



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

C.11 SOI (2004)



**STATEMENT OF INTENT 2004-2007**

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## STATEMENT OF RESPONSIBILITY

The forecast financial statements for the Ministry for the Environment for the year ending 30 June 2005 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 2005 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 2005 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed

Countersigned



Barry Carbon  
CHIEF EXECUTIVE  
26 April 2004



Fiona Morgan  
CHIEF FINANCIAL OFFICER  
26 April 2004

## FOREWORD

At the start of the 2003/04 financial year the Ministry was in the final stages of a major ‘transformation’ of our structure and ways of working, and of determining what we could and could not do. This new direction was founded on the expectations of our Ministers and stakeholders, as well as on our own assessment of the central role we should play as the Government’s principal adviser on the environment.

Now we set out on the 2004/05 year with a strong sense of achievement about what has been done or put in place through our new way of working. To reach this point, we have actively recruited new people with the skills we need and the ability to work with major stakeholder groups. We have focused on developing strong relationships and partnerships with other Government agencies and other key sectors.

Some significant problems have been fixed, or are well on the way to that. The clean-up of New Zealand’s worst contaminated site at Mapua is happening. The long-standing problems with disposal of aluminium dross in Bluff have been sorted out through a cooperative approach by the interested parties. The major improvements in the Environment Court, which we have put huge effort into promoting, mean that the backlog for hearings has been cut dramatically and most new cases will be scheduled within six months. The first national environmental standards under the Resource Management Act will soon bring greater certainty for plan making and resource consent processes. The list goes on, and will be set out in our annual report to Parliament.

Even more exciting for our partnership approach to environmental management is the establishment of a Chief Executive’s Forum on the Environment that brings together the key players from central and regional government. We hope that this will provide strong environmental leadership in areas of mutual interest.

Over the past 18 months there has been a focus on establishing and fixing in our work programme. This has been undertaken at a time when new work has continued to flow in at high speed. While there will always be new work knocking on the door, we need to continue to increasingly give emphasis to activities carried out in partnership with others and which promote sustainability.

We are confident that we now have the capacity to show leadership on the environment and to achieve results through working collaboratively with the other key players in environmental management. We look forward to the coming year.

A handwritten signature in blue ink that reads "Barry Carbon". The signature is written in a cursive, flowing style.

Barry Carbon

CHIEF EXECUTIVE

## PART ONE: THE MINISTRY

### OVERVIEW

#### WHO WE ARE

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 is the Government's principal adviser on the New Zealand environment and on international matters that affect the environment. It provides leadership on the environment across central and local government. Day-to-day environmental management is largely the responsibility of regional councils and territorial authorities.



## STATUTORY FUNCTIONS

The Ministry's functions under the Environment Act can be summarised as:<sup>1</sup>

- to advise the Minister on all aspects 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.

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).

## VISION, MISSION AND VALUES

The Ministry has updated its mission to reflect its new direction and work priorities.

Our vision is of:

- A healthy environment which sustains people and nature.

We see our mission as:

- Delivering the environment that New Zealanders expect and deserve.

The values that are important to us in our work are to be:

- Effective
- Trusted
- Influential.

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

## OUR ROLE AND STRATEGIES

The focus of our endeavours is the environment of New Zealand and how people behave towards the environment. We desire a good environment where biodiversity and natural areas are protected and enhanced, where productive resources are husbanded sustainably, and the places where people live are clean, healthy and safe. We believe in a New Zealand that is reinforced by its sense of place.

We are one important player in the effective 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 for all New Zealanders.

In the short term we aim to put in place the essentials of good environmental 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 act more sustainably, rather than merely complying with laws and regulations.

We recognise that high standards of environmental and social performance are what society wants and expects of its organisations in both the public and private sector.

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

- Leading** all 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.

In carrying out this role, we will use a range of measures, such as:

- leading the development of policies which result in legislation that guides or prescribes behaviour
- making sure legislation and policies work in practice and fixing things where they do not
- developing bottom-line environmental protection measures to provide greater certainty for people and the environment
- encouraging public and private sector organisations to move beyond compliance with regulation and to build sustainability into what they do
- encouraging public awareness and action for the environment.

## **DEVELOPMENT OF THE STATEMENT OF INTENT**

Last year we developed our first Statement of Intent. Its development was largely a top down exercise and we said that for the 2004-2007 Statement of Intent we would use a more inclusive approach and put more thinking into the indicators and measures.

We have done what we said we would do. We have involved all of our senior management team in its development. We have also had discussions with our third tier managers and received feedback from government agencies. Next year we will aim higher. We will continue to develop our measures so that they are more specific and will better define the connections between our activities and the outcomes. 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 and engaging who can help.

## A CONTEXT

### THE STATEMENT OF INTENT

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

The Government's *Sustainable Development for New Zealand Programme of Action*, announced in 2003, sets the scene for our work over the next three years. Sustainable development is "*development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs*"<sup>2</sup>.

The Growth and Innovation Framework is also important, as it is designed to grow the economy through maximising New Zealand's natural competitive advantages.

Both policy statements recognise the central importance of the environment to the future economic and social wellbeing of New Zealand.

### STRATEGIC CONTEXT

#### KEY GOVERNMENT GOALS TO GUIDE THE PUBLIC SECTOR IN ACHIEVING SUSTAINABLE DEVELOPMENT<sup>3</sup>

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

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<sup>2</sup> Sustainable Development for New Zealand Programme of Action, 2003.

<sup>3</sup> Ibid.

### **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 GOALS**

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
- strengthen national identity and uphold the principles of the Treaty of Waitangi.

The Ministry will contribute to achieving these government goals through the way that we carry out our work and the results that we deliver for government.

## THE SETTING IN WHICH WE OPERATE

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.

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 the wider setting within which it works and the tensions that can exist between different aspects of New Zealand life. 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 close association with the environment; the environment is where we work, play and live. A high quality environment has an intrinsic value and is central to New Zealand's prosperity. 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 and the film industry, for which the environment is a major attraction.

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 is leading sustainable development practices through cleaner production, environmental reporting, sustainable production, ethical investing, voluntary agreements, and so on. Industry has come a long way, however it needs to continue to work together, plan and operate more sustainably. Central government can help encourage and facilitate a focus on sustainable development in New Zealand business.

### 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.

The increasing diversity of New Zealand as a multi-cultural nation gives rise to a greater awareness of cultural heritage. Cultural interests are important across the spectrum, from the built environment through to icon issues like Lake Taupo.

### SOCIAL

Achieving sustainable development requires looking after people. Our changing population is particularly important when thinking about sustainable development. Aspects of our society that affect our environment include:

- demographic growth, and the changing demographic profile, which creates pressures including rapid growth in Auckland and decline in other areas that then find it hard to maintain water supply, sewerage and other essential services
- immigration, and the different values and expectations that immigrants bring
- tourism – visitors generally expect a ‘clean green’ country but themselves contribute to environmental impacts and often visit areas with a low population base that struggle to maintain essential services.

## TECHNOLOGICAL

Changes in technology also affect our environment including:

- industry impacts, with changes in land use, emissions, infrastructure requirements and the waste generated
- consumer impacts, for example, energy use, transport and waste
- new chemicals, which can often be less hazardous to the environment than earlier substances developed for a particular purpose, and new organisms, including genetically modified 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 many issues that cut across the interests of regional government. We have issues that affect the interests of central government including Transport, Fisheries, Agriculture and Forestry, Economic Development and Conservation. 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. Our focus on developing strong relationships and partnerships will help us in managing the issues that cut across someone else's business.

## STRATEGIC DIRECTION

### THE DIRECTION

#### THE MINISTRY FOR THE ENVIRONMENT WORKS TO ACHIEVE THE SUSTAINABLE DEVELOPMENT OF NEW ZEALAND

Sustainable development is the context for all of the Ministry's work. It assumes the implementation of the ten principles of sustainable development for policy and decision making adopted by the Government<sup>4</sup> (see page 57).

### OUR OBJECTIVES

The Ministry's principal objective is a good environment for New Zealand through good governance. Our principal objective is closely aligned to the Government's goal of sustainable economic growth based on maximising the country's competitive advantages. The environment is central to this goal. Our major objective is supported by three overarching outcomes (as opposed to programme outcomes referred to in the Delivering Outcomes Section) that reflect the key elements of sustainable development. These overarching outcomes drive the actions and activities of the Ministry and hence the programme outcomes.

#### 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 goal of 'Protecting and enhancing the environment'.

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<sup>4</sup> Sustainable Development for New Zealand Programme of Action, 2003, p10.

## OUTCOME 2: GOOD ENVIRONMENTAL GOVERNANCE

There will be good environmental governance for New Zealand. Governance includes setting directions, prioritising, being effective, being responsive, and 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 outcome includes governance arrangements that involve:

- the Ministry:
  - providing leadership on national environmental issues
  - ensuring the Government receives coherent 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 role of the Crown in allocating resources, defining environmental limits and bottom lines (e.g. sustainable yields)
- setting bottom line standards (lack of standards can contribute 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 (through codes, standards, enforcement, penalties for non-compliance).

This outcome will contribute to the wider government goal 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 is a 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. We share this objective with others.

Sustainable development is the context of much of the Ministry's activity. As well as an overall role in government action on sustainable development, we have a special responsibility for the delivery of sustainable water and sustainable cities.

We also have taken on the function of promoting sustainable industry. We will consistently look for ways to help industry think and plan and operate sustainably, by providing:

- advice, information and resources that demonstrate sustainable industry concepts, benefits and best practice
- tools and service to help change practice and performance
- co-ordination of access to government services and management of issues that are roadblocks for industry
- encouragement to other sectors to build sustainability into what they do.

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

## DELIVERING OUTCOMES

This section outlines the Ministry's programme outcomes, explains why we have chosen them and how we will know when we have succeeded.

The programme outcomes which have been targeted for the medium term are:

- A good environment that is managed through good governance and where natural resources such as air, water, soil and biodiversity are used sustainably.
- There is a coherent national picture of how the New Zealand environment is collectively managed and the delivery of services is seen to be efficient.
- The community is involved in action for the environment.
- New Zealand's environmental legislation is visibly effective and appropriate.
- Local government is a credible and efficient deliverer of environmental services.
- Government and industry work together to achieve sustainable results.
- New Zealand industry competes, is profitable and grows sustainably.
- Our cities are healthy, safe and attractive places where business, social and cultural life can flourish.
- New Zealand is moving towards a sustainable energy future, through increasing our use of renewable energy and making more efficient use of energy.
- New Zealand makes significant greenhouse gas reductions to enable it to make a transition to a low carbon future.
- New Zealand manages its international climate change commitments at least in the first commitment period which enables a smooth transition to a lower carbon future.
- New Zealand manages the risks, opportunities and impacts arising from the effects of climate change and ensures adaptation as smoothly as possible.
- The Ministry has the capability to deliver the advice and services the Government expects of it.

In some instances the management of these outcomes will be the responsibility of individual service groups while in other cases they will be managed collectively by the Ministry.

On page 32 of this document an organisational chart identifies key personnel and their service groups, along with their respective responsibilities.

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>A good environment that is managed through good governance and where natural resources such as air, water, soil and biodiversity are used sustainably.</p>	<p>Through the Ministry's Talk Environment roadshows and other consultation we asked stakeholders and they told us what they expected us to do.</p> <p>We need to provide leadership, work with partners in central and local government, industry and the community, and make things happen.</p> <p>We need to do this because our use of natural and biological resources underpins the economy, our quality of life and our national identity.</p>	<p>Everyone is affected by and affects the environment. Good governance is required to achieve the environment New Zealanders expect and deserve.</p> <p>The Ministry is the national agency tasked with delivering both government's and New Zealand's desired environmental outcomes.</p> <p>Our environment is important because:</p> <ul style="list-style-type: none"> <li>• people's health and quality of life are affected by poor air and water quality</li> <li>• water resources are essential to New Zealand's economy, and are also part of our natural heritage, our recreational activities, and have practical and spiritual value for Maori</li> </ul>	<p>Responses from central government agencies concerned with the monitoring of achievements and systems will be positive.</p> <p>The Chief Executive's Environment Forum, which brings together key players from central and regional government, will be seen to provide strong environmental leadership in areas of mutual interest.</p> <p>We will also know we have been successful when:</p> <ul style="list-style-type: none"> <li>• the nationwide air quality meets national standards</li> <li>• the water quality in lowland areas begins to improve</li> <li>• nationally important biodiversity on private land begins to improve.</li> </ul>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
		<ul style="list-style-type: none"> <li>• our agricultural, horticultural and tourist industries rely heavily on the quality of our soils and native forests</li> <li>• we need to 'turn the tide' on the decline of our biodiversity. We want New Zealand to be a place of richness and diversity rather than being a result of 'the past'.</li> </ul>	
<p>There is a coherent national picture of how the New Zealand environment is collectively managed and the delivery of services is seen to be efficient.</p>	<p>Feedback from stakeholder engagement and government agencies has confirmed the efficiencies of this approach.</p>	<p>It is important that there is one national co-ordination point to facilitate, share ideas and address major environmental problems.</p> <p>The Ministry for the Environment is resourced to assume this role. It has the ability to be proactive and well informed.</p> <p>In providing this contact, central government can draw on resources and systems with one end result in mind.</p>	<p>When stakeholders from all sectors tell us that we provide effective leadership on environmental matters.</p>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>The community is involved in action for the environment.</p>	<p>Clear messages from stakeholder groups identified that:</p> <ul style="list-style-type: none"> <li>• the Ministry should lead the work needed to get an integrated approach to all matters of environmental importance across government, local government and the community</li> <li>• local government, community groups, professional organisations and business want to work in partnership with the Ministry to achieve these goals, management standards and their practical application in the community</li> <li>• there is an ongoing need to fix processes and improve capability within communities.</li> </ul>	<p>To ensure a good environment we need environmentally responsible behaviour. We all need to work together to set the standards and manage the outcome. It is only through a mix of leading and partnering with central and local government and the wider community as well as fixing problems, that this will be achieved.</p>	<p>We will be recognised as a Ministry that works well with others.</p> <p>Initiatives and best practice guidelines will be developed in collaboration with the community.</p> <p>There will be an active and effective relationship management strategy in place with all key stakeholders.</p> <p>Initiatives and best practice guidelines are being used with tangible results.</p>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>New Zealand's environmental legislation is visibly effective and appropriate.</p>	<p>As part of the Ministry's Talk Environment roadshows we asked stakeholders what they expect from the Resource Management Act (1991), Hazardous Substances and New Organisms Act (1996), and other environmental legislation.</p> <p>They expect the Resource Management Act and the Hazardous Substances and New Organisms Act to improve the quality of decisions and processes and to provide greater certainty. They expect us to reduce delays and costs, without compromising good environmental outcomes or sacrificing public participation.</p>	<p>The workability of the Resource Management Act (1991) and the Hazardous Substances and New Organisms Act (1996) needs enhancement to improve governance, decision making and problem solving by individuals and organisations.</p>	<p>There are real improvements, for example:</p> <ul style="list-style-type: none"> <li>• the backlog of cases in the Environment Court will be further reduced and all cases will be heard within six months</li> <li>• there will be improved monitoring of conditions placed on hazardous substance use, import and manufacture, and reduced risks faced by industry and the community</li> <li>• stakeholders will recognise that issues have been addressed.</li> </ul>
<p>Local government is a credible and efficient deliverer of environmental services.</p>	<p>Through discussions with local government we know that environmental tools and best practices are known about, regarded as useful and practical and are being used.</p>	<p>Things which are not working for industry or the community need to first be identified and then they need to be fixed.</p>	<p>There is widespread trust and confidence, and, local government is dealing with resource management issues in the most appropriate manner.</p>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>Government and industry work together to achieve sustainable results.</p>	<p>The sustainable development approach helps us find solutions that provide the best outcomes for the environment, the economy and society.</p> <p>Purchase decisions in the market are increasingly being driven on the basis of such things as consumer preference, and the requirement on industry to demonstrate the sustainability of products and services.</p>	<p>The Government is committed to sustainable development through the Sustainable Development Programme of Action.</p> <p>Government can work more efficiently when working together to deliver whole of government policies.</p> <p>Promoting sustainable purchase and usage practices makes economic sense, gives positive leadership which will encourage initiatives by others and is good for the environment.</p> <p>We want to ensure that as we promote sustainability to New Zealand industry that we are also doing so (and seen to be doing so) within central government.</p> <p>We want to minimise energy use, materials use and the amount of waste sent to landfill; to buy products which are better for the environment; and to report on progress.</p>	<p>The agencies we are working with have:</p> <ul style="list-style-type: none"> <li>• improved procurement strategies</li> <li>• a reduced environmental impact</li> <li>• improved reporting methods</li> <li>• policies that meet sustainable development principles.</li> </ul>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>New Zealand industry competes, is profitable and grows sustainably.</p>	<p>Stakeholders recognise that the environment is important to the New Zealand economy for existing primary production, manufacturing and new industries such as tourism and the film industry.</p> <p>Industry recognises that to be internationally competitive and profitable, its future growth should be based on encouraging innovative and sustainable use of our natural and physical resources.</p>	<p>Sustainable development is a 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.</p> <p>Sustainable development will only be achieved with sustainable industry at its base. Industry itself is leading sustainable development practices through initiatives such as cleaner production, environmental reporting, and voluntary agreements. However, a sustainable industry base requires a critical mass of industry thinking, planning and operating sustainably.</p> <p>To do this industry needs an operating framework that rewards sustainable practices, provides the incentives to make a change towards sustainability and the information and tools to make it happen.</p>	<p>The industries we work with have the following characteristics:</p> <ul style="list-style-type: none"> <li>• anticipate economic, environmental and social trends to minimise risk and take opportunities to improve comparative advantage</li> <li>• improve economic, environmental and social performance</li> <li>• use natural resources efficiently</li> <li>• understand that today's competitive factors may not be tomorrow's</li> <li>• understand their impacts across business and products lifecycles</li> <li>• operate beyond traditional and market compliance boundaries.</li> </ul>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
Our cities are healthy, safe and attractive places where business, social and cultural life can flourish.	Eighty-five percent of New Zealanders live in towns and cities. The way our urban areas operate directly affects the environment, people's quality of life and economic growth.	The Government has recognised the importance of cities by creating the Urban Affairs Portfolio and by identifying cities as a key priority for the Sustainable Development Programme of Action.	Our cities are acknowledged, both within New Zealand and internationally, as great places to live and do business.
New Zealand is moving towards a sustainable energy future, through increasing our use of renewable energy and making more efficient use of energy.	Our society depends on energy. Moving towards a sustainable energy future will reduce household and industry energy costs, will improve people's quality of life and health, and will reduce the environmental effects associated with energy generation, including reducing greenhouse gas emissions.  To meet our international responsibilities we need to move to best practice in managing energy and emissions to manage the risks and capitalise on the opportunities gained from climate change responses.	The National Energy Efficiency and Conservation Strategy contains targets for improvements in energy efficiency and renewable energy. The Sustainable Development Programme of Action lists sustainable energy as one of four key priorities.	In meeting these Energy Efficiency and Conservation Strategy targets, we can feel confident that we are well on track towards a sustainable energy future.
New Zealand makes significant greenhouse gas reductions to enable it to make a transition to a low carbon future.	The world has decided climate change is a global issue, as no single country can effect the necessary correction.	As a good global citizen, we need to contribute to the global actions to avert the dangerous effects of climate change and to protect New Zealand's interests.  To ensure that low-cost emission reductions are secured early to avoid the risk and cost of exposure to the price of a large greenhouse gas profile.	Through the measurement of policy implementation and investment decisions, with the national greenhouse gas inventory reflecting reduced emissions.

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>New Zealand manages its international climate change commitments at least in the first commitment period which enables a smooth transition to a lower carbon future.</p>	<p>Following consultation with public and key interest groups, the Government has made decisions to protect the interests of both New Zealand as a whole, and specific groups by balancing the costs and benefits fairly.</p>	<p>To maximise the window of potential benefits to the economy through the value of carbon abatement and sequestration and minimise risks and liabilities to the Crown.</p>	<p>There is broad acceptance of the adjustment costs of climate change policies and business opportunities, especially knowledge economy gains, have materialised from developing a low carbon and more energy efficient economy.</p> <p>A climate change services industry has developed domestically and provides export receipts.</p>
<p>New Zealand manages the risks, opportunities and impacts arising from the effects of climate change and ensures adaptation as smoothly as possible.</p>	<p>Because of the lags in the climate system, anthropogenic greenhouse gas emissions to date have already committed the Earth to a certain amount of climate change, even if emissions were immediately 'frozen' at current levels.</p> <p>Consultations have indicated a demand for information and tools on the impacts of and adaptation to climate changes.</p>	<p>Regardless of actions taken to mitigate climate change, New Zealand will still need to take actions to adapt to the physical impacts (positive and negative) of climate change on, for example, water resources, agricultural and forestry production and infrastructure such as roading and bridges.</p> <p>To enable sectors and communities to manage the effects of climate change on infrastructure, settlements and economic activity through more informed public and private decisions.</p>	<p>When considering 'climate change' issues becomes standard practice in the decision making processes of central and local government, and the private sector (including the primary production sectors).</p> <p>Climate change impacts are factored into agency, individual and community decisions and hazards and risks are reduced.</p>

PROGRAMME OUTCOME	WE/STAKEHOLDERS KNOW WHAT WE ARE DOING IS RIGHT	WHY WE ARE DOING WHAT WE ARE DOING	HOW WILL WE KNOW WHEN WE HAVE SUCCEEDED?
<p>The Ministry has the capability to deliver the advice and services the Government expects of it.</p>	<p>One of government's strategies is to maintain a strong public service which provides leadership and works well with others which stimulates growth and innovation.</p> <p>From our assessment of the Ministry's current capability we have identified an ongoing need to improve our performance to fulfil growing responsibilities.</p>	<p>To achieve the outcomes identified in this Statement of Intent, we need to continue to develop leadership and management capability.</p> <p>In addition to reinforcement of senior leadership we will continually develop staff at all levels to ensure we have the right combination of the relevant skills, expertise and enthusiasm.</p> <p>To enhance our capability we will regularly improve our resources and systems to ensure we can meet future requirements.</p>	<p>From both internal and external recognition of our performance.</p> <p>We are invited to participate in a range of initiatives based on our achievements.</p> <p>The Ministry is viewed as a good place to work, which will create demand from high calibre job applicants.</p> <p>We are recognised both internally and externally as high performers and an organisation that makes things happen.</p>

## **ENHANCING CAPABILITY AND IMPROVING OUR PERFORMANCE**

Achieving the goals and outcomes identified in this Statement of Intent will require the Ministry to continue to develop its capability and improve its performance.

Capability in this context is the ability to attract, develop and retain the right combination of people; to involve the whole community in the governance of the environment; and to operate robust, future-proof and practical systems and structures.

To achieve this goal we need to:

- improve our strategic direction setting and management capability
- develop and integrate a stakeholder relationship management approach
- refine our human resources policies and strategies
- maintain and improve corporate systems
- increase our ability to influence the decision making and behaviours of others
- 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 the outcomes we are seeking. This suggests a need to develop our capability to produce stronger mechanisms that will help Ministers prioritise activities so they make the greatest contribution to achieving the Government's outcomes.

The development of the previous Statement of Intent coincided with the re-focusing of the Ministry (on the partnership, leadership and fixing model) and resulted in providing a clearer direction. Development of this Statement of Intent was supported by a more integrated process of business planning and risk assessment in which greater emphasis was given to planning to achieve outcomes. There is a need to constantly 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:

- identifying and using opportunities to improve capability and performance
- aligning activities with outcomes
- aligning, measuring and reporting with outcomes.

## **MANAGING RELATIONSHIPS WITH STAKEHOLDERS**

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 share the environment stage with many others, each with their own charter and responsibilities. Working and communicating with them is a high priority for us. This calls for the Ministry to strengthen its relationships with stakeholders, while continuing to maintain traditional relationships with Ministers.

Our 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. We will formalise this approach through the development of a stakeholder relationship management strategy, supported by senior operators who have the specific role of leading development of relationships between the Ministry and other organisations. We also have an ongoing focus on building staff skills to develop, maintain and enhance stakeholder relationships.

## **HUMAN RESOURCES 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.

We are working on 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.

## **ROBUST CORPORATE SYSTEMS**

To support a culture of leadership, capability and excellence, appropriate corporate systems are needed. The Ministry continually works towards having systems that provide staff with the support they need, while at the same time ensuring that rigorous management checks and measures are maintained.

Our current focus is on:

- the development of a comprehensive information management strategy
- refinement of corporate support systems to match changing requirements
- developing a project management approach that is applied consistently across all work areas
- maintaining appropriate and flexible financial and human resource management systems.

## **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 constant risk that we will get pulled in too many directions and end up stretched too thinly again. While the expectations of our stakeholders are high, they often have conflicting values. This creates an ongoing tension in dealing with environmental issues and governance.

The key business risks are:

- We will continue to be under pressure to adopt new priorities and consider new issues. While there will sometimes be new tasks that we must take on, we need to maintain our strategic focus and complete what we start.
- Our aim is to work more closely with other organisations, such as other central government agencies, local government, community and industry – not all of which agree on issues or agree with our approach. Developing the respect of others and maintaining effective working relationships with them is critical to our effectiveness.
- To achieve the outcomes and goals in this Statement of Intent, we need to recruit and retain highly skilled and knowledgeable staff. They must be able to provide leadership and work in partnership with stakeholders who have differing views and priorities. However, we are competing in a labour market of high demand that places a premium on the skills we need and value.

The key operational risks are:

- We must focus on the environmental issues collectively seen as the greatest risks and manage them appropriately. This also requires an emphasis on timely action.
- We must be aware of, and respond to, the economic, social and political context in which we are working. (This does not mean party political.) We must recognise the economic impact of any regulatory intervention, including the economic and health benefits of appropriate action.

### **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. The Ministry makes use of rigorous monthly reporting on all activities. We monitor our organisational performance in terms of our strategic goals.

The focus of our organisational performance measurement is 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 (i.e. making a difference)
- robust management controls.

## ORGANISATIONAL RESPONSIBILITIES

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

### THE SENIOR MANAGEMENT GROUP

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 the Deputy Chief Executive, Lindsay Gow, and four General Managers. The Chief Executive and Deputy Chief Executive ensure all policy development and actions link together cohesively, and that activities and outcomes are well defined, to ensure everything the Ministry does contributes to a good environment through good governance.

### WORKING WITH CENTRAL GOVERNMENT

The Working with Central Government Group is led by Dave Brash. It is responsible for developing and maintaining the framework of environmental legislation (including the Resource Management Act 1991, and the Hazardous Substances and New Organisms Act 1996). It also works on policy in the areas of sustainable development, marine issues and Treaty of Waitangi claims relating to natural resources. In addition, it undertakes work to improve environmental outcomes for Maori and to encourage Maori participation in the management and use of natural resources. Other key work areas are providing support for the Bioethics Council and key work areas are managing relationships with Ministers, other government agencies and iwi, and monitoring the performance of the Environmental Risk Management Authority (ERMA) and the Energy Efficiency and Conservation Authority (EECA).

### WORKING WITH LOCAL GOVERNMENT

The Working with Local Government Group is led by Sue Powell. It manages the relationship with local government, works with local government in areas of collective interest, and reports on local government performance. It also reports on the performance of our environmental policies, carries out statutory functions under the Resource Management Act, and develops national environmental standards and other national instruments. Urban affairs are also part of this Group's responsibilities.

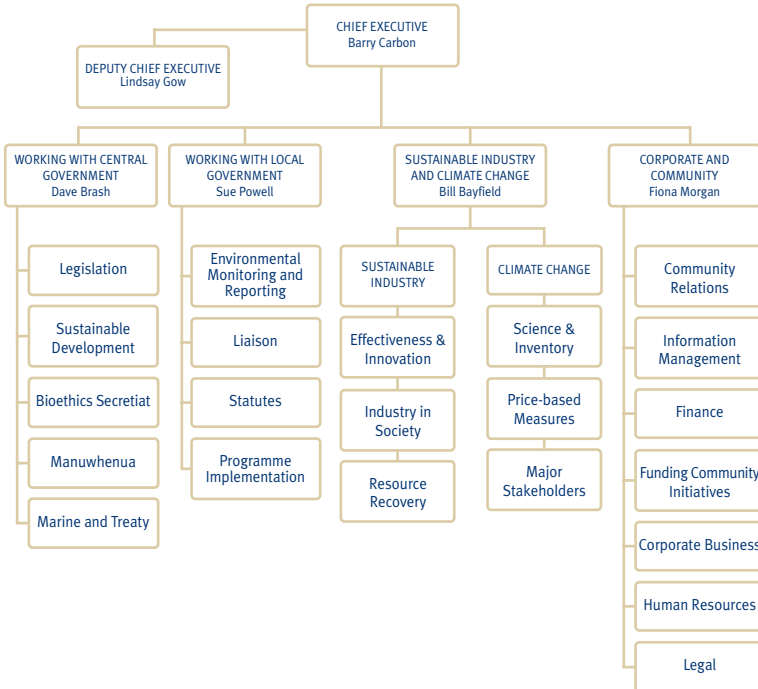
**SUSTAINABLE INDUSTRY AND CLIMATE CHANGE**

The Sustainable Industry and Climate Change Group is led by Bill Bayfield. It works with business and industry to promote sustainable business practices and to support innovation in environmental management. The Group works with targeted sectors to initiate improvements in environmental performance. The New Zealand Climate Change Office implements climate change policy through measures aimed at reducing greenhouse gas emissions and at adapting to climate change impacts, as well as monitoring and accounting for carbon levels nationally.

**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**



**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:

- a statement of financial performance reflecting the forecast revenue and expenses for the financial year ending 30 June 2005
- a statement of the estimated financial position as at 30 June 2004 and forecast financial position as at 30 June 2005
- a statement of cash flows reflecting forecast cash flows for the year ending 30 June 2005
- 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 2005
- 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 2005
- a statement of objectives specifying the performance forecast for each class of outputs for the year ending 30 June 2005.

## FINANCIAL HIGHLIGHTS

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
Revenue: Crown	36,047	38,088	38,088	36,916
Revenue: Other	25	205	205	5
Output expenses	36,072	38,293	38,293	36,921
Other expenses	–	–	–	–
<b>Net surplus from operations</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Physical assets	774	672	672	562
Taxpayers' funds	343	343	343	343
<b>Net cash flows from operating activities</b>	<b>470</b>	<b>(856)</b>	<b>(856)</b>	<b>565</b>
<b>Net cash flows from investing activities</b>	<b>(405)</b>	<b>(378)</b>	<b>(378)</b>	<b>(385)</b>

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2005

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
<b>REVENUE</b>				
Crown	36,047	38,088	38,088	36,916
Departments	5	200	200	0
Other	20	5	5	5
Interest	–	–	–	–
<b>Total revenue</b>	<b>36,072</b>	<b>38,293</b>	<b>38,293</b>	<b>36,921</b>
<b>EXPENDITURE</b>				
Personnel	12,100	15,100	15,100	16,100
Operating	23,493	22,724	22,724	20,294
Depreciation	450	440	440	500
Capital charge	29	29	29	27
<b>Total expenditure</b>	<b>36,072</b>	<b>38,293</b>	<b>38,293</b>	<b>36,921</b>
Profit on sale of assets	5	5	5	5
Other expenses	–	–	–	–
<b>Net surplus from operations</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

**STATEMENT OF ESTIMATED FINANCIAL POSITION AS AT 30 JUNE 2004 AND  
FORECAST FINANCIAL POSITION AS AT 30 JUNE 2005**

	<i>Actual financial position as at 30 June 2003</i>	<i>Estimated actual financial position as at 30 June 2004</i>	<i>Forecast financial position as at 30 June 2005</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Taxpayers' funds	343	343	343
<b>Total taxpayers' funds</b>	<b>343</b>	<b>343</b>	<b>343</b>
<i>Represented by:</i>			
<b>CURRENT ASSETS:</b>			
Bank	7,794	3,481	3,656
Term deposits with the Crown	–	–	–
Pre-payments	48	45	45
Debtors and receivables	24	0	0
<b>Total current assets</b>	<b>7,866</b>	<b>3,526</b>	<b>3,701</b>
Physical assets	723	672	562
<b>Total assets</b>	<b>8,589</b>	<b>4,198</b>	<b>4,263</b>
<b>CURRENT LIABILITIES:</b>			
Creditors and payables	4,129	2,750	2,865
Provision for the repayment of surplus to the Crown	3,079	5	5
Employee entitlements	610	550	450
<b>Total current liabilities</b>	<b>7,818</b>	<b>3,305</b>	<b>3,320</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee entitlements	428	550	600
<b>Total liabilities</b>	<b>8,246</b>	<b>3,855</b>	<b>3,920</b>
<b>Net assets</b>	<b>343</b>	<b>343</b>	<b>343</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2005

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash provided from:				
Supply of outputs to Crown	36,047	38,088	38,088	36,916
Supply of outputs to departments	5	216	216	0
Supply of outputs to others	20	7	7	5
Cash disbursed to:				
Cost of producing outputs	(35,573)	(39,138)	(39,138)	(36,329)
Capital charge	(29)	(29)	(29)	(27)
<b>Net cash flows from operating activities</b>	<b>470</b>	<b>(856)</b>	<b>(856)</b>	<b>565</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash provided from:				
Sale of physical assets	(5)	22	22	15
Cash disbursed to:				
Purchase of physical assets	(400)	(400)	(400)	(400)
<b>Net cash flows from investing activities</b>	<b>(405)</b>	<b>(378)</b>	<b>(378)</b>	<b>(385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash disbursed to:				
Repayment of surplus to Crown	(764)	(3,079)	(3,079)	(5)
<b>Net cash flows from financing activities</b>	<b>(764)</b>	<b>(3,079)</b>	<b>(3,079)</b>	<b>(5)</b>
Net decrease in cash held	(699)	(4,313)	(4,313)	(175)
Opening cash balance at 1 July	3,858	7,794	7,794	3,481
<b>Projected closing cash and deposits at 30 June 2004</b>	<b>3,159</b>	<b>3,481</b>	<b>3,481</b>	<b>3,656</b>

**RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDING 30 JUNE 2005**

	<i>2003/04 Main estimates \$000</i>	<i>2003/04 Supplementary estimates \$000</i>	<i>2003/04 Estimated actual \$000</i>	<i>2004/05 Budget \$000</i>
<b>Net surplus from operations</b>	5	5	5	5
<b>ADD NON-CASH ITEM</b>				
Depreciation	450	440	440	500
<b>ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS</b>				
Decrease in pre-payments	–	3	3	–
Decrease in debtors and receivables	–	18	18	–
Decrease in payables and provisions	(25)	(955)	(955)	(100)
Decrease in other accrued liabilities	–	(424)	(424)	215
Increase in provision for employee entitlements	25	62	62	(50)
<b>ADD/(LESS) INVESTING ACTIVITY</b>				
Net gain on sale of physical assets	15	(5)	(5)	(5)
<b>Net cash flow from operating activities</b>	<b>470</b>	<b>(856)</b>	<b>(856)</b>	<b>565</b>

**STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS FOR THE YEAR ENDING 30 JUNE 2005**

	<i>Actual financial position as at 30 June 2003 \$000</i>	<i>Estimated actual financial position as at 30 June 2004 \$000</i>	<i>Forecast financial position as at 30 June 2005 \$000</i>
<b>Taxpayers' funds brought forward as at 1 July</b>	<b>343</b>	<b>343</b>	<b>343</b>
Net surplus from operations	3,079	5	5
<b>Total recognised revenues and expenses for the year</b>	<b>3,079</b>	<b>5</b>	<b>5</b>
Provision for repayment of surplus to the Crown	(3,079)	(5)	(5)
<b>Taxpayers' funds as at 30 June</b>	<b>343</b>	<b>343</b>	<b>343</b>

## STATEMENT OF COMMITMENTS FOR THE YEAR ENDING 30 JUNE 2005

	<i>Actual financial position as at 30 June 2003</i>	<i>Estimated actual financial position as at 30 June 2004</i>	<i>Forecast financial position as at 30 June 2005</i>
	\$000	\$000	\$000
<b>OPERATING AND ACCOMMODATION LEASE COMMITMENTS (GST EXCLUSIVE)</b>			
Not later than 1 year	1,323	1,835	1,725
Later than 1 year but not later than 2 years	1,085	1,725	1,621
Later than 2 years but not later than 5 years	1,102	3,221	1,600
Later than 5 years	–	7,601	7,601
<b>Total operating and lease commitments</b>	<b>3,510</b>	<b>14,382</b>	<b>12,547</b>
Capital commitments	–	–	–
<b>Total commitments</b>	<b>3,510</b>	<b>14,382</b>	<b>12,547</b>

## FORECAST DETAILS OF PHYSICAL ASSETS BY CATEGORY AS AT 30 JUNE 2005

	<i>30 June 2004 Estimated actual position</i>	<i>30 June 2005 Cost</i>	<i>30 June 2005 Accumulated depreciation</i>	<i>30 June 2005 Net book value</i>
	\$000	\$000	\$000	\$000
Furniture and fittings	218	1,211	1,038	173
Motor vehicles	–	50	50	–
Plant and equipment	454	1,973	1,584	389
<b>Total</b>	<b>672</b>	<b>3,234</b>	<b>2,672</b>	<b>562</b>

## 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: Waitaki Decision-Making Body
- 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 (%)	Useful life (years)
Furniture and fittings	20	5
Motor vehicles	25	4
Office equipment	20	5
Computer software	33	3
Computer hardware	33	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 and held in bank accounts.

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 2005**

**PERFORMANCE INDICATORS: 2003/04 AND 2004/05**

	<i>Unit</i>	<i>2003/04 Main estimates</i>	<i>2003/04 Supplementary estimates</i>	<i>2003/04 Estimated actual</i>	<i>2004/05 Budget</i>
<b>OPERATING RESULTS</b>					
Revenue: Crown	\$000	36,047	38,088	38,088	36,916
Revenue: Departments and other	\$000	25	205	205	5
Revenue: Interest	\$000	–	–	–	–
Output expenses	\$000	36,072	38,293	38,293	36,921
Net surplus /(deficit)	\$000	5	5	5	5
<b>WORKING CAPITAL</b>					
Net current assets	\$000	(81)	221	221	381
Liquid ratio	%	110.2	126.6	126.6	127.6
<b>RESOURCE UTILISATION</b>					
Physical assets	\$000	774	672	672	562
Physical assets as % of total assets	%	19.4	16.0	16.0	13.2
Additions as % of physical assets	%	51.7	59.5	59.5	71.2
Physical assets per employee	\$000	3.7	2.9	2.9	2.4
<b>TAXPAYERS' FUNDS</b>					
Level at year-end	\$000	343	343	343	343
Level per employee	\$000	1.6	1.5	1.5	1.5
<b>FORECAST NET CASH FLOWS</b>					
Surplus /(deficit) from operating activities	\$000	470	(856)	(856)	565
Surplus /(deficit) from investing activities	\$000	(405)	(378)	(378)	(385)
Surplus /(deficit) from financing activities	\$000	(764)	(3,079)	(3,079)	(5)
Net increase /(decrease) in cash held	\$000	(699)	(4,313)	(4,313)	175
<b>HUMAN RESOURCES</b>					
Staff turnover	%	7	8	8	10
Average length of service	Years	5	4	4	5
Total staff	No.	210	230	230	230

## **QUALITY STANDARDS FOR POLICY ADVICE**

The Ministry has a number of policies, standards, best practice documents and standard operating procedures to ensure that its service performance remains at an optimum level. These standards are applied to all aspects of our organisation, and are maintained through internal processes to ensure the quality of our policy advice. Such processes include peer review, and consultation within the organisation and relevant external agencies.

Additionally the General Managers work with the Chief and the Deputy Chief Executive on a regular basis, with all issues discussed at weekly meetings to ensure that work programmes remain consistent with the Ministry's core objectives.

## **CONTRIBUTION TO MINISTRY OUTCOMES**

All output classes contribute to the achievement of the Ministry's three overarching outcomes specifically of having a quality environment, good environmental governance and quality economic growth.

Below these three overarching outcomes there is a layer of programme outcomes. These programme outcomes are more closely linked to the output classes. However, in some cases all output classes link to a programme outcome e.g. work within all output classes contributes to there being a coherent national picture of how the New Zealand environment is collectively managed.

Further information on the linkages between the output classes and outcomes can be found on the Ministry's website: [www.mfe.govt.nz](http://www.mfe.govt.nz).

## VOTE: ENVIRONMENT

### VOTE: ENVIRONMENT: OUTPUT CLASS: ENVIRONMENTAL POLICY ADVICE

#### DESCRIPTION

Historically this output class covered the provision of policy advice. However, given our new strategic direction and to perform effectively, we cannot continue to operate as a 'pure' policy agency. Therefore this output class now covers more than policy advice.

The Ministry is now taking a stronger role in environmental governance and provides investigation, analysis, review and provision of advice on a range of environmental issues. It includes leading all government initiatives, co-ordinating the collaboration of central and local government in the delivery of environmental programmes and administration of legislation as well as advice to the Government and others.

#### OUTPUT OPERATING STATEMENT

	<i>2003/04 Main estimates \$000</i>	<i>2003/04 Supplementary estimates \$000</i>	<i>2003/04 Estimated actual \$000</i>	<i>2004/05 Budget \$000</i>
<b>REVENUE</b>				
Crown	23,012	24,242	24,242	23,157
Other	25	205	205	5
<b>Total Revenue</b>	<b>23,037</b>	<b>24,447</b>	<b>24,447</b>	<b>23,162</b>
Annual appropriation	23,037	24,447	24,447	23,162
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### OVERARCHING PRIORITY

To achieve the outcomes and outputs that have been identified, the Ministry needs to continue to:

- enhance its capability
- develop effective systems and structures
- build strong relationships.

The Ministry has worked hard on capacity building over the past 18 months.

The subsequent results are expected to be reflected through the increasing and effective work that the Ministry undertakes and delivers.

## OUTPUTS

Within this output class the following work will be undertaken:

Working with central government to lead and participate in interdepartmental initiatives on:

- sustainable development, specifically sustainable cities and energy
- fisheries and marine issues, including sustainability issues under the amended Fisheries Act (1996)
- oceans
- biodiversity, specifically the development of a biodiversity strategy for New Zealand as well as the development of a National Policy Statement on Biodiversity
- improving the operation of the Resource Management Act (1991)
- improving the operation of the Hazardous Substances and New Organisms Act (1996).

Working with local government to lead and participate in issues relating to:

- improving the legislative framework
- urban affairs
- water e.g. Project Waitaki and Lake Taupo
- environmental reporting
- addressing major environmental problems e.g. contaminated sites.

Working with industry to:

- provide advice, information and resources that demonstrate sustainable industry concepts, benefits and best practice tools to help change practice and performance
- co-ordinate access to government services and manage roadblock issues for industry
- encourage other sectors to build sustainability into what they do.

This output class also includes the work the Ministry undertakes in relation to:

- raising awareness and participation to enable the involvement of the whole community in the governance of the environment
- monitoring the Environmental Risk Management Authority
- the provision of integrated advice and support to the Ministers and Government on environment issues and correspondence e.g. ministerials and parliamentary questions.

**VOTE: ENVIRONMENT: OUTPUT CLASS: ADMINISTRATION OF THE SUSTAINABLE MANAGEMENT FUND, LANDCARE TRUST, RESIDUAL CATCHMENT GRANTS, ENVIRONMENT CENTRES AND ENVIRONMENTAL LEGAL AID**

**DESCRIPTION**

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

All of these work programmes are non-departmental output classes.

**OUTPUT OPERATING STATEMENT**

	<i>2003/04 Main estimates \$000</i>	<i>2003/04 Supplementary estimates \$000</i>	<i>2003/04 Estimated actual \$000</i>	<i>2004/05 Budget \$000</i>
<b>REVENUE</b>				
Crown	662	662	662	662
Other	–	–	–	–
<b>Total Revenue</b>	<b>662</b>	<b>662</b>	<b>662</b>	<b>662</b>
Annual appropriation	662	662	662	662
<b>Surplus</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**OUTPUTS**

Work within this output class requires the Ministry to:

- build partnerships and encourage community involvement
- promote innovative use of information to encourage improved environmental management
- stimulate environmental action that would otherwise not occur.

## VOTE: ENVIRONMENT: OUTPUT CLASS: BIOETHICS COUNCIL

### DESCRIPTION

This output class provides for the effective operation of the Bioethics Council.

This Council is a ministerial advisory committee. Its role is to:

- provide independent advice to government on biotechnological issues involving 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.

### OUTPUT OPERATING STATEMENT

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
<b>REVENUE</b>				
Crown	1,333	1,333	1,333	1,333
Other	–	–	–	–
<b>Total Revenue</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>
Annual appropriation	1,333	1,333	1,333	1,333
<b>Surplus</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### OUTPUTS

The Bioethics Council is responsible for providing accurate and informative information to government on biological issues. The Ministry assists the Council by:

- providing administrative support and research material for the Council
- leading the whole of government approach by co-ordinating government agencies that are able to contribute to the Council's effectiveness
- collaborating with similar international groups to procure relevant research information to assist the Council
- assisting with the co-ordination of public dialogue and participation in Council activities.

**VOTE: ENVIRONMENT: OUTPUT CLASS: RESOURCE MANAGEMENT (WAITAKI CATCHMENT) AMENDMENT ACT**

**DESCRIPTION**

This output class covers the Ministry’s responsibility for the management of a process to develop a water allocation framework for the Waitaki River. The river and catchment is subject to intense competition from different people, companies and organisations for the use of its water. We aim to develop an improved process and planning framework to determine water allocation and resource applications for the river and its catchment.

**OUTPUT OPERATING STATEMENT**

	<i>2003/04 Main estimates \$000</i>	<i>2003/04 Supplementary estimates \$000</i>	<i>2003/04 Estimated actual \$000</i>	<i>2004/05 Budget \$000</i>
<b>REVENUE</b>				
Crown	–	1,111	1,111	489
Other	–	–	–	–
<b>Total Revenue</b>	–	<b>1,111</b>	<b>1,111</b>	<b>489</b>
Annual appropriation	–	1,111	1,111	489
<b>Surplus</b>	–	–	–	–

**OUTPUTS**

Within this output class the Ministry will develop and implement a water allocation framework process. To do this, the Ministry will:

- establish a water allocation framework
- appoint a Water Allocation Board and Commissioners.

**NOTE:** At the time of printing the work programme was still being finalised.

## VOTE: ENERGY – CLIMATE CHANGE AND ENERGY EFFICIENCY

### OUTPUT CLASS: POLICY ADVICE ENERGY EFFICIENCY AND CONSERVATION

#### DESCRIPTION

This output class covers the monitoring of the Energy Efficiency and Conservation Authority. It also provides for research analysis and advice necessary to shape a sustainable and efficient energy future for New Zealand. It involves integrating environmental, economic, social and cultural aspects of policy development.

#### OUTPUT OPERATING STATEMENT

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
<b>REVENUE</b>				
Crown	216	216	216	216
Other	–	–	–	–
<b>Total Revenue</b>	<b>216</b>	<b>216</b>	<b>216</b>	<b>216</b>
Annual appropriation	216	216	216	216
Surplus	–	–	–	–

#### OUTPUTS

The following activities are included within this output class:

- monitoring the Energy Efficiency and Conservation Authority (EECA)
- providing leadership on environmental aspects of the Government's Sustainable Development Plan of Action's energy stream
- providing advice and support on energy related issues associated with the operation of the Resource Management Act (1991).

## OUTPUT CLASS D2: CLIMATE CHANGE POLICY ADVICE AND IMPLEMENTATION

### DESCRIPTION

This output class covers:

- implementation of the Government's climate change policy including measures aimed at reducing greenhouse gas emissions and adapting to impacts of climate change
- international representation of New Zealand's interests at multi and bilateral forums
- provision of information to support better understanding of the science and impacts of climate change policies
- meeting the reporting obligations under the United Nations Framework Convention on Climate Change (and the Kyoto Protocol) including the annual greenhouse gas inventory report and periodic national communications
- responsibility for the Climate Change Response Act and its Amendments.

### OUTPUT OPERATING STATEMENT

	2003/04 Main estimates \$000	2003/04 Supplementary estimates \$000	2003/04 Estimated actual \$000	2004/05 Budget \$000
<b>REVENUE</b>				
Crown	7,124	7,124	7,124	8,159
Other	–	–	–	–
<b>Total Revenue</b>	<b>7,124</b>	<b>7,124</b>	<b>7,124</b>	<b>8,159</b>
Annual appropriation	7,124	7,124	7,124	8,159
<b>Surplus</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### OUTPUTS

Within this output class the Ministry will:

- develop cost effective abatement measures which preserve the competitiveness of New Zealand business
- develop and implement policies aimed at the emissions of major stakeholders in climate change including agriculture, forestry, small and medium enterprises and industry, local government, synthetic gas users and transport
- develop adaptation materials and information for key sectors
- represent New Zealand at multi and bilateral forums
- implement a public awareness and education programme
- keep New Zealanders well informed about climate change science and impacts and greenhouse gas emissions
- ensure New Zealand's response to climate change takes account of latest information on relevant science and technology
- co-ordinate the preparation of New Zealand's annual greenhouse gas inventory
- advise on further amendments to the Climate Change Response Act 2002.

## OUTPUT CLASS D3: CARBON MONITORING PROGRAMME

### DESCRIPTION

This output class involves the implementation of the New Zealand Carbon Monitoring Programme to ensure our land use, land use change and forestry (LULUCF) data in our greenhouse gas inventory and entering the carbon accounting system, is robust, meets international requirements and underpins the economic return on sink credits.

### OUTPUT OPERATING STATEMENT

	<i>2003/04 Main estimates \$000</i>	<i>2003/04 Supplementary estimates \$000</i>	<i>2003/04 Estimated actual \$000</i>	<i>2004/05 Budget \$000</i>
<b>REVENUE</b>				
Crown	3,700	3,400	3,400	2,900
Other	–	–	–	–
<b>Total Revenue</b>	<b>3,700</b>	<b>3,400</b>	<b>3,400</b>	<b>2,900</b>
Annual appropriation	3,700	3,400	3,400	2,900
<b>Surplus</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### OUTPUTS

The development of a robust carbon monitoring system is the key deliverable within this output class.

PART THREE: **OTHER INFORMATION**



## 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.

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\*\* “Public authorities” means:

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

- 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 to the environment.”

The Ministry is also responsible for the implementation of government’s climate change policies through the New Zealand Climate Change Office.

The Ministry also administers the legislation listed on page 58.

## **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.

## **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)

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