<i>Ensuring and providing integrated advice to Ministers and the Government</i>	As the Government's lead advisor on environmental issues, the Ministry has a responsibility to ensure the Government receives integrated advice on all issues that involve or affect the environment. This recognises the interdependencies between the environment, the economy and our quality of life, and, as such, contributes to all three Ministry outcomes.	<ul style="list-style-type: none"> • Providing a link that works to develop whole of government positions on environmental issues, eg, leading and co-ordinating interdepartmental working groups, and developing advice and recommendations to the Government on issues such as genetic modification.
<i>Sustainable development</i>	Joint leadership of the work on sustainable development (with Ministry of Agriculture and Forestry on freshwater and Ministry of Economic Development on sustainable cities) contributes to all three Ministry outcomes through recognition that quality (sustainable) growth of the New Zealand economy, being dominated by primary production, depends on the effective management and allocation of freshwater. Equally, our quality of urban and rural life, as well as maintaining the quality of the environment, depends on the effective management of freshwater as an increasingly scarce and valuable resource.	<ul style="list-style-type: none"> • Joint leadership with the Ministry of Agriculture and Forestry of the development of initiatives to enhance water quality, allocation and protection of water bodies of national significance, under the Sustainable Development Programme of Action.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
	<p>The work on developing initiatives toward sustainable cities seeks to ensure cities are centres of innovation and economic growth, are liveable, and support social wellbeing, quality of life and cultural identities. This contributes directly to the Ministry's outcomes for quality economic growth and quality of life.</p> <p>All aspects of modern society depend on energy, which is therefore a central issue for sustainable development. The outcome of the work that the Ministry will contribute to (led by the Ministry of Economic Development) is intended "to ensure the delivery of energy services to all classes of consumer in an efficient, fair, reliable and sustainable manner".⁷ Given the central importance of energy to the continued growth of the economy and the quality of life for New Zealanders, and the impact that generation, distribution and use has on the economy, this will contribute directly to all three Ministry outcomes.</p>	<ul style="list-style-type: none"> • Joint leadership, with the Ministry of Economic Development, of the development of initiatives on sustainable cities / urban issues under the Sustainable Development for New Zealand – Programme of Action. • Working on the development of energy policy under the Sustainable Development for New Zealand – Programme of Action, that is being led by Ministry of Economic Development.
<i>Genetic modification</i>	This work will develop a quality governance framework for the effective implementation of government policy.	<p>Implementing the Government's response to the Royal Commission on Genetic Modification, including:</p> <ul style="list-style-type: none"> • supporting the work of the Bioethics Council • supporting the proposed amendments to the Hazardous Substances and New Organisms Act • contributing to the Development of a Biotechnology Strategy for New Zealand.

⁷ Sustainable Development for New Zealand – Programme of Action, 2003; p16.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
4.3: Partnering	Everyone is affected by and affects the environment. Good governance to achieve a good environment for all, therefore, requires all sectors of the community and parts of government to work together. The Ministry will lead by example through working closely with local government and other key sectors and organisations in designing and implementing initiatives that enable participation in, or give effect to, governance frameworks. This will strengthen the quality of the governance frameworks and enable all stakeholders to directly participate in the governance of the environment in practical ways. This recognises that achieving the Ministry's outcomes is dependent upon us working in partnership with others.	
<i>Implementing environmental legislation</i>	Working with local authorities and regional councils to implement environmental legislation contributes primarily to achieving the Ministry's outcome of good environmental governance, with the secondary contribution to ensuring a quality environment.	<ul style="list-style-type: none"> • Taking accountability for effective operation under the Resource Management Act.
<i>Community awareness and participation</i>	Encouraging community awareness and participation directly enables the involvement of the whole community in the governance of the environment through involvement in decision-making about the environment at all levels. This primarily contributes to ensuring a quality environment and quality of life, and indirectly contributes to quality economic growth.	<ul style="list-style-type: none"> • Encouraging awareness and action on environmental issues. • Providing funding to support practical community initiatives through the Sustainable Management Fund and environment centre grants. • Providing legal assistance grants to community groups and iwi taking cases to the Environment Court.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<i>Treaty of Waitangi</i>	Maori have a special relationship with the environment and as tangata whenua have a special place in the cultural identity of New Zealand. The Treaty of Waitangi recognises both of these things and, therefore, provides primary guidance for the governance of the environment. The Ministry recognises this and in so doing works closely with iwi, and for the government, to help ensure the interests of all with regard to the environment are managed in accordance with the Treaty of Waitangi. This work contributes primarily to the Ministry's outcome of good environmental governance, particularly for Maori, but also contributes to quality economic growth and ensuring the continued quality of the environment.	<ul style="list-style-type: none"> • Working with iwi to assist them to work with local authorities under the Resource Management Act. • Providing technical input on environmental issues to assist with the settlement of claims under the Treaty of Waitangi.
<i>Sustainable industry</i>	Sustainable industry is necessary for quality economic growth and quality of life. Collectively industry has a major impact on the environment. The objective of our work on sustainable industry is to enable industry to grow and to minimise its negative effects on the environment. Working with industry to identify opportunities and develop methods that enable both objectives to be achieved will contribute to all three of the Ministry's outcomes.	<ul style="list-style-type: none"> • Building partnerships with industry, including developing sector agreements. • Working with industry to get action on priority targets in the Waste Strategy. • Removing barriers to sustainability through better governance. • Brokering relationships to collectively resolve problems. • Developing sustainability practices. • Creating a unified endpoint and vision for sustainable industry in New Zealand. • Encouraging resource recovery and reuse.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<i>Making the legislation work</i>	Improving the workability of the legislation through improving certainty and access will enable improved governance and decision-making and problem resolution by individuals and organisations. This contributes to all three Ministry outcomes, as it will mean national leadership for balanced decisions that will take into account the requirements to maintain a quality environment, support quality economic growth and ensure the continuation of a good quality life for individuals and communities.	<ul style="list-style-type: none"> • Working with local government and stakeholders to develop and introduce National Environmental Standards. • Developing a National Policy Statement on Biodiversity. • Assisting the Department of Courts to reduce delays in the Environment Court. • Making the Hazardous Substances and New Organisms Act more pragmatic.
<i>Environmental reporting</i>	Good governance of the environment is helped by good information. We are working with others to better define where we can be of more use in this area.	<ul style="list-style-type: none"> • Working with others to co-ordinate national environmental reporting. • Developing and releasing of triple bottom-line reporting templates.
4.4: Fixing problems	Problems do not fix themselves nor go away. Intervening to fix problems, or to ensure that the governance frameworks are improved to prevent future problems, is the most direct form of environmental governance. It will enhance the credibility of the Ministry and Government. Action taken to fix things that have gone wrong or that need addressing demonstrates the type of leadership behaviour and environmental governance and stewardship that we expect of others.	
<i>Addressing major environmental problems</i>	Working with local government, industry and communities to address or fix major environmental problems will help restore the quality of the environment and contribute to the quality of life of the communities directly affected. It is also likely to have secondary economic benefits.	<ul style="list-style-type: none"> • Leading and supporting work to fix contamination at Mapua and Tui Mine. • Taking an active position on key environmental issues, such as water quality in Lake Taupo, dairying impacts on waterways, etc.

Ministry priorities	Contribution to Ministry outcomes	Examples of activity include
<i>Improving the legislative framework</i>	Improving the legislation that provides the governance framework for decision-making at all levels will contribute to all three Ministry outcomes through providing minimum standards of behaviour and processes, designed to ensure the current quality of the environment is maintained and quality economic growth is not inhibited. It also contributes to the quality of life through ensuring the rights of individuals, iwi and communities to use and enjoy the environment are recognised and respected.	<ul style="list-style-type: none"> • Supporting amendments to the Resource Management Act and Hazardous Substances and New Organisms Act. • Completing the reform of aquaculture management. • Working with ERMA to simplify the transfer of hazardous substances.

Chapter Five: Enhancing capability and improving our performance

Achieving the goals and outcomes identified in this Statement of Intent will require a considerable shift in the way the Ministry works and further development of our capability.

Capability in this context is the ability to access and retain the right combination of people, develop strong relationships, and operate effective systems and appropriate structures.

From our assessment of the Ministry's current capability, in order to achieve our goals we need to:

- improve our strategic direction setting and management capability
- increase our ability to influence decision making and the behaviour of others
- improve priority setting and responsiveness
- build and maintain strong relationships
- develop our staff capability with the new focus
- appropriately measure our achievements.

Capability in setting strategic direction

Environmental governance issues are complex. It is often difficult to determine the most effective points for government intervention and there are often no direct causal links between outputs and outcomes. This suggests a need to develop our capability to produce stronger mechanisms that will assist Ministers in prioritising activities so that they will make the greatest contribution to achieving the Government's outcomes.

The development of this Statement of Intent has coincided with the re-focusing of the Ministry and has resulted in providing a clearer direction. Given the extent of change within the Ministry during the development of the Statement of Intent, it has been largely a top-down exercise. In the future, development of our Statement of Intent will be supported by a more integrated process of business planning and risk assessment in which greater emphasis will be given to planning to achieve outcomes. We need to do considerable work on evaluating our effectiveness and the value we deliver, to ensure our effort is correctly focused and to enable a lift in organisational performance.

Over the next three years we will focus on:

- aligning activities with outcomes
- aligning measuring and reporting to outcomes.

Increasing influence

Good governance of the environment requires the input, will and co-operation of many stakeholders. To guide the good governance of the environment, we must influence the approach and actions of stakeholders. We will do this through:

- the quality of advice we provide and the action we take
- the relevance of our advice and actions for the audience
- the nature of relationships
- being active
- getting results.

Strong relationships

We have stated that we share the environment stage with many others, each with their own charter and responsibilities. So working and communicating with them is a very high priority for us. We will exercise the leadership they want. This calls for the Ministry to strengthen its relationships with stakeholders and other government departments, while continuing to maintain traditional relationships with Ministers.

Our new structure, which aligns with the Ministry's new directions, is designed to enable us to take a behavioural approach to achieving change in the environment. We will do this through working with key stakeholder groups. We will focus on how we can strengthen and maintain open lines of communication and develop working relationships with a broader range of stakeholders – particularly industry – and, in turn, develop common approaches to governance or interventions. This will be supported by the appointment of senior operators who have the specific role of leading development of relationships between the Ministry and other organisations. We will also have an ongoing focus on building staff skills to develop, maintain and enhance stakeholder relationships.

Develop our staff capability

The Ministry needs to have the necessary staff capability to achieve its goals and outcomes. To be recognised and respected sufficiently to influence the behaviour of others, we need to build our analytical capability while significantly developing our ability to build strong working relationships with a wide range of groups and organisations, both within and beyond the public sector.

Over the next three years we will develop a Human Resource Strategy designed to:

- continue to develop our leadership and management capability
- develop and recruit staff to provide operational and policy leadership
- enhance human resource management systems.

Measuring achievements

It is important for the Ministry to know how it is doing and to be able to demonstrate what difference it has made. Recently the Ministry has developed, and will continue to enhance, rigorous monthly reporting on all activities. We will monitor our organisational performance in terms of our strategic goals.

The focus of the organisational performance measurement will be on:

- achievement against planned targets
- maintaining and developing future capability
- meeting customer needs, particularly output delivery for Ministers
- the strength and quality of stakeholder relationships
- creating value in outcomes for stakeholders.

Chapter Six: Organisational responsibilities

Consistent with a move to a relational strategy, the Ministry is structured around working with key stakeholder groups.

The Ministry for the Environment

Leading, directing and linking the work of the Ministry internally and externally is the role of the Chief Executive, Barry Carbon, who is supported by Group Leaders. His role includes ensuring that all policy development and actions link together cohesively, and that the activities and outcomes are well defined, to ensure that everything the Ministry does contributes to a good environment through good governance.

Whole of government

The whole of government work is led the Deputy Chief Executive, Lindsay Gow. It includes stage two of the Oceans Policy Project and the implementation phase of the New Zealand Climate Change Programme, for which the Ministry has recently taken on responsibility.

Working with central government

The Working with Central Government Group is led by Dave Brash. It covers developing and maintaining the framework of environmental legislation (including the Resource Management Act and the Hazardous Substances and New Organisms Act); sustainable development policy; Treaty claims to natural resources and other Maori concerns; providing support for the Bioethics Council; and managing relationships with Ministers, other government agencies and iwi.

Working with local government

The Working with Local Government Group is led by Sue Powell. It will manage the relationship with local government, assist local government in implementing environmental standards, and report on local government performance. It will also report on the state of our environment, carry out statutory functions under the Resource Management Act, and develop national environmental standards and other national instruments. Urban affairs is also part of this group's responsibilities.

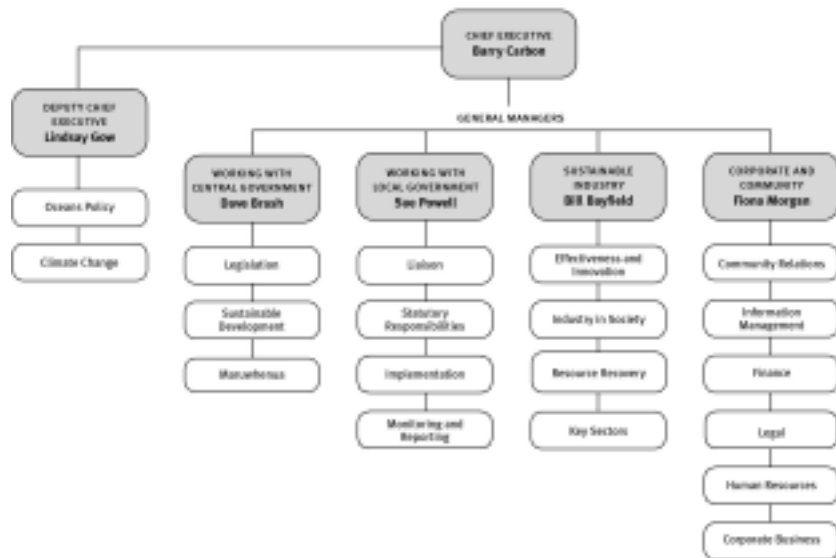
Sustainable industry

The Sustainable Industry Group is led by Bill Bayfield. It will work with business and industry to promote sustainable business practices and support innovation in environmental management. The group will work with targeted sectors to initiate improvements in environmental performance.

Corporate and community

The Corporate and Community Group is led by Fiona Morgan. It promotes environmental awareness and action in the community, co-ordinates corporate communications, and manages relationships with the community. It also supports our activities through information management, legal advice, financial systems, human resources and administrative support.

Ministry for the Environment Organisational Chart



Chapter Seven: Risks

Risks to achieving success

The greatest strategic challenge facing the Ministry is determining and sticking to doing what we ‘must do’ and where we can make the greatest difference – as opposed to ‘what we can do’ or ‘could do’ to enhance the management of the environment. There is a risk that we will come under increasing pressure from our wide range of stakeholders, get pulled in too many directions and end up stretched too thinly again. We would not then achieve what we set out to do.

While needing to be constantly aware of the big picture, we must ensure we focus on the areas where we have expertise and which relate to our core purpose and outcomes. This will require rigorous ongoing priority setting and a well developed understanding of sustainable development. The outcomes and goals in this Statement of Intent are intended to provide that focus.

Key business risks

Maintaining strategic focus

- With increased recognition of the importance of the environment and interest in it, we will remain under ongoing pressure to adopt new priorities and consider new issues. While we must always be open to new issues and remain flexible once priorities have been agreed, our success will be determined by our ability to hold a strategic focus. We must complete what we start, while applying rigorous review processes to ensure our priorities remain appropriate.
- We need to ensure clarity of objectives and approach and, therefore, minimise complexity when most things in the environment are inevitably interrelated.

Relationships

- The new direction of the Ministry requires it to work more closely with many other organisations, such as other central government agencies, local government, community and industry – not all of which agree on issues or agree with the approach of the Ministry. Developing the respect of others and maintaining effective working relationships in the light of these tensions is a critical ceiling on our effectiveness.

Staff

- We need to recruit and retain highly skilled and knowledgeable staff within the resources of the Ministry, in a labour market of high demand that places a premium on the skills we need and value. But our effectiveness will be determined by how well we support the Government through our Ministers, and through the leadership and skills of our staff.
- We must ensure the ongoing capacity and capability of the Ministry to meet agreed objectives and ever-increasing public expectations.

Key operational risks

Environmental

- We must manage environmental risks appropriately – focusing on those issues collectively seen as the greatest risks.

Social and political

- This does not mean party political – it means being cognisant of, and responding to, the needs of real-politic in the continuum of governance and government.

Economic

- We must recognise the economic impact of any regulatory intervention, including the positive economics of appropriate action. This also leads to an emphasis on timeliness.

Part Two: Forecast Financial Statements

Introduction

These forecast financial statements for the Ministry for the Environment contain the following statements pursuant to section 34A of the Public Finance Act 1989:

- an operating statement reflecting the forecast revenue and expenses for the financial year ending 30 June 2004
- a statement of the estimated financial position as at 30 June 2003 and forecast financial position as at 30 June 2004
- a statement of cash flows reflecting forecast cash flows for the year ending 30 June 2004
- a statement showing the reconciliation of the net forecast operating surplus to the net cash flow forecast from operating activities for the year ending 30 June 2004
- a statement of forecast movements in taxpayers' funds (equity)
- a statement of forecast commitments
- a statement of forecast details of physical assets by category
- a statement of significant underlying assumptions
- a statement of accounting policies
- a statement of objectives specifying the financial performance forecast for the Ministry for the year ending 30 June 2004
- a statement of objectives specifying the performance forecast for each class of outputs for the year ending 30 June 2004.

Financial highlights

	2002/03 Main estimates \$000	2002/03 Supplementary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue: Crown	27,269	30,399	30,399	36,047
Revenue: Other	25	10	10	25
Output expenses	27,294	30,409	28,909	36,072
Other expenses	–	–	–	–
Net surplus from operations	5	5	1,505	5
Physical assets	893	834	834	774
Taxpayers' funds	343	343	343	343
Net cash flows from operating activities	470	491	491	431
Net cash flows from investing activities	(405)	(405)	(460)	(405)

Statement of financial performance for the year ending 30 June 2004

	2002/03 Main estimates \$000	2002/03 Supplementary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	27,269	30,399	30,399	36,047
Departments	5	–	–	5
Other	20	10	10	20
Interest	–	–	–	–
Total revenue	27,294	30,409	30,409	36,072
Expenditure				
Personnel	9,100	12,100	12,100	13,100
Operating	17,715	17,830	16,330	22,493
Depreciation	450	450	450	450
Capital charge	29	29	29	29
Total expenditure	27,294	30,409	28,909	36,072
Profit on sale of assets	5	5	5	5
Other expenses	–	–	–	–
Net surplus from operations	5	5	1,505	5

**Statement of estimated financial position as at
30 June 2003 and forecast financial position as at
30 June 2004**

	Actual financial position as at 30 June 2002 \$000	Estimated actual financial position as at 30 June 2003 \$000	Forecast financial position as at 30 June 2004 \$000
Taxpayers' funds	343	343	343
Total taxpayers' funds	343	343	343
<i>Represented by:</i>			
Current assets:			
Bank	4,493	4,814	3,157
Term deposits with the Crown	–	–	–
Prepayments	33	30	30
Debtors and receivables	211	20	20
Total current assets	4,737	4,864	3,209
Physical assets	894	834	774
Total assets	5,631	5,698	3,983
Current liabilities:			
Creditors and payables	3,840	2,890	2,865
Provision for the repayment of surplus to the Crown	726	1,505	5
Employee entitlements	438	480	420
Total current liabilities	5,004	4,875	3,290
Non-current liabilities			
Employee entitlements	284	480	350
Total liabilities	5,288	5,355	3,640
Net assets	343	343	343

Statement of cash flows for the year ending 30 June 2004

	2002/03 Main estimates \$000	2002/03 Supplementary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Cash flows from operating activities				
Cash provided from:				
Supply of outputs to Crown	27,269	30,399	30,399	36,047
Supply of outputs to departments	5	160	160	5
Supply of outputs to others	20	43	43	20
Interest	(2)	(2)	(2)	–
Cash disbursed to:				
Cost of producing outputs	(26,793)	(30,779)	(29,064)	(35,573)
Capital charge	(29)	(29)	(29)	(29)
Net cash flows from operating activities	470	(208)	1,507	470
Cash flows from investing activities				
Cash provided from:				
Sale of physical assets	(5)	(5)	(5)	(5)
Cash disbursed to:				
Purchase of physical assets	(400)	(400)	(455)	(400)
Net cash flows from investing activities	(405)	(405)	(460)	(405)
Cash flows from financing activities				
Cash disbursed to:				
Repayment of surplus to Crown	(22)	(22)	(726)	(764)
Net cash flows from financing activities	(22)	(22)	(726)	(764)
Net decrease in cash held	43	(635)	321	(699)
Opening cash balance at 1 July	2,997	4,493	4,493	3,858
Projected closing cash and deposits at 30 June 2003	3,040	3,858	4,814	3,159

Reconciliation of net operating surplus to net cash flow from operating activities for the year ending 30 June 2004

	2002/03 Main estimates \$000	2002/03 Supplementary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Net surplus from operations	5	5	1,505	5
Add non-cash item				
Depreciation	450	450	450	450
Add/(less) movements in working capital items				
Decrease in prepayments	–	3	3	–
Decrease in debtors and receivables	–	191	191	–
Decrease in payables and provisions	–	(722)	(722)	–
Decrease in other accrued liabilities	–	(173)	(173)	–
Increase in provision for employee entitlements	–	23	238	–
Add/(less) investing activity				
Net gain on sale of physical assets	15	15	15	15
Net cash flow from operating activities	470	(208)	1,507	470

Statement of movement in taxpayers' funds for the year ending 30 June 2004

	Actual financial position as at 30 June 2002 \$000	Estimated actual financial position as at 30 June 2003 \$000	Forecast financial position as at 30 June 2004 \$000
Taxpayers' funds brought forward as at 1 July	343	343	343
Net surplus from operations	726	1,505	5
Total recognised revenues and expenses for the year	726	1,505	5
Provision for repayment of surplus to the Crown	(726)	(1,505)	(5)
Taxpayers' funds as at 30 June	343	343	343

Statement of commitments for the year ending 30 June 2004

	Actual financial position as at 30 June 2002 \$000	Estimated actual financial position as at 30 June 2003 \$000	Forecast financial position as at 30 June 2004 \$000
Operating and accommodation lease commitments (GST exclusive)			
Not later than 1 year	1,154	927	915
Later than 1 year but not later than 2 years	1,050	915	910
Later than 2 years but not later than 5 years	2,155	983	73
Later than 5 years	–	–	–
Total operating and lease commitments	4,359	2,825	1,898
Capital commitments	–	–	–
Total commitments	4,359	2,825	1,898

Forecast details of physical assets by category as at 30 June 2004

	30 June 2003 Estimated Actual Position \$000	30 June 2004 Cost \$000	30 June 2004 Accumulated Depreciation \$000	30 June 2004 Net Book Value \$000
Furniture and fittings	367	1,201	855	346
Motor vehicles	–	50	50	–
Plant and equipment	467	1,779	1,351	428
Total	834	3,030	2,256	774

Statement of significant underlying assumptions

The financial statements for the Ministry for the Environment have been prepared in accordance with section 34A of the Public Finance Act 1989.

These forecast financial statements comply with generally accepted accounting practice. The measurement base used is historic cost.

Reliance is placed on the fact that the Ministry for the Environment is a going concern.

The accrual basis of accounting has been used for the preparation of these forecast financial statements.

Statement of accounting policies

Reporting entity

The Ministry for the Environment is a government department as defined in Section 2 of the Public Finance Act 1989. The financial statements incorporate the following output classes:

- Output Class: Environmental Policy Advice
- Output Class: Administration of the Sustainable Management Fund and the Landcare Trust
- Output Class: Bioethics Council
- Output Class: Policy Advice – Energy Efficiency and Conservation
- Output Class: Policy Advice – Climate Change
- Output Class: Carbon Monitoring Programme

The financial statements have been prepared in accordance with Section 35 of the Public Finance Act 1989.

Measurement system

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

Accounting policies

(i) Budget and appropriation figures

The budget and appropriation figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989 (Supplementary Estimates).

(ii) Revenue

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

(iii) Cost allocation

The Ministry for the Environment derives the costs of outputs using a cost allocation system, which is outlined below.

Cost allocation policy

Direct costs are charged directly to the Ministry's outputs. Indirect costs are charged to outputs based on staff numbers.

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 cost assigned to outputs

Direct costs are charged directly to outputs.

Indirect costs assigned to outputs

Indirect costs are assigned to outputs based on a proportion of the number of full time equivalents assigned to each output.

(iv) Debtors and receivables

Debtors and receivables are recorded at estimated realisable value, after providing for doubtful debts.

(v) Operating leases

Leases where the lessor effectively retains all the risks and benefits of ownership of the leased items are classified as operating leases.

Payments under these leases are charged as expenses in the periods in which they are incurred.

(vi) Plant and equipment

All fixed assets are recorded at cost less accumulated depreciation. Fixed assets are recognised as individual items costing \$2,000 (GST exclusive) or more, which have a useful life greater than one year.

(vii) Depreciation

Depreciation of fixed assets is calculated on a straight-line basis so as to allocate the cost of the assets, after recognising residual values, over their useful lives.

The estimated useful lives of the assets are:

	Depreciation rate (%)	Residual value (%)	Useful life (years)
Furniture and fittings	20	nil	5
Motor vehicles	25	nil	4
Office equipment	20	20	5
Computer software	33	nil	3
Computer hardware	33	nil	3

The cost of leasehold improvements (included in furniture and fittings) is 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.

Losses and gains on disposal of fixed assets are taken into account in determining the operating result for the year.

(viii) Employee entitlements

Provision is made in respect of the Ministry's liability for annual leave, retention/refresher leave, long-service leave and retirement leave. Annual leave is calculated on an actual entitlement basis at current values of pay. All annual leave is expected to be settled within 12 months of the reporting date.

Long service leave, retention/refresher leave and retirement leave are calculated on an actuarial basis, based on the present value of expected future entitlements. These have been provided for as long-term liabilities on the statement of financial position.

(ix) Statement of cash flows

Cash means cash balances on hand, held in bank accounts and deposits with the New Zealand Debt Management Office.

Operating activities include cash received from all income sources of the Ministry and record 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.

(x) Financial instruments

The Ministry for the Environment is party to financial instrument arrangements as part of its normal operations. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses relating to financial instruments are recognised in the Statement of Financial Performance. The Ministry for the Environment has not entered into any off-balance sheet transactions.

The following methods and assumptions were used to value each class of financial instrument:

- accounts receivable are recorded at expected realisable value
- all other financial instruments including cash and bank, short-term deposits and accounts payable are recognised at their fair value.

(xi) Goods and services tax (GST)

All statements are GST exclusive, except where otherwise stated. Creditors and Payables and Debtors and Receivables in the Statement of Financial Position are stated inclusive of GST. GST payable at balance date is included in Creditors and Payables.

(xii) Taxation

The Ministry for the Environment is exempt from income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

(xiii) 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 equally unperformed obligations.

(xiv) Contingencies

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

(xv) Taxpayers' funds

'Taxpayers' funds' is the Crown's net investment in the Ministry.

(xvi) Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies will be applied consistently throughout the period.

Statement of objectives specifying the financial performance forecast for the Ministry for the year ending 30 June 2004

Performance indicators: 2002/03 and 2003/04

	Unit	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Operating results					
Revenue: Crown	\$000	27,269	30,399	30,399	36,047
Revenue: Departments and other	\$000	25	10	10	25
Revenue: Interest	\$000	–	–	–	–
Output expenses	\$000	27,294	30,409	28,909	36,072
Net surplus/(deficit)	\$000	5	5	1,505	5
Working capital					
Net current assets	\$000	(225)	(166)	(11)	81
Liquid ratio	%	93.2	95.9	99.8	82.6
Resource utilisation					
Physical assets	\$000	893	834	834	774
Physical assets as % of total assets	%	22.4	17.6	14.6	19.4
Additions as % of physical assets	%	44.8	48.0	48.0	51.7
Physical assets per employee	\$000	5.2	4.3	4.3	3.7
Taxpayers' funds					
Level at year-end	\$000	343	343	343	343
Level per employee	\$000	2.0	1.7	1.7	1.6
Forecast net cash flows					
Surplus/(deficit) from operating activities	\$000	470	(208)	1,507	470
Surplus/(deficit) from investing activities	\$000	(405)	(405)	(460)	(405)
Surplus/(deficit) from financing activities	\$000	(22)	(22)	(726)	(764)
Net increase/(decrease) in cash held	\$000	43	(635)	321	(699)
Human resources					
Staff turnover	%	15	7	7	7
Average length of service	Years	4	5	5	5
Total staff	No.	172	198	198	210

Vote: Environment

Vote: Environment: Output Class D1: Environmental policy advice

Description

This output class covers policy advice on environmental policies and issues, such as implementation of the Sustainable Development for New Zealand – Programme of Action. It includes leading whole of government initiatives, co-ordinating interdepartmental activities and administration of legislation.

Outputs

The outputs in this output class are included in Chapter Four: Tables 4.1 - 4.3, as follows:

- Leading whole of government initiatives on:
 - national oceans policy.
- Working with central government to lead and participate in interdepartmental initiatives on:
 - ensuring and providing integrated advice to Ministers and government
 - sustainable development
 - genetic modification
 - improving the legislative framework.
- Working with local government on:
 - improving the legislative framework
 - making the legislation work
 - environmental reporting
 - addressing major environmental problems.
- Working with industry on:
 - sustainable industry.
- Working with the community and iwi on:
 - raising awareness and participation.

The Ministry will also monitor the Environmental Risk Management Authority, which includes:

- providing the Minister for the Environment with advice on ownership and purchase funding issues, including the Statement of Intent and Purchase Agreement and entity performance issues
- liaison with the Board and management.

Contribution to Ministry outcomes

This output class applies to all three outcomes and focuses on governance of the environment through regulatory mechanisms. Specific outputs are provided by each of the groups within the Ministry.

Service performance objectives

Quality of policy advice

All outputs will comply with the Ministry's quality standards for policy advice (see Part Three for details of quality standards).

All statutory consultation is timely, *intra vires* and accurately represents Government policy.

Quantity and timeliness

In addition to the defined outputs for 2003/04 set out above, advice is also provided on issues on an ongoing basis, as requested by the Minister and specified in the work programme. The Minister for the Environment will expect that all reports and oral advice will be delivered within the agreed or statutory timeframe.

Output operating statement

	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	24,977	28,107	28,107	23,012
Other	25	10	10	25
Total revenue	25,002	28,117	28,117	23,037
Annual appropriation	25,002	28,117	27,061	23,037
Surplus	-	-	1056	-

All draft responses to ministerial correspondence and parliamentary questions will be completed to the following deadlines:

	Estimated quantity	Timeliness	Quality
Ministerial correspondence	1,100	Draft replies completed within 20 working days.	95% of first drafts accepted by the Minister.
Parliamentary questions	200	By the stipulated deadline.	95% of replies to the satisfaction of the Minister.

General ministerial advice

The ongoing work programme for the year includes:

- preparing speech notes as required for the Minister
- providing general advice to the Minister as required
- providing responses to ministerial correspondence and parliamentary questions.

Vote: Environment: Output Class D2: Administration of the Sustainable Management Fund and Landcare Trust and Residual Catchment Grants

This output class covers the administration costs associated with contracts for the Sustainable Management Fund, the Landcare Trust and the Residual Catchment Grants.

The Sustainable Management Fund, Landcare Trust, and Residual Catchment Grants are non-departmental output appropriations.

Output operating statement

	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	662	662	662	662
Other	–	–	–	–
Total revenue	662	662	662	662
Annual appropriation	662	662	662	662
Surplus	–	–	–	–

Service performance objectives

Quantity

The Minister for the Environment will expect advice to be delivered according to an agreed work programme. The programme may be updated during the year with the agreement of the Minister.

Year	Number of SMF contracts approved
2003/04	30 (expected)
2002/03	23
2001/02	15

Quality

The Minister for the Environment will expect advice to be delivered in accordance with the Ministry's quality standards for policy advice as set out in Part Three. The following quality standards will also be adhered to:

- forecasts will be accurate and appropriately monitored
- all material facts will be included
- all applications to the Sustainable Management Fund will be assessed against quality criteria as defined in the Sustainable Management Fund Guide for Applicants
- material presented will be effectively summarised, and will be concise, in plain English, and free of spelling and grammatical error
- projects funded through the Sustainable Management Fund are to be in accordance with criteria, amount and priorities approved by the Minister
- all payments are to be made in accordance with allocation criteria and conditions specified in project contracts.

Timeliness

The Minister for the Environment will expect that all reports and oral advice will be delivered within the agreed or statutory timeframe.

***Administration of the Sustainable Management Fund,
Landcare Trust and Residual Catchment Grants***

The work programme for the year includes:

- assessing Sustainable Management Fund applications from a range of providers, and peer reviewing applications (150 project outlines and 25 applications anticipated)
- advising the Minister on grant allocations to successful SMF applicants for the funding round in April for 2003
- completing 10 performance and financial audits of SMF projects
- promoting wider use of the products of SMF projects
- managing projects tendered by the SMF
- making payments required to settle the Crown's obligations under existing Deeds of Agreement
- making payments to the Landcare Trust, according to the Purchase Agreement between the Trust and the Minister for the Environment.

Vote: Environment: Output Class D3: Bioethics Council

This output class will enable the effective operation of the Bioethics Council. The Bioethics Council is a ministerial advisory committee. Its role is to:

- provide independent advice to government on biotechnological issues involving significant cultural, ethical and spiritual dimensions
- promote and participate in public dialogue on cultural, ethical and spiritual aspects of biotechnology, and enable public participation in the Council's activities
- provide public information on the cultural, ethical and spiritual aspects of biotechnology.

Service performance objectives

To ensure that the administrative expectations of Government are met.

Bioethics Council

The work programme for the year includes:

- providing independent advice to the Government on biotechnological issues involving significant cultural, ethical and spiritual dimensions

- promoting and participating in public dialogue on cultural, ethical and spiritual aspects of biotechnology, and enabling public participation in the Council's activities
- providing public information on the cultural, ethical and spiritual aspects of biotechnology.

Output operating statement

This output class is in its second year of operation.

	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	1,333	1,333	1,333	1,333
Other	–	–	–	–
Total revenue	1,333	1,333	1,333	1,333
Annual appropriation	1,333	1,333	889	1,333
Surplus/(deficit)	–	–	444	–

Vote: Energy – Climate change and energy efficiency

Output Class D1: Policy advice energy efficiency and conservation

Description

This output class covers policy advice from the Ministry for the Environment on energy efficiency and conservation issues. It also includes time spent monitoring the Energy Efficiency and Conservation Authority (EECA).

Outputs

- Monitor the Energy Efficiency and Conservation Authority (EECA), which includes:
 - providing the Minister of Energy with advice on ownership and purchase funding issues, including the Statement of Intent and Purchase Agreement and entity performance issues
 - liaison with the Board and management.

Contribution to Ministry outcomes

This output class applies to all three outcomes and focuses on governance of the environment through regulatory mechanisms. Specific outputs are provided by each of the groups within the Ministry.

Output operating statement

	2002/03 Main estimates	2002/03 Supple- mentary estimates	2002/03 Estimated actual	2003/04 Budget
	\$000	\$000	\$000	\$000
Revenue				
Crown	297	297	297	216
Other	–	–	–	–
Total revenue	297	297	297	216
Annual appropriation	297	297	297	216
Surplus/(deficit)	–	–	–	–

Service performance objectives

Quality of policy advice

All outputs will comply with the Ministry's quality standards for policy advice (see Part Three for details of quality standards).

All statutory consultation is timely, *intra vires* and accurately represents Government policy.

Quantity

The Minister of Energy will expect advice to be delivered according to an agreed work programme. The programme may be updated during the year with the agreement of the Minister.

Timeliness

The Minister of Energy will expect that all reports and oral advice will be delivered within the agreed or statutory timeframe.

Output Class D2: Policy advice climate change

Description

This output class covers policy advice on and implementation of the New Zealand Climate Change programme.

Outputs

The outputs in this output class are included in Chapter Four: Table 4.1:

- leading whole of Government Climate Change Work Programme.

Contribution to Ministry outcomes

This output class applies to all three outcomes and focuses on governance of the environment through regulatory mechanisms. Specific outputs are provided by each of the groups within the Ministry.

Output operating statement

	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	–	–	–	7,124
Other	–	–	–	–
Total revenue	–	–	–	7,124
Annual appropriation	–	–	–	7,124
Surplus/(deficit)	–	–	–	–

Service performance objectives

Quality of policy advice

All outputs will comply with the Ministry's quality standards for policy advice (see Part Three for details of quality standards).

All statutory consultation is timely, *intra vires* and accurately represents Government policy.

Quantity

The Minister of Energy will expect advice to be delivered according to an agreed work programme. The programme may be updated during the year with the agreement of the Minister.

Timeliness

The Minister of Energy will expect that all reports and oral advice will be delivered within the agreed or statutory timeframe.

Output Class D3: Carbon monitoring programme

Description

This output class covers policy advice on and implementation of the New Zealand Carbon Monitoring Programme.

Outputs

The outputs in this output class are included in Chapter Four.

Contribution to Ministry outcomes

This output class applies to all three outcomes and focuses on governance of the environment through regulatory mechanisms. Specific outputs are provided by each of the groups within the Ministry.

Output operating statement

	2002/03 Main estimates \$000	2002/03 Supple- mentary estimates \$000	2002/03 Estimated actual \$000	2003/04 Budget \$000
Revenue				
Crown	–	–	–	3,700
Other	–	–	–	–
Total revenue	–	–	–	3,700
Annual appropriation	–	–	–	3,700
Surplus/(deficit)	–	–	–	–

Service performance objectives

Quality of policy advice

All outputs will comply with the Ministry's quality standards for policy advice (see Part Three for details of quality standards).

All statutory consultation is timely, *intra vires* and accurately represents Government policy.

Quantity

The Minister of Energy will expect advice to be delivered according to an agreed work programme. The programme may be updated during the year with the agreement of the Minister.

Timeliness

The Minister of Energy will expect that all reports and oral advice will be delivered within the agreed or statutory timeframe.

Part Three: Other Information

Quality standards for policy advice

The Ministry will seek responses from the Ministers on its performance under the 2003/2004 Output Plan against the quality standards outlined below.

Quantity

Projects will be completed by the dates set out in the 2003/2004 Output Plan. These can be modified by agreement between the Minister and the Chief Executive during the course of the year.

This measure is assessed by comparison with the 2003/2004 Output Plan outputs and subsequent amendments.

Coverage

A comprehensive service will be provided which will include:

- the capacity to react urgently
- regular interaction with Ministers to ensure that Ministry programmes meet Government priorities
- timely briefings that can anticipate issues
- support for the Minister as required.

This measure is assessed by way of the Ministerial response sheet on briefing notes and Cabinet papers.

Time

The specified reporting deadlines for projects will be met.

This measure is assessed by comparison with deadlines set in the 2003/2004 Output Plan outputs, as modified by agreement with the Minister during the year.

Cost

Outputs will be completed within budget.

This measure is assessed by comparison with the Estimates and subsequent appropriations.

Quality

Individual projects will be of a high quality, and will satisfy product quality characteristics required for Cabinet papers and other important products.

These characteristics are:

Purpose	The objective of the paper is clearly stated; it answers the questions asked by the Minister and demonstrates a clear understanding of the desired outcome(s) of the Government or Minister.
Logic	The paper identifies the roots of the policy issue, makes explicit the assumptions behind the advice, and offers a logical argument supported by facts.
Relevance and timeliness	Relevant facts are included and there is a discussion of known gaps that could significantly affect the conclusions. The paper is presented in sufficient time for the Government to have an appropriate response.
Options	An adequate range of options is represented and evaluated using costs, benefits, consequences, implications, and risks.
Consultation	Evidence of adequate and early consultation with other government departments, stakeholders and relevant interested parties is presented; the different views and understandings of those consulted are explained; problems and objections are identified.
Presentation	The paper is written in good, simple English, has an effective and concise summary, and clearly states what actions are recommended.

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Appendix One: Functions of the Ministry

The functions of the Ministry for the Environment as set out in the Environment Act 1986 are:

- “– To advise the Minister on all aspects of environmental administration, including:
 - i. Policies for influencing the management of natural and physical resources and ecosystems so as to achieve the objectives of the Environment Act 1986;
 - ii. Significant environmental impacts of public or private sector proposals, particularly those that are not adequately covered by legislative or other environmental assessment requirements currently in force;
 - iii. Ways of ensuring that effective provision is made for public participation in environmental planning and policy formulation processes in order to assist decision making, particularly at the regional and local level.
- To solicit and obtain information from any source, and to conduct and supervise research, so far as it is necessary for the formulation of advice to the government on environmental policies.
- To provide the Government, its agencies, and other public authorities** with advice on:
 - i. The application, operation, and effectiveness of the Acts specified in the Schedule to the Environment Act 1986 in relation to the achievement of the objectives of that Act;
 - ii. Procedures for the assessment and monitoring of environmental impacts;
 - iii. Pollution control and the co-ordination of the management of pollutants in the environment;
 - iv. The identification and likelihood of natural hazards and the reduction of the effects of natural hazards;
 - v. The control of hazardous substances, including the management of the manufacture, storage, transport, and disposal of hazardous substances.

** “Public authorities” means:

- a. a Minister of the Crown
- b. a Government Department
- c. any instrument of the Executive Government of New Zealand
- d. any local authority

- To facilitate and encourage the resolution of conflict in relation to policies and proposals which may affect the environment;
- To provide and disseminate information and services to promote environmental policies, including environmental education and mechanisms for promoting effective public participation in environmental planning;
- Generally to provide advice on matters relating the environment.”

Other legislation

The Ministry for the Environment also has specific functions under the:

- Resource Management Act 1991
- Hazardous Substances and New Organisms Act 1996
- Ozone Layer Protection Act 1996
- Climate Change Response Act 2002

and administers the legislation listed in Appendix Three.

Appendix Two: Sustainable Development Principles for Policy and Decision Making

The Government recognises that its decisions should ensure the wellbeing of current and future generations. It will take account of the economic, environmental, and cultural consequences of its decisions by:

- considering the long-term implications of decisions
- seeking innovative solutions that are mutually reinforcing, rather than accepting that gain in one area will necessarily be achieved at the expense of another
- using the best information available to support decision making
- addressing risks and uncertainty when making choices and taking a precautionary approach when making decisions that may cause serious or irreversible damage
- working in partnership with local government and other sectors encouraging transparent and participatory processes
- considering the implications of decisions from a global as well as a New Zealand perspective
- decoupling economic growth from pressures on the environment
- respecting environmental limits, protecting ecosystems and promoting the integrated management of land, water and living resources
- working in partnership with appropriate Maori authorities to empower Maori in development decisions that affect them
- respecting human rights, the rule of law and cultural diversity.

Appendix Three: Legislation Administered by the Ministry for the Environment

- 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
- The Energy Efficiency and Conservation Act 2000
- Climate Change Response Act 2002