

STATEMENT OF INTENT 2007 – 2010



Published in May 2007 by the
Ministry for the Environment
Manatū Mō Te Taiao
PO Box 10362, Wellington, New Zealand

Publication number: 804

This document is available on the Ministry for the Environment's website: www.mfe.govt.nz

Printed on recycled paper using vegetable inks.

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STATEMENT OF RESPONSIBLE MINISTER

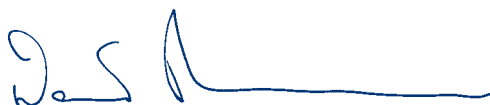
The Statement of Intent 2007–2010 outlines how the Ministry will meet the crucial challenges of climate change, managing waste and shifts in land-use, and ensuring this nation’s precious resources are sustainably managed.

Government’s new priorities of a carbon neutral public service, a sustainable procurement policy across government, sustainable households and business, and improving waste management will help shape the Ministry’s work programmes over the next three years.

April’s release of the 10-year OECD report has given us an independent assessment of our progress, and how far we still have to travel towards a sustainable future which can help New Zealand’s economic transformation.

There is a widespread consensus that greenhouse gas emissions are changing the world’s climate. The Ministry for the Environment will play an integral part in New Zealand’s efforts to reduce emissions as part of the world’s efforts to avoid more drastic climate change. The Ministry will also implement New Zealand’s Land Use and Carbon Analysis System and lead work to help New Zealand adapt to the effects of climate change which are already projected.

I endorse the Ministry for the Environment’s work programme priorities. The Government is committed to ensuring New Zealand’s environment retains its worldwide reputation, and I confirm the information this Statement of Intent contains is consistent with the policies and performance expectations of the Government.



Hon David Benson-Pope
MINISTER FOR THE ENVIRONMENT

FOREWORD FROM THE CHIEF EXECUTIVE

This Statement of Intent focuses the Ministry for the Environment, its strategic direction and work programmes on the Government's sustainability agenda. The Ministry has a coordinating role that lies at the heart of the Government's aim for New Zealand to be recognised as a world leader in sustainability.

Of course, environmental sustainability has always been implicit in the Ministry's activities. In recent years it was made more explicit in areas such as the Sustainable Water Programme of Action and our sustainable industry projects. It is now central to our vision and mission.

In 2007/08 the Government's new sustainability initiatives, along with existing linked priorities of climate change, sustainable land and water, Resource Management Act implementation, waste minimisation and environmental reporting, will dominate the Ministry's activities.

One important event in late 2007 will be the publication of the *Environment New Zealand 2007* report on the state of New Zealand's environment. This report will be based on the core set of environmental indicators that have been agreed as New Zealand's measures of environmental progress.

Combined with the review of New Zealand's environmental performance by the OECD and the three reports of the Intergovernmental Panel on Climate Change released during 2007, it will maintain the strong public interest in local and international environmental issues that we have seen over the past 12 months.

The Ministry welcomes the rising public interest in sustainability and environmental issues. We recognise the opportunity to build on this interest by engaging people on the path to sustainability through simple achievable steps.



Hugh Logan

CHIEF EXECUTIVE



PART ONE: THE MINISTRY

OUR ROLE IN LEADING ENVIRONMENTAL SUSTAINABILITY

The environment affects everyone in New Zealand in some way. It supports our economy based on natural resources, the health of our people and our quality of life. At the same time, the health of the environment is affected by the way every New Zealander behaves.

Environmental sustainability supporting a prosperous New Zealand is the focus of the Ministry for the Environment.

The Ministry is a government department established under the Environment Act 1986. It is the Government's primary adviser on the New Zealand environment and international matters that affect the environment.

The Ministry for the Environment is the leader on environmental sustainability across both central and local government. We work in partnership with key sectors, organisations and communities to improve the New Zealand environment and encourage sustainable practices.

Our leadership role recognises that the Ministry for the Environment is not the only government agency involved in environmental action. Others such as the Department of Conservation, and the Ministries of Agriculture and Forestry, Fisheries, Economic Development, and Transport all have a direct influence on New Zealand's environment and natural resources.

Two Crown agencies, the Environmental Risk Management Authority (ERMA New Zealand) and the Energy Efficiency and Conservation Authority have a major role in implementing environmental policy. The Ministry for the Environment oversees their work.

Day to day management of the natural and built environment is largely the responsibility of local government. The Ministry for the Environment provides national direction and guidance, as well as working with local government on implementation of environmental policies.

OUR STATUTORY FUNCTIONS

The Environment Act 1986 defines ‘environment’ widely to include ecosystems, people and communities, and natural and physical resources. The functions of the Ministry for the Environment as set out in this Act are:

- to advise the Minister on:
 - management policies for natural and physical resources and ecosystems to meet the objectives of the Environment Act 1986
 - significant environmental impacts of public or private sector proposals, particularly those that are inadequately covered by existing legislative or other environmental assessment requirements
 - ensuring that effective provision is made for public participation in environmental planning and policy formulation, particularly at the regional and local level
 - to obtain information, and to conduct and supervise research, so it may advise the Government on environmental policies
- to provide the Government, its agencies and other public authorities with advice on:
 - the application, operation and effectiveness of the Acts specified in the Schedule to the Environment Act 1986, in relation to the achievement of the Act’s objectives
 - procedures for assessing and monitoring environmental impacts
 - pollution control and coordinating the management of pollutants in the environment
 - the identification and likelihood of natural hazards and reducing the effects of natural hazards
 - the control of hazardous substances, including managing the manufacture, storage, transport and disposal of hazardous substances
- to facilitate and encourage the resolution of conflict in relation to policies and proposals that may affect the environment
- to provide and disseminate information and services to promote environmental policies, including environmental education and effective public participation in environmental planning
- to provide advice on matters relating to the environment
- to carry out functions specified under any other enactment (this includes the Ministry’s functions under the Resource Management Act (RMA)).

Legislation administered by the Ministry for the Environment

The Ministry for the Environment is responsible for administering the following laws, including amendments and regulations under these laws:

- 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
- Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- Fiordland (Te Moana o Atawhenua) Marine Management Act 2004.

THE GOVERNMENT'S PRIORITIES 2006 – 2016

The Government's priorities for the next decade are economic transformation, families young and old, and national identity. The Government has also announced sustainability priorities to underpin all its programmes, with a goal of New Zealand becoming the world's first truly sustainable nation.

Economic transformation focuses on transforming New Zealand to a high income, knowledge-based market economy which is both innovative and creative and provides a unique quality of life to all New Zealanders. Economic transformation includes sub-themes of environmental sustainability, world class infrastructure, and Auckland as an internationally competitive city.


Much of our work supports the priority of economic transformation. In particular, the climate change work programme, sustainable business initiatives, and sustainable water programme of action contribute to building a prosperous New Zealand as well as to environmental sustainability.

Families young and old focuses on providing families with the support and choices they need to be secure and to be able to reach their full potential within our knowledge-based economy. Our new work programme to encourage household sustainable living will provide families with the information they need to make decisions based on environmental sustainability. Related work to promote clean heating in homes will reduce air pollution and ensure homes are warmer, which has health benefits for families.

National identity focuses on enabling New Zealanders to be able to take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history, and our stance on international issues.

Wherever we live, most New Zealanders feel close to the natural environment – the mountains, beaches, bush and stunning landscapes matter to us. New Zealand's diverse and stunning landscapes, our flora and fauna are part of our national identity. Protecting and preserving the natural environment is the basis of all the Ministry's work. In particular, our work programmes aimed at achieving healthy air, land and water, preserving biodiversity on private land and responding to the risks of climate change support this government priority.

The Government sees **environmental sustainability** as becoming central to New Zealand's national identity and how we should project ourselves to the world. It is calling for a commitment to greater sustainability in New Zealand's resource use and way of life.



In February 2007 the Government established a number of new sustainability priorities that aim to improve sustainability in the public service, business and households. These are:

- moving the public service towards carbon neutrality
- using government procurement to help achieve sustainability
- supporting households to become more sustainable
- supporting business sustainability
- moving towards using cleaner-burning biofuels
- improving waste minimisation and management.

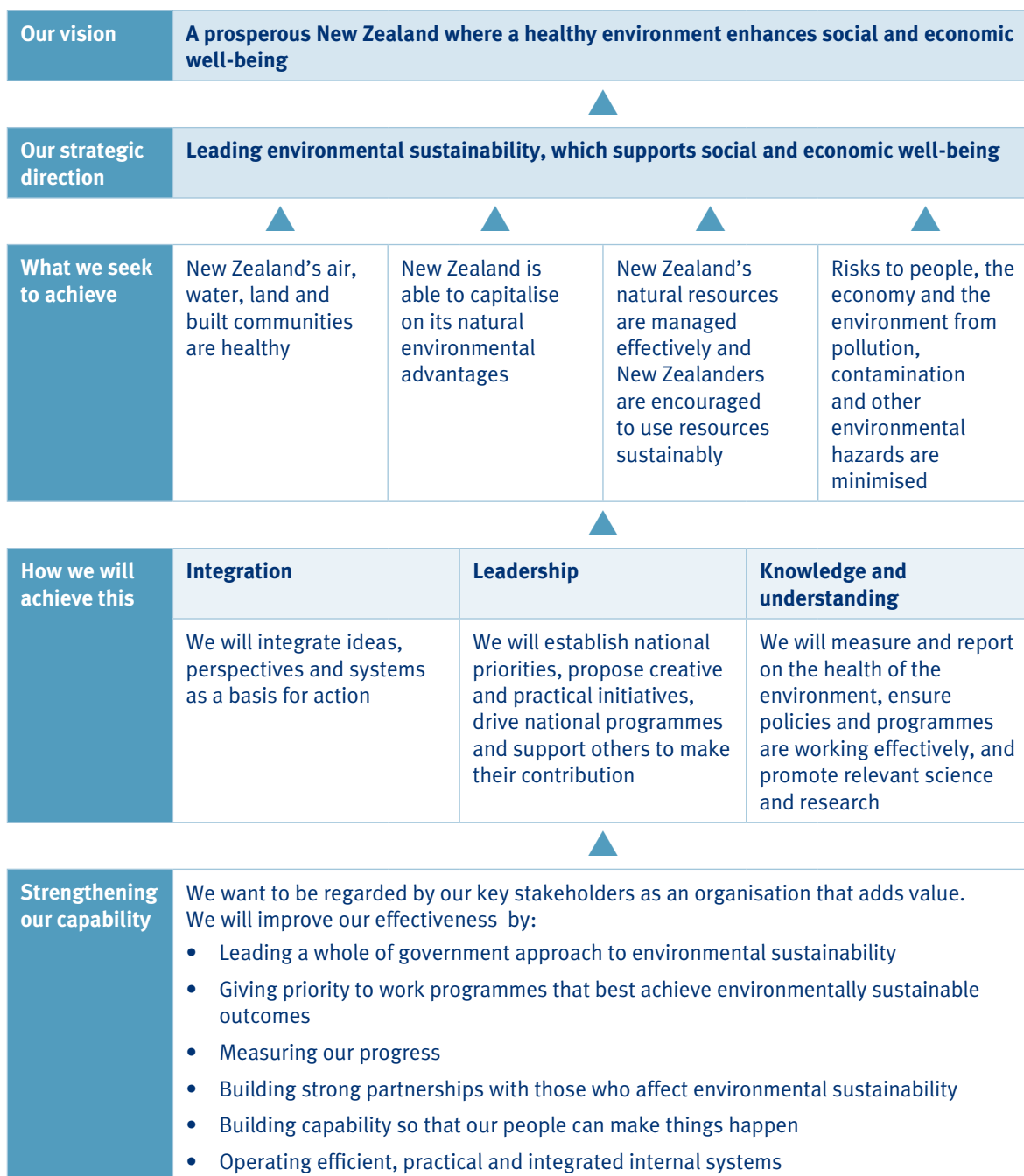
The Ministry for the Environment is working with the Department of Prime Minister and Cabinet to lead and coordinate this programme of initiatives. We are working with many other government agencies on the work programmes that support these priorities.



OUR STRATEGIC DIRECTION

This Statement of Intent explains the strategic direction of the Ministry for the Environment over the next three years and the path we propose to take to get there. It also outlines the work that the Ministry is undertaking to deliver on the Government's priorities and how we will enhance our capability to do this.

The information presented below is the result of a process of reviewing and refreshing our strategic direction to take account of the trends and emerging issues in our operating environment and the Government's strategic priorities.



The big environmental issues for New Zealand in the early 21st century are also economic, social and public health issues. Environmental sustainability means ensuring that our environment is healthy and can continue to support New Zealanders' quality of life and our economy based on natural resources. Environmental sustainability is an aspiration, but one that New Zealand is well placed to reach for.

The work of the Ministry for the Environment is focused on environmental sustainability which supports social and economic well-being. The outcomes we are seeking will all contribute to the environmental sustainability of New Zealand.

OUR OUTCOMES

The outcomes that the Ministry is seeking are:

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

These outcomes are closely linked. If our air, water, land and built communities are to be healthy, we must use resources sustainably and minimise risks from pollution and contamination. If New Zealand is to capitalise on its natural environmental advantages, it must have healthy air, land and water and well-managed natural resources.

Our outcomes contribute not only to environmental sustainability but also to public health, quality of life and economic development.

NEW ZEALAND'S AIR, WATER, LAND AND BUILT COMMUNITIES ARE HEALTHY

Context

Clean water and air, and well-planned urban communities are essential for people's well-being and health. New Zealanders enjoy a relatively clean and healthy environment, but there are issues that need attention.

- There are some areas (mostly urban) where concentrations of air pollution are quite high. Better air quality will improve health, reduce premature death and increase economic activity.
- Some aspects of water quality are declining, often as the unintentional consequences of land-use activities. Not all expectations and needs for fresh water are currently being met and demands are growing.
- The oceans within New Zealand's jurisdiction need an integrated management regime. Better management of environmental impacts in the Exclusive Economic Zone is a priority.
- New Zealand has a unique indigenous biodiversity, but evidence shows that in some places it is in decline. The Government wants to provide national direction on the protection of ecosystems that are most vulnerable to extinction of species.
- Many of New Zealand's towns and cities are grappling with issues such as coping with growth, maintaining infrastructure, reducing urban sprawl and dealing with traffic congestion.
- Greenhouse gas emissions in the atmosphere have reached the point where climate change is likely to continue. New Zealand's emissions are still rising.

Our role

The Ministry works closely with local government and other government departments to maintain and improve the health of New Zealand's environment. Local government is responsible for day to day management of the natural and built environment. The Ministry provides national direction through national policy statements and national environmental standards and works with local government to implement them.

We also work with local government to share information about best practice, ensure they have the tools needed to manage the environment, and raise public awareness of environmental issues. Equally important is our role in monitoring and reporting on the national state of the environment so that New Zealanders know what progress is being made.

Focus for the next three years

The Ministry will:

- implement the Sustainable Water Programme of Action to improve the quality and allocation of fresh water, and contribute to water quality improvements in Lake Taupo and the Rotorua lakes
- help New Zealand to prepare for and adapt to climate change, improve land use and minimise flood risk
- develop and implement programmes to reduce greenhouse gas emissions
- develop the environmental legislation framework to cover significant gaps in oceans management, particularly in the Exclusive Economic Zone
- ensure that the New Zealand Urban Design Protocol is implemented and supported by signatory organisations
- report on the state of the environment using a core set of environmental indicators
- support the community in protecting, sustaining and enhancing New Zealand's environment.

Key initiatives for 2007/08

The Ministry will:

- develop a national policy statement, national environmental standards and other tools to improve management of fresh water
- establish partnerships with priority stakeholders to implement ways to prepare New Zealand for the impacts of climate change
- identify and implement initiatives to reduce greenhouse gas emissions from small and medium sized businesses
- advise on and implement policy decisions on an environmental impacts regulatory regime in the Exclusive Economic Zone
- publish a national report on the state of New Zealand's environment.

NEW ZEALAND IS ABLE TO CAPITALISE ON ITS NATURAL ENVIRONMENTAL ADVANTAGES

Context

New Zealand earns its living from the environment. The primary production sector and other businesses use the land, water and other natural resources to earn foreign exchange from selling food, wine, wool, and forest products. New Zealand's natural environment is also a strong attraction for tourists.

Becoming more environmentally sustainable – in government, farms, businesses and in our households – will improve New Zealand's attractiveness for the people who live here, skilled new immigrants, tourists and people overseas who buy our products. The Government sees increasing sustainability in New Zealand's resource use and way of life as essential to strengthen New Zealand's position against increasing pressure, because of the distance products must travel to markets and tourism must travel to this country.

Our role

We work with other government agencies and leading business networks to promote awareness among businesses of what they can do to improve their sustainability and their profitability. We work with the Ministry of Economic Development, Ministry of Tourism and others to ensure that New Zealand businesses can improve their sustainability credentials and market environmental products and services.

We also promote New Zealand's environmental and sustainable development interests internationally. This includes leading the negotiation of environmental provisions in trade agreements and implementing environmental arrangements with other countries.

Focus for the next three years

The Ministry will:

- work with business to encourage and support delivery of sustainable business practice
- work with other government agencies to encourage and support sustainable business products and services
- work with business to ensure it can leverage off the Government's sustainable purchasing and practices
- implement environment cooperation arrangements signed in association with international trade agreements.

Key initiatives for 2007/08

The Ministry will:

- work with selected industry organisations and sectors to increase involvement in programmes promoting sustainable business practices
- contribute to work led by the Ministry of Economic Development to make it easier for New Zealand businesses to implement sustainable business practices
- work with the Ministry of Economic Development to encourage government agencies to implement sustainable procurement policies and support eco-verification
- contribute to work led by the Ministry of Foreign Affairs and Trade seeking to conclude free trade agreements and associated environment cooperation arrangements with China, ASEAN and the Gulf Cooperation Council.

NEW ZEALAND'S NATURAL RESOURCES ARE MANAGED EFFECTIVELY AND NEW ZEALANDERS ARE ENCOURAGED TO USE RESOURCES SUSTAINABLY

Context

To achieve a healthy environment, New Zealand needs effective policies, legislation and governance. It also needs laws and regulations that operate efficiently in practice. Local government operates under the Resource Management Act in its role of sustainable management of natural resources. Changes to the Resource Management Act came into force on 1 August 2005 and were designed to strengthen national direction, improve consistency and provide greater support to local government.

Using resources efficiently, cutting down on waste and finding better ways to dispose of waste are vital to make the New Zealand economy sustainable. While significant progress has been made over the past few years, the Government is increasing its focus on reducing and managing waste.

Product stewardship promotes more efficient and responsible use of resources, rather than dealing with the waste problem at the point the product is thrown away. The Government sees the need for legislation as a backstop to support product stewardship schemes. It also considers that additional funding through a levy on waste will increase the scope and effectiveness of local and national waste minimisation initiatives.

Our role

The Ministry works to improve the effectiveness of environmental laws and to ensure they are implemented effectively. We lead work to improve the Resource Management Act and its implementation, deal with amendments and regulations, and monitor the Act's implementation. This includes reviewing the quality of local government's performance of its Resource Management Act functions and advising the Government on any action necessary. We assist Ministers with their responsibilities under environmental laws, including water conservation orders and requiring authorities.

By working with local government and iwi, we seek to increase the effectiveness of Māori participation in the management and use of natural resources. We also provide advice on the use of natural resources in the settlement of historical Treaty of Waitangi grievances and fulfil some obligations under settlements.

Our role includes encouraging New Zealanders to sustainably use resources such as energy and raw materials. We encourage businesses and consumers to take responsibility for the environmental effects of products through product stewardship schemes and other activities. In partnership with local government and industry, we work to minimise and improve management of waste and to monitor progress with the New Zealand Waste Strategy.

Focus for the next three years

The Ministry will:

- monitor and review the quality of Resource Management Act processes and decisions and improve practice by providing guidance and training to resource management practitioners, decision makers, and the public
- improve sustainability in government agencies, focusing on energy use, waste and purchasing of office products and vehicles
- raise awareness of what households can do to address climate change, improve energy efficiency, save money and reduce waste and water use
- work with industry and local government to improve waste diversion and reuse.

Key initiatives for 2007/08

The Ministry will:

- carry out one subject-based review of resource management practice and three projects to provide targeted assistance to councils
- support core government agencies to implement environmentally sustainable practices
- improve waste minimisation and management by
 - working with the waste sector in priority areas (green waste, construction and demolition waste)
 - progressing policy work on funding for waste minimisation and developing tools (such as product stewardship)
 - giving effect to the New Zealand Waste Strategy
- begin development of a long-term monitoring and reporting framework for waste.

RISKS TO PEOPLE, THE ECONOMY AND THE ENVIRONMENT FROM POLLUTION, CONTAMINATION AND OTHER ENVIRONMENTAL HAZARDS ARE MINIMISED

Context

Governments internationally acknowledge the contribution of human activity to changing climatic conditions and have agreed to take action. Climate change is a long-term strategic issue for this country. It is a risk to agriculture and other climate-sensitive industries, native ecosystems, infrastructure, health, biosecurity, communities and the economy. New Zealand has commitments under the United Nations Framework Convention on Climate Change and the Kyoto Protocol to reduce or take responsibility for its emissions of greenhouse gases and report on what action is being taken.

One of the likely impacts of climate change is more frequent extreme weather, droughts and floods. Many New Zealand communities are vulnerable to flooding. The Government wants to understand what future flood risk might look like, taking into account changing land use patterns and climate change, and what action is needed to improve management of the risks.

Pollution is also a risk to people and the environment. Compared to many industrialised nations, New Zealand has generally low levels of toxic contaminants in the environment. There are policies in place or being developed to further reduce the risks to New Zealanders from exposure to contaminants arising from manufacturing and using or storing chemicals, industrial residues and waste products. Some implementation issues related to compliance and enforcement system for hazardous substances and inconsistencies between laws still need to be addressed. New Zealand also has a legacy of land contamination in some places because of the way land and chemicals were used in the past.

Our role

The Ministry leads cross-government work on climate change policy to reduce New Zealand's greenhouse gas emissions and meet our commitments under the Kyoto Protocol. We also participate in international negotiations of further climate change commitments. To meet New Zealand's international reporting obligations, we develop and maintain greenhouse gas and carbon stocks accounting and reporting systems.

Climate change will increase the risk of floods and other natural hazards. The Ministry is leading a review of flood risk management, which will improve how New Zealand manages flood risk and river control. This project is closely connected with our work on catchment and water management, and with the need to adapt to climate change.

We work with other government agencies to ensure that the Hazardous Substances and New Organisms Act operates efficiently and to address any implementation issues. We monitor the performance of the Environmental Risk Management Authority (ERMA New Zealand), which makes decisions on the introduction of hazardous substances and new organisms to New Zealand.

The Ministry leads work to address the historical issues relating to land contamination. This includes assisting to remediate or manage high-risk areas, expanding existing guidelines, leading a national collection of unwanted agricultural chemicals and developing national environmental standards.

Focus for the next three years

The Ministry will:

- implement New Zealand's climate change policy to reduce emissions of greenhouse gases and meet the commitments under the Kyoto Protocol
- implement New Zealand's carbon accounting system
- advise and assist 34 core public service departments to achieve carbon neutrality from 2012
- help New Zealanders adapt to the impacts of climate change
- develop a robust approach to managing flood risk and controlling rivers in New Zealand that clearly identifies central and local government interests, assigns responsibilities, and is adaptable to local and regional circumstances
- develop and oversee a sustainable compliance and enforcement system to ensure the adverse effects of hazardous substances are properly managed
- develop a national policy framework for managing contaminated land.

Key initiatives for 2007/08

The Ministry will:

- advise the Government so that it can finalise plans to reduce New Zealand's greenhouse gases during the first Kyoto Protocol commitment period (2008–2012), and implement policy, legislation and regulations in accordance with the decisions
- establish partnerships with priority stakeholders to ensure these sectors incorporate climate change risk management into relevant decision making
- lead the work with five other government departments to have plans for carbon neutrality in place by early 2008
- develop a national policy statement on flood risk management.

HOW WE WILL MEASURE PROGRESS

Our regular reporting is focused on:

- the health of New Zealand's natural environment
- implementation and effectiveness of policy
- the delivery of our work programmes
- the Ministry's environmental performance.

REPORTING AND REVIEW FRAMEWORK

Credible environmental information is necessary to make good decisions and measure progress in maintaining a healthy environment. By using environmental data and information provided by councils, central government agencies, and the research and scientific community, we can create a national environmental picture. We have developed a reporting framework that sets out how we plan to monitor and report on New Zealand's environment.

The framework allows us to:

- use monitoring data principally relating to the core set of indicators to report on the state and trends in New Zealand's environment
- track whether policies are being implemented
- measure environmental outcomes against policy intent: ie, has the policy delivered what it is supposed to.

By applying this framework across the Ministry's main work areas over time, we will be able to report on both the state of the environment and the implementation and effectiveness of policy. We will implement the national environmental reporting framework by producing a series of annual, biennial and occasional reports. The programme of reporting is being developed.

THE HEALTH OF OUR ENVIRONMENT

As the Government's key adviser on the New Zealand environment and environmental sustainability, the Ministry for the Environment has a significant reporting role that extends well beyond our own activities. We intend to report regularly on the state of our environment in a number of ways, using a core set of national environmental indicators that have been developed and selected over the past 10 years.

These indicators allow us to systematically report on the health of New Zealand's air, water, land, and biodiversity, as well as pressures on our environment such as waste and energy use.

In 2007/08 we plan to publish a national state of the environment report, *Environment New Zealand 2007* that will explain environmental trends using the core set of national environmental indicators. This will update the information published in *The State of New Zealand's Environment 1997*.

Following that, each year we will update and publish monitoring data for the core set of national environmental indicators (see chart on following page). From time to time we will also prepare "snapshot" reports to outline the trends in a particular topic area, such as water. This information will be available on the Ministry's website at www.mfe.govt.nz

The chart on the following page shows the core set of national environmental indicators that help us to report on the state of New Zealand's environment. Because of the Ministry's role in leading and reporting on environmental sustainability, not all of these indicators link to a Ministry work programme – some of the indicators link with the responsibilities of other government agencies.

While these indicators contribute to a picture of environmental sustainability, further work is needed to expand and supplement the indicators so that we can report on environmental sustainability and the connections to economic, social and cultural well-being.

CORE SET OF NATIONAL ENVIRONMENTAL INDICATORS FOR REPORTING ON THE STATE OF NEW ZEALAND'S ENVIRONMENT

- **Ecological Footprint for New Zealand and its regions**
A sustainability indicator that shows the amount of land required to sustain the lifestyle choices of a given population.
- **Trends in emissions and removals of greenhouse gases**
Shows how New Zealand is meeting its commitments under the United Nations Framework on Climate Change and Kyoto Protocol relating to greenhouse gas emissions.
- **Changes in stratospheric ozone levels over New Zealand**
Shows the amount and rate of ozone depletion/recovery.
- **Changes in air quality in managed air sheds**
Shows where changes in air quality may affect human health.
- **Trends in national water quality**
Shows where changes in water quality may affect ecological and human health.
- **Changes in the proportion of water allocated for areas with allocation limits**
Shows changes in water availability and where and how much of that water is allocated through resource and other consents.
- **Changes/trends in land cover and land use**
Shows how land cover and land use is changing.
- **Land cover and land use compare to land use capability**
Shows changes in areas susceptible to hill country erosion and selected areas at risk from unsustainable land use.
- **Changes in distribution of selected native plants and animals**
Shows whether selected threatened or iconic indigenous species, such as kiwi, are present or absent in any given area.
- **Extent of indigenous vegetation and legally protected areas by Land Environment New Zealand classification**
Shows what proportion of environments are covered by indigenous vegetation and what proportion are protected.

- **Extent of marine areas with some level of legal protection by Marine Environment Classification**

Shows what proportion of Marine Environment Classification environments within the Exclusive Economic Zone are protected.

- **Proportion of seabed bottom trawled and annual bottom trawling effort over time**

Shows what proportion of the 16 demersal fish classes within the EEZ have been affected by bottom trawling since good records began. Also shows trends in annual bottom trawling over time.

- **Proportion of removals, by biomass of landings, of fish stocks that have been quantitatively assessed and status of commercially managed fish stocks under the Quota Management System compared to agreed target biomass**

Shows trends in status of fish stocks that are being managed within an agreed level of catch.

- **Trends in volume and composition of solid waste to landfill**

Shows waste stream patterns reflecting New Zealand's consumption and resource use.

- **Of the total number of confirmed contaminated sites, the proportion of sites:**

- **confirmed remediated**
- **managed**

Shows how New Zealand is identifying and remediating contaminated land.

- **Trends in total vehicle kilometres travelled by vehicle type**

Shows the types of vehicles New Zealanders drive and the distances travelled.

- **Trends in energy demand, use and supply**

Shows the type of energy New Zealanders use and for what purpose.

- **Trends in real household consumption expenditure**

Shows consumption patterns (as expressed in money spent) for specific goods and service areas.

PROGRESS TOWARDS OUR OUTCOMES

We recognise that making a direct link between policy developed by the Ministry and improvement in the health of our natural environment is not always easy. For example, many factors affect the quality of water in our rivers and lakes and people's willingness to take action to improve it. Policy developed will be implemented over a number of years and the outcome, in terms of improved water quality, may not be measurable for 20 or 50 years.

So in the short-term we may be able to measure progress towards our outcomes only by understanding what action has been taken in response to the policy. We are continuing to develop and implement measures that evaluate policy efficiency and effectiveness and our progress towards the desired outcomes.

During 2007/08 we will continue to develop the framework of contributing outcomes that support our four main outcomes and the measures we will use to demonstrate the progress.

The measures already in place are outlined in the table below.

DESIRED OUTCOME	HOW WE WILL MEASURE PROGRESS
New Zealand's air, water, land and urban communities are healthy	<ul style="list-style-type: none">• Annual monitoring of core national environmental indicators• Number of regions on track to meet the national environmental standard for fine particles (PM₁₀) by 2013• Progress towards the targets of the Dairying and Clean Streams Accord for excluding dairy cattle from streams, rivers, lakes and wetlands, and managing farm dairy effluent and nutrients (five targets for 2007 and two for 2012). See annual reports on our website.
New Zealand is able to capitalise on its natural environmental advantages to improve social and economic well-being	This is a new outcome. Measures of progress are being developed, including how we will monitor progress with the new sustainability initiatives.

DESIRED OUTCOME	HOW WE WILL MEASURE PROGRESS
<p>New Zealand's natural resources are managed effectively and New Zealanders are encouraged to use resources sustainably</p>	<ul style="list-style-type: none"> • Percentage of resource consents processed by councils within statutory time limits (73% in 2005/06). • Number of Resource Management Act decision makers accredited under the Making Good Decisions programme (currently 900). • Progress towards the targets of the New Zealand Waste Strategy as set out in the Strategy (March 2002). These targets cover waste minimisation (six targets), organic waste (five targets), special waste (one target), construction and demolition waste (two targets), hazardous waste (three targets), contaminated sites (three targets), organochlorines (two targets), trade wastes (two targets), and waste disposal (five targets). A review of targets was carried out in 2004 and 2006 – see reports on our website. • Progress towards the New Zealand Packaging Accord's 2008 national recycling targets for recovery of packaging materials (by weight as a percentage of consumption). These targets are for aluminium (65%), glass (55%), paper (70%), steel (43%) and plastic (23%). See annual report links on our website. • Progress by core government departments with their Govt³ action plans to reduce or recycle waste, improve energy efficiency in buildings and transport, and reduce paper use. <p>Measures are being developed to monitor progress with the new sustainability initiatives.</p>
<p>Risks to people, the economy and the environment from pollution, contamination and other environmental hazards are minimised</p>	<ul style="list-style-type: none"> • Progress towards the New Zealand Waste Strategy targets for hazardous waste (three targets), contaminated sites (three targets) and organochlorines (two targets). • Priority contaminated sites as identified by regional councils that are confirmed remediated or being managed. • New Zealand greenhouse gas emissions from energy, industrial processes, solvents and other products, agriculture, land use change and forestry, and waste. • Quantity of unwanted agrichemicals collected in conjunction with regional councils.



REPORTING ON WHAT WE HAVE DONE

In addition to the reporting and review framework outlined above, we will monitor and report on the delivery of the outputs that we have agreed with our Ministers. These reports will be based on the output measures shown on pages 51 to 63. Progress with our annual work programme will be reported regularly to our Ministers and will be reported to Parliament in our annual report.

REPORTING ON OUR ENVIRONMENTAL PERFORMANCE

The Ministry monitors and reports on its environmental performance each year in our annual report to Parliament. In this report we look at our waste, energy, business travel, carbon footprint, and materials used.

The Ministry is one of six government departments that are taking the lead on carbon neutrality in the public sector. We will have a plan in place by early 2008 to further reduce our greenhouse gas emissions and to offset unavoidable emissions.

THE APPROACH WE WILL USE TO ACHIEVE THE OUTCOMES

We have three key approaches that will help to achieve environmental sustainability and the outcomes we are seeking. These are integration, leadership, and knowledge and understanding.

INTEGRATION

Sustainable development challenges countries to think broadly across economic, environmental, social and cultural objectives and to act as a coherent whole. It requires an integrated approach to policy and decision making.

Environmental policy affects everyone in New Zealand in some way. There can be tension between those who seek access to natural resources for infrastructure development, irrigation and other human uses and those who want protect biodiversity and natural landscapes. There are also tensions between people's desire for a secure supply of electricity and other community facilities and their unwillingness to have public facilities such as wind farms or landfills near their homes. It is the Ministry's role to develop and maintain the frameworks through which such issues can be resolved.

Integration involves:

- linking environmental sustainability with economic development and with social and cultural well-being
- understanding the many different perspectives about the environment and its management across New Zealand society and sharing these across sectors through forums such as the annual Talk Environment meetings
- linking central government policies with local government management of natural resources and sustainable business practices
- linking central government policies across the sustainability spectrum
- working across the natural and built environment, rural and urban activities, and local, national and international interests
- bringing international experience and expertise to bear on environmental issues of importance to New Zealand.

LEADERSHIP

Environmental sustainability is influenced by policy development in a range of government agencies, by the environmental management of local government, business practices, and the actions of every individual. Clear national direction and high public awareness of the environment are necessary for environmental sustainability and sustainable development.

Leadership involves:

- establishing, and motivating action on, national priorities
- developing a whole of government approach on major national issues
- providing national direction through laws, regulation, policy statements, national environmental standards, and guidance
- working in partnership with local government, iwi, business, research institutions and the community on creative and practical initiatives
- supporting others to make a contribution by providing information and funding
- reporting nationally on the state of our environment and environmental action across government.

KNOWLEDGE AND UNDERSTANDING

Management of New Zealand's natural and physical resources relies on good information – we cannot effectively manage what we do not understand. We need to support decision-making by providing credible and timely environmental information. Good environmental information also helps us to understand if government policies and business and community actions are having the desired results.

We have developed or supported the development of a variety of tools that make data gathering and analysis easier. These include the land cover database, and the land, river and marine environment classifications.

Our approach to knowledge and understanding involves:

- measuring and reporting on the health of the biological and physical environment using accurate, scientifically robust information presented in an objective manner
- working in partnership with other agencies to locate, use and share environmental information
- developing tools and guidelines on good practice for environmental monitoring and reporting
- monitoring policy implementation to ensure it is effective and delivers what was intended
- understanding relevant science
- commissioning and/or promoting environmental research.

STRENGTHENING OUR CAPABILITY

To achieve the outcomes and deliver the outputs identified in this Statement of Intent, the Ministry must continue to strengthen its capability and improve its performance.

In this context capability means the ability to plan and manage our activities so that we deliver what is asked of us; to engage the wider community in achieving environmental sustainability; to attract, develop and retain the right combination of people who can provide the skills we need; and to operate efficient, practical and integrated internal systems that meet the needs of the business.

To do this we need to:

- provide a clear strategic direction to our staff so that we can lead a whole of government approach to environmental sustainability and prioritise our work
- appropriately measure our progress
- build strong partnerships with those who affect environmental sustainability
- build capability in our staff so that they can make things happen
- continually improve our corporate systems.

SETTING STRATEGIC DIRECTION

In 2006/07 the Ministry for the Environment began a process of reviewing and refreshing its strategic direction. This process included reviewing the trends and emerging issues in our external operating environment, considering the Government's strategic priorities, and taking account of the Ministry's functions and operating style.

We involved all levels of management and a range of staff in the thinking that contributed to decisions about our strategic direction. The process was also informed by our regular engagement with stakeholders through events such as the Chief Executives Environment Forum of regional and central government, liaison meetings with stakeholder groups, and the annual Talk Environment public meetings.

This Statement of Intent reflects the results to date of reviewing our strategic direction. The Ministry's outcomes have been refined to four and work programmes are aligned with our outcomes. We have also developed a reporting and review framework which will enable us to report, over time, on both the state of the environment and the implementation and effectiveness of policy. This framework was approved by Cabinet in October 2006.

Over the next three years we will focus on:

- defining the Ministry's role in leading on environmental sustainability
- further analysing the elements that contribute to achieving our outcomes
- further aligning our activities with the strategic direction and outcomes
- reporting against the indicators which help measure progress towards the outcomes
- refining the measures used to monitor and report on the delivery of our outputs.

MEASURING EFFICIENCY AND EFFECTIVENESS

A cost-benefit analysis is carried out during the process of developing all national policy statements and national environmental standards (regulations) under the Resource Management Act. The Ministry has been examining how it can better assess the efficiency and effectiveness of other policy interventions.

During 2006/07 we undertook a trial of efficiency and effectiveness measures using systematic outcomes analysis. The approach was piloted in four work programmes – air quality, contaminated land, sustainable water programme and the Govt³ programme. These areas were selected because they cover a range of environmental policy issues and varying degrees of complexity.

The principles of the systematic outcomes analysis proved useful in mapping what we are trying to do in the programmes, identifying indicators for measuring progress on lower-level outcomes and identifying evaluation questions that aim to establish effectiveness.

The Ministry is evaluating the lessons learned from these pilots and looking at how it can apply the principles more broadly.

OPERATING SUSTAINABLY

The Ministry is committed to leading sustainability initiatives across the public sector through its Govt³ initiative. As part of this, the Ministry needs to consider sustainable initiatives within its own operations. We recognise that the greatest opportunity we have to further minimise our environmental footprint is through the behaviour of our people. We intend to raise awareness of each individual's contribution towards sustainable practice in relation to the building, waste and energy use, transport, and procurement.

RISK MANAGEMENT

Risk management is an integral part of all of the Ministry's operations. In order to effectively manage risk, the Ministry uses a range of reporting and planning systems that enable us to keep a close watch on delivery of our outputs, financial management, and internal systems.

The processes used to manage our activities are constantly refined. In 2006/07 we introduced a system of monthly operating reviews, starting with the Chief Executive and those who report directly to him. Similar systems are being introduced throughout the organisation. We also carried out two audits of internal teams.

PRIORITY RISKS

The Ministry's priority risks at present include:

- prioritising our work programmes so that we are not over-committed
- managing expectations about what we can deliver
- ensuring we take account of the often conflicting values of our stakeholders
- recruiting and retaining the right people
- future-proofing our strategies and systems
- managing financial exposure
- managing tensions between voluntary and regulatory approaches, especially with stakeholders
- ensuring the policies we develop are of a high standard and provide a means to reach our intended environmental sustainability outcomes.

The key business risks are:

- We will continue to be under pressure to adopt new priorities and consider new issues and it is easy to become over-committed. While there will sometimes be new tasks that we must take on, we need to keep to our strategic focus and complete what we start. We must give priority to work programmes that best achieve environmentally sustainable outcomes.
- We must be aware of, and respond to, the economic, social and political context in which we are working and the expectations of our Ministers and other stakeholders. The expectations of our stakeholders are high. We need to be clear about what we can do and what is not achievable, and communicate that effectively to them.
- Our aim is to work more closely with other organisations – such as other central government agencies, local government, community and industry – not all of whom agree on the issues or agree with our approach. Developing the respect of others and maintaining strong working relationships with them is critical to our effectiveness. We must also recognise the economic impact of any regulatory intervention, including the economic and health benefits of appropriate action.
- To achieve the outcomes and outputs outlined 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 across central and local government that places a premium on the skills we need and value.

The key operational risks are:

- To support our activities, we need efficient, practical and integrated internal systems. This means that we must be constantly reviewing and updating our corporate systems so that they continue to meet the needs of the business.
- Prudent financial management is a fundamental expectation of a public sector agency. We need good systems to monitor expenditure and commitments so that we minimise financial exposure.

CROWN RISK

Alongside the departmental risks mentioned in the previous paragraphs, there exists a significant financial risk with the Kyoto liability. This relates to our contribution under the Kyoto Protocol, through which New Zealand committed to reduce emissions in the period 2008–2012 down to the levels in 1990 or take responsibility for the excess emissions.

The provision for this liability is affected by key factors that include the exchange rate and the international price of carbon. Other factors influencing the position of this liability include changes in oil prices, the weather, economic growth and changes in forestry activities, all of which are outside of the Ministry's control.

PROGRESS TOWARDS THE STATE SERVICES COMMISSION'S DEVELOPMENT GOALS

Goal 1 – Employer of choice

The Ministry for the Environment needs to be an employer of choice if it is to recruit and retain the people and skills we need. We have used an internal Climate Survey for a number of years as a tool to measure staff engagement and satisfaction, and to explore areas for improvement. Similar questions are asked in each survey so that we can track the results over time. The Climate Survey was carried out in March 2007. In 2007/08, after analysing the data and comments generated through this survey, we will consult staff to develop plans for any areas seen to need improvement.


In 2008 we also intend to introduce the State Services Commission's Engagement survey.

The Ministry also needs to be visible in the recruitment marketplace. During 2006/07 we again conducted a recruitment programme at the universities to seek high-performing graduates interested in environmental issues and received more than 250 applications. In early 2007, 16 recent graduates joined the Ministry and took part in a two-week induction programme. During 2007/08 we will monitor their progress and provide further development opportunities, as well as considering a further recruitment programme in late 2007.

As part of a more high level strategy, in 2007/08 the Ministry intends to implement the Lominger Competency survey to identify areas of staff development and the appropriate interventions linked to these needs. In addition, the Ministry is also conducting a Pay and Equity review. The findings from both these initiatives will drive the Human Resources strategy in recruitment and aspects of staff development.

Goal 2 – Excellent state servants

In order to build excellent state servants, an organisation must provide opportunities for staff to grow and develop. In 2007/08 the Ministry will reformulate its organisational development plan that will ultimately drive development for the year ahead. As part of this we will introduce a self-review/audit function aimed at improving the effectiveness of Ministry teams.



Alongside this, the Ministry continues to promote staff development. All staff are required to have development plans. The Ministry's adoption of a process of 70 per cent on-the-job learning continues to produce growth opportunities for staff. Monitoring of these plans is reported at senior management meetings.

A particular focus of staff development in 2007/08 is improving the quality of Ministry communications. The Ministry has recently adopted 12 plain language elements which managers and reviewers will use in evaluating written material. All staff will progressively receive training in plain English fundamentals.

Goal 3 – Networked state services

Among the sustainability priorities announced by the Government in February 2007 is a programme to help households towards sustainability. This three-year programme will focus on raising awareness of what households can do in relation to climate change, energy use, transport, home construction, waste and water. As part of this programme the Ministry will develop a sustainability portal that will assist households to more easily find information and assistance on how to adopt sustainable practices.

The sustainable building information compendium being developed by the Ministry is due for completion in June 2007. It will provide online information about sustainable building methods and materials for residential buildings. During 2007/08 we will promote this resource as a comprehensive source of information for consumers, developers, trades people and local government.

Goal 4 – Coordinated state agencies

The Ministry takes a cross-government approach in leading or delivering many work programmes. This approach can be seen in:

- Leadership and coordination, in conjunction with the Department of Prime Minister and Cabinet, of the Government's sustainability initiatives and the work programme to move the public service towards carbon neutrality
- Leadership of the whole of government approach to climate change policy, and the current project to look at the need for a carbon emissions trading scheme for New Zealand
- Participation in the Auckland Government Urban and Economic Development Office (GUEDO), which includes staff from the Ministry of Economic Development, Ministry for the Environment, Department of Labour and the Ministry of Transport

We expect to coordinate more of our activities with other agencies in the future as part of our leadership role on environmental sustainability.

Goal 5 – Accessible state services

Engaging with our stakeholders and the wider community is a key element of our role in leading on environmental sustainability. While we generally do not directly deliver services to the general public, we want to hear their views about environmental policy development and involve them in action to protect and improve the environment. We provide information through our website and our newsletter about opportunities for the public to have their say in policy development.

The annual Talk Environment series of meetings around the country are an important way for members of the public to have access to Ministry staff. The next Talk Environment meetings will be held in mid to late October 2007. We expect to hold at least 30 meetings in at least 15 centres around the country. About 1,600 people from industry, local government and the wider community participated in the 2006 Talk Environment meetings and our aim is to increase the numbers attending in 2007.

Following the meetings, we will report back to the public through our website about the feedback received and provide information from time to time about how the feedback is linking into our work programme.

Goal 6 – Trusted state services

The Ministry's code of conduct is designed to ensure that our staff carry out their work ethically and to enhance the perception, internally and externally, that the Ministry is trustworthy. In addition, all new staff are briefed on the code of conduct as part of their induction, to ensure staff clearly understand appropriate workplace behaviour.

The Ministry monitors staff behaviour in terms of performance management, and we intend to integrate a performance indicator into our performance and development process. Through our internal Climate Survey, the Ministry tracks staff perception of the levels of trust in the organisation. The results of the last survey indicate that the Ministry has very high staff morale and a high level of staff belief in the organisation's values.

ORGANISATIONAL RESPONSIBILITIES

The Ministry comprises six business groups that enable efficient delivery of our work programmes. Each of these groups is led by a General Manager who reports to the Chief Executive.

THE SENIOR MANAGEMENT TEAM

The Ministry is led by the Secretary for the Environment, Hugh Logan, who is the Ministry's Chief Executive. He is supported by the Deputy Chief Executive, Lindsay Gow, and five general managers. The senior management team is responsible for the corporate governance of the Ministry, for determining strategic direction and ensuring that all policy direction and actions link cohesively. Work on the Ministry's strategic direction and our long-term role in environment sustainability is led by the Deputy Chief Executive.

URBAN AND MARUWHENUA

Deputy Chief Executive: Lindsay Gow

The Urban and Maruwhenua Group is led by Lindsay Gow. The Urban team provides leadership across central government for Urban Affairs (as a specific portfolio responsibility of the Minister for the Environment). Over the next few years, the team's work will build on these foundations to facilitate and promote cross-government delivery of the policies and programmes to make New Zealand's towns and cities more successful.

The Maruwhenua team undertakes work with Māori on resource management issues, including encouraging Māori to be leaders in creating positive environmental outcomes.

WORKING WITH CENTRAL GOVERNMENT

General manager (acting): Todd Krieble

The Working with Central Government Group leads the Ministry's connections across central government, particularly with other government departments, the two Crown agencies for which we are responsible, and supporting our Ministers' offices. The group maintains the framework of environmental legislation and leads the development of major environmental policy, including climate change policy, natural resources policy, and urban and infrastructure policy.

Its work in coordinating a whole of government approach to climate change policy development includes liaison with stakeholders and the development of New Zealand's international negotiating position.

Other key work areas are providing support for the Bioethics Council and monitoring the performance of the Environmental Risk Management Authority (ERMA New Zealand) and the Energy Efficiency and Conservation Authority (EECA).

WORKING WITH LOCAL GOVERNMENT

General manager: Sue Powell

The Working with Local Government Group manages the relationship with local government and works with local government in areas of collective interest. It has a strong focus on management of natural resources, particularly sustainable land and water management and adaptation to climate change.

The group provides national direction to local government through development of national policy statements and national environmental standards. It reviews local government performance under the Resource Management Act and works to improve it by promoting best practice. It also carries out statutory functions under the Act.

SUSTAINABLE INDUSTRY

General manager: Rachel Depree

The focus of the Sustainable Industry Group is to harness the power of business and the market to drive environmentally sustainable development. It promotes sustainable business practices and supports innovation in environmental management by working with industry and business to identify solutions.

It works with selected sectors to improve environmental performance through initiatives such as product stewardship, measures to reduce New Zealand's greenhouse gas emissions, and sustainable procurement practices. The group also leads the Ministry's work to help central government agencies become more sustainable.

REPORTING AND REVIEW

General manager: Mary-Anne Macleod

The Reporting and Review Group works to ensure that New Zealanders have credible environmental information. The group measures the progress being made towards a healthy environment, including New Zealand's contribution to the global environmental effort. It monitors and reports on the effectiveness of policies and legislation; liaises with the science community to report on emerging environmental issues and inform policy decision-making; coordinates national, international and other environmental reporting obligations; and works closely with local government to evaluate the effectiveness of policies, plans and decisions related to the Resource Management Act and other environmental statutes.



CORPORATE AND COMMUNITY

General manager: Fiona Morgan

The Corporate and Community Group provides a range of services that support the Ministry's business. It promotes environmental awareness and action in the community, coordinates corporate communications and manages relationships with the community. The Group is responsible for the coordination and provision of legal and financial advice – advice on legislation, compliance, contractual relationships and payments to, and with, stakeholders.

Alongside this, the Group provides the information, human resource and administrative support required for an organisation with 300 employees.

STATEMENT OF RESPONSIBILITY

The information for the Ministry for the Environment contained in this Statement of Intent has been prepared in accordance with section 39 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 2008 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 2008, that are being laid before the House of Representatives under section 13 of the Public Finance Act 1989.

Signed



Hugh Logan
CHIEF EXECUTIVE
20 April 2007

Countersigned



Fiona Morgan
CHIEF FINANCIAL OFFICER
20 April 2007

PART TWO: FORECAST FINANCIAL STATEMENTS

INTRODUCTION

These forecast financial statements for the Ministry for the Environment contain the following statements pursuant to section 41 of the Public Finance Act (1989):

- a statement of financial performance reflecting the forecast revenue and expenses for the financial year ending 30 June 2008
- a statement of the estimated financial position as at 30 June 2007 and forecast financial position as at 30 June 2008
- a statement of cash flows reflecting forecast cash flows for the year ending 30 June 2008
- 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 2008
- a statement of forecast movements in taxpayers' funds (equity)
- a statement of forecast commitments
- a statement of forecast details of physical and intangible assets by category
- a statement of departmental capital expenditure
- 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 2008
- a statement of objectives specifying the performance forecast for each class of outputs for the year ending 30 June 2008.

FINANCIAL HIGHLIGHTS

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
Revenue: Crown	54,817	50,653	49,003	65,629
Revenue: Departmental and Other	438	730	730	629
Output expenses	55,250	51,378	49,728	66,253
Other expenses	–	–	–	–
Net surplus from operations	5	5	5	5
Physical assets	3,165	3,610	3,268	3,704
Intangible assets	–	–	–	1,533
Taxpayers' funds	3,543	3,085	2,668	4,887
Net cash flows from operating activities	819	(1,992)	(1,992)	595
Net cash flows from investing activities	(1,895)	(1,730)	(1,388)	(2,804)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2008

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	54,817	50,653	49,003	65,629
Departments	428	428	428	428
Other	5	297	297	196
Interest	–	–	–	–
Total revenue	55,250	51,378	49,728	66,253
EXPENDITURE				
Personnel	19,785	21,020	21,046	23,668
Operating	34,563	29,680	28,004	41,545
Depreciation	749	525	525	551
Amortisation on intangible assets	–	–	–	289
Capital charge	153	153	153	200
Total expenditure	55,250	51,378	49,728	66,253
Profit on sale of assets	5	5	5	5
Other expenses	–	–	–	–
Net surplus from operations	5	5	5	5

**STATEMENT OF ESTIMATED FINANCIAL POSITION AS AT 30 JUNE 2007
AND FORECAST FINANCIAL POSITION AS AT 30 JUNE 2008**

	<i>Actual financial position as at 30 June 2006 \$000</i>	<i>Estimated actual financial position as at 30 June 2007 \$000</i>	<i>Forecast financial position as at 30 June 2008 \$000</i>
Taxpayers' funds	2,043	2,668	4,887
Total taxpayers' funds	2,043	2,668	4,887
Represented by:			
CURRENT ASSETS:			
Bank	11,137	6,480	6,485
Pre-payments	133	120	100
Debtors and receivables	673	350	350
Total current assets	11,943	6,950	6,935
Physical assets	2,478	3,268	3,704
Intangible assets	–	–	1,533
Total assets	14,421	10,218	12,172
CURRENT LIABILITIES:			
Creditors and payables	9,042	6,145	5,880
Provision for the repayment of surplus to the Crown	1,902	5	5
Employee entitlements	702	785	785
Total current liabilities	11,646	6,935	6,670
NON-CURRENT LIABILITIES:			
Employee entitlements	732	615	615
Total liabilities	12,378	7,550	7,285
Net assets	2,043	2,668	4,887

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2008

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from:				
Supply of outputs to Crown	54,817	50,653	49,003	65,629
Supply of outputs to Departments	428	557	557	428
Supply of outputs to others	5	491	491	196
Cash disbursed to:				
Cost of producing outputs	(54,278)	(53,540)	(51,890)	(65,458)
Capital charge	(153)	(153)	(153)	(200)
Net cash flows from operating activities	819	(1,992)	(1,992)	595
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from:				
Sale of physical assets	5	5	5	5
Cash disbursed to:				
Purchase of physical assets	(1,900)	(1,735)	(1,393)	(2,609)
Purchase of intangible assets	–	–	–	(200)
Net cash flows from investing activities	(1,895)	(1,730)	(1,388)	(2,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash provided from:				
Capital contribution	1,500	1,042	625	2,219
Cash disbursed to:				
Repayment of surplus to Crown	(2,506)	(1,902)	(1,902)	(5)
Net cash flows from financing activities	(1,006)	(860)	(1,277)	2,214
Net increase / (decrease) in cash held	(2,082)	(4,582)	(4,657)	5
Opening cash balance at 1 July	5,745	11,137	11,137	6,480
Projected closing cash and deposits at 30 June	3,663	6,555	6,480	6,485

RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDING 30 JUNE 2008

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
Net surplus from operations	5	5	5	5
ADD NON-CASH ITEMS				
Depreciation	749	525	525	551
Amortisation on intangible assets	–	–	–	289
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS				
Decrease in pre-payments	–	13	13	20
Decrease in debtors and receivables	–	320	320	–
Decrease in payables and provisions	–	(626)	(626)	(200)
Increase / (decrease) in other accrued liabilities	70	(2,193)	(2,193)	(65)
Decrease in provision for employee entitlements	–	(34)	(34)	–
Decrease in GST receivable	–	3	3	–
ADD/(LESS) INVESTING ACTIVITY				
Net gain on sale of physical assets	(5)	(5)	(5)	(5)
Net cash flow from operating activities	819	(1,992)	(1,992)	595

STATEMENT OF THE FORECAST MOVEMENT IN TAXPAYERS' FUNDS FOR THE YEAR ENDING 30 JUNE 2008

	Actual financial position as at 30 June 2006 \$000	Estimated actual financial position as at 30 June 2007 \$000	Forecast financial position as at 30 June 2008 \$000
Taxpayers' funds brought forward as at 1 July	1,843	2,043	2,668
Net surplus from operations	1,902	5	5
Total recognised revenues and expenses for the year	1,902	5	5
Provision for repayment of surplus to the Crown	(1,902)	(5)	(5)
Capital contribution	200	625	2,219
Taxpayers' funds as at 30 June	2,043	2,668	4,887

STATEMENT OF FORECAST COMMITMENTS FOR THE YEAR ENDING 30 JUNE 2008

	<i>Actual financial position as at 30 June 2006</i>	<i>Estimated actual financial position as at 30 June 2007</i>	<i>Forecast financial position as at 30 June 2008</i>
	\$000	\$000	\$000
OPERATING AND ACCOMMODATION LEASE COMMITMENTS (GST EXCLUSIVE)			
Not later than 1 year	9,396	901	901
More than 1 year but not later than 2 years	2,762	2,282	2,282
More than 2 years but not later than 5 years	6,179	3,860	3,860
More than 5 years	4,008	9,231	9,231
Total operating and lease commitments	22,345	16,274	16,274
Capital commitments	–	–	–
Total commitments	22,345	16,274	16,274

FORECAST DETAILS OF PHYSICAL AND INTANGIBLE ASSETS BY CATEGORY AS AT 30 JUNE 2008

	<i>Estimated actual position as at 30 June 2007</i>	<i>Cost as at 30 June 2008</i>	<i>Accumulated depreciation as at 30 June 2008</i>	<i>Net book value as at 30 June 2008</i>
	\$000	\$000	\$000	\$000
PHYSICAL ASSETS				
Furniture and fittings	1,367	1,910	746	1,164
Computer software	422	–	–	–
Computer hardware	537	1,540	971	569
Office equipment	67	771	194	577
Other assets	875	1,394	–	1,394
Total physical assets	3,268	5,615	1,911	3,704
INTANGIBLE ASSETS				
Computer software	–	1,993	460	1,533
Total intangible assets	–	1,993	460	1,533

DEPARTMENTAL CAPITAL EXPENDITURE

Capital expenditure is incurred in accordance with section 24 of the Public Finance Act (1989).

<i>Departmental Capital Expenditure</i>	2007/08 Forecast	<i>2006/07 Estimated Actual</i>	<i>2006/07 Budget</i>	<i>2005/06 Actual</i>	<i>2004/05 Actual</i>	<i>2003/04 Actual</i>	<i>2002/03 Actual</i>
<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
PHYSICAL ASSETS							
Furniture and fittings	30	40	152	257	1,500	7	15
Office equipment	535	35	62	27	3	21	32
Computer software	–	215	1,534	314	–	38	9
Computer hardware	325	325	152	263	260	231	325
Other assets	1,719	700	–	175	–	–	–
Total physical assets	2,609	1,315	1,900	1,036	1,763	297	381
INTANGIBLE ASSETS							
Computer software	200						
Total intangible assets	200	–	–	–	–	–	–

The furniture and fittings expenditure for the 2004/05 financial year is related to the fit out of the Ministry's new head office (Environment House). Other assets expenditure relates to the development of the New Zealand Carbon Accounting System which will assist New Zealand in assessing its compliance with the Kyoto Protocol. Other capital expenditure is for the routine replacement and upgrade of the Ministry's information technology and office equipment, to help our staff efficiently deliver the services set out in this Statement of Intent.

In accordance with the New Zealand International Financial Reporting Standards, computer software is classified under Intangible Assets in the 2007/08 Budget forecast.

ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

These prospective financial statements have been compiled on the basis of government policies and the Ministry for the Environment's Output Plan as agreed with our Ministers.

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The Ministry for the Environment's financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989. For the purposes of financial reporting the Ministry for the Environment is a public benefit entity.

Reporting period

The Budget forecast is the original forecast for the financial year, as presented in the 2007 Budget on 17 May 2007. The estimated actual forecast, as presented in the 2006 Budget on 18 May 2006, has been prepared using actual data up to 28 February 2007, and forecast data for the remainder of the financial year.

Statement of compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities. These are Ministry for the Environment's first consolidated financial statements complying with NZ IFRS and NZ IFRS 1 has been applied.

Accounting policies

The accounting policies set out below have been applied to the 2007/08 financial period.

The measurement base applied is historical cost modified by the revaluation of certain assets and liabilities as identified in this Statement of Accounting Policies.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand.

Judgements and estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

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

Tax

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

Revenue

Operations

If revenue has been earned by the Crown in exchange for the provision of outputs (products or services) to third parties, the Crown receives its revenue through operations. Revenue from the supply of goods and services is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognised at balance date on a straight line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Rental Income

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

Foreign Currency

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

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

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into New Zealand dollars at the exchange rate applicable at the fair value date. The associated foreign exchange gains or losses follow the fair value gains or losses to either the Statement of Financial Performance or directly to equity.

Financial instruments

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade and other receivables issued with a duration of less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest, impairment losses and foreign exchange gains and losses are recognised in the Statement of Financial Performance.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition.

Inventory

Inventories are recorded at the lower of cost (calculated using weighted average method) and net realisable value. Inventories held for distribution for public benefit purposes are recorded at the lower of cost or current replacement cost. Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost at the date of acquisition.

Property, plant & equipment

Overview

Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, less costs incurred to acquire the asset, and also recognised as revenue in the Statement of Financial Performance.

Revaluations are carried out for a number of classes of property, plant and equipment to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset, with changes reported by class of asset.

Land & Buildings

Land and buildings are recorded at fair value less impairment losses and, for buildings, less depreciation accumulated since the assets were last revalued. Valuations undertaken in accordance with standards issued by the New Zealand Property Institute are used where available. Otherwise, valuations conducted in accordance with the Rating Valuation Act 1998, which have been confirmed as appropriate by an independent valuer, have been used.

Other Property, Plant and Equipment – at cost

Other property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

For classes of property, plant and equipment that are revalued, the revaluation is performed at least every five years or whenever the carrying amount differs materially to fair value. Unrealised gains and losses arising from changes in the value of property, plant and equipment are recognised as at balance date. To the extent that a gain reverses a loss previously charged to the Statement of Financial Performance for the asset class, the gain is credited to the Statement of Financial Performance. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is debited to the reserve. Otherwise, losses are reported in the Statement of Financial Performance.

Accumulated depreciation at revaluation date may be either restated proportionately or eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount. The elimination approach is applied unless otherwise indicated.

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Financial Performance in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its estimated useful life. The estimated useful lives of different classes of property, plant and equipment are as follows:

Furniture and fittings	5 years
Office equipment	5 years
Computer hardware	3 years

The cost of leasehold improvements (included in furniture & 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.

Intangible assets

Intangible assets are initially recorded at cost. The cost of intangible assets acquired in a business combination is their fair values at date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only. The development phase occurs after the following can be demonstrated: technical feasibility, ability to complete the asset, intention and ability to sell or use, and development expenditure that can be reliably measured. Expenditure incurred on research of an internally generated intangible asset is expensed when it is incurred. Where the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred.

Intangible assets with finite lives are subsequently recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Financial Performance on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer software	3 years
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Employee benefits

Pension liabilities

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

Other employee entitlements

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

Termination benefits

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

Leases

Finance leases transfer to the Crown as lessee substantially all the risks and rewards incident to the ownership of a leased asset. The Ministry for the Environment is not permitted to enter into finance leases under the Public Finance Act 1989.

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Other liabilities

Other liabilities are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities to be settled beyond 12 months are recorded at their present value.

Provisions

The Ministry for the Environment recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities

Contingent liabilities and contingent assets are recorded in the Statement of Contingent Liabilities and Contingent Assets at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Related parties

The Government reporting entity comprises a number of entities and branches of government with key personnel that transact with the Government reporting entity on a regular basis, for example, for the purchase of postage stamps for their personal use or registration of personal vehicles. These transactions are conducted on an arms-length basis. Any transactions not conducted at arms length will be disclosed in the financial statements of the relevant entity.

EXPLANATION OF TRANSITION TO NZ IFRS

TRANSITION TO NZ IFRS

The Ministry for the Environment's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Ministry has applied NZ IFRS 1 in preparing these financial statements.

The Ministry's transition date is 1 July 2006. The Ministry prepared its opening IFRS Balance Sheet as at that date. The reporting date of these financial statements is 30 June 2008. The Ministry's NZ IFRS adoption date is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the Ministry has applied the mandatory exceptions and certain exemptions from full retrospective application of NZ IFRS.

EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION ELECTED BY THE MINISTRY FOR THE ENVIRONMENT

The Ministry is required to make the following mandatory exception from retrospective application:

- a) Estimates under NZ IFRS at 1 July 2006 are consistent with estimates made for the same date under previous NZ GAAP.

RECONCILIATION OF EQUITY

There has been no change to the Ministry's equity due to the adoption of NZ IFRS.

FORECAST PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2008					
	<i>Unit</i>	<i>2006/07 Main estimates \$000</i>	<i>2006/07 Supplementary estimates \$000</i>	<i>2006/07 Estimated actual \$000</i>	<i>2007/08 Budget \$000</i>
OPERATING RESULTS					
Revenue: Crown	\$000	54,817	50,653	49,003	65,629
Revenue: Departments and other	\$000	438	730	730	629
Output expenses	\$000	55,250	51,378	49,728	66,253
Net surplus	\$000	5	5	5	5
WORKING CAPITAL					
Net current assets	\$000	1,028	90	15	265
Liquid ratio	%	138	101	100	104
RESOURCE UTILISATION					
Physical assets	\$000	3,165	3,610	3,268	3,704
Physical assets as % of total assets	%	45.7	33.9	32.0	30.4
Additions as % of physical assets	%	60.0	45.9	40.2	70.4
Physical assets per employee	\$000	11.1	12.4	11.3	12.6
TAXPAYERS' FUNDS					
Level at year-end	\$000	3,543	3,085	2,668	4,887
Level per employee	\$000	12.4	10.6	9.2	16.6
FORECAST NET CASH FLOWS					
Surplus/(deficit) from operating activities	\$000	819	(1,992)	(1,992)	595
Surplus/(deficit) from investing activities	\$000	(1,895)	(1,730)	(1,388)	(2,804)
Surplus/(deficit) from financing activities	\$000	(1,006)	(860)	(1,277)	2,214
Net increase/(decrease) in cash held	\$000	(2,082)	(4,582)	(4,657)	5
HUMAN RESOURCES					
Staff turnover	%	13	13	13	16
Average length of service	Years	4.1	4.1	4.1	3.9
Total staff	Number	285	290	290	300

CONTRIBUTION TO MINISTRY OUTCOMES

All work programmes and output classes contribute to the achievement of the Ministry's outcomes. While some programmes and classes only contribute to one outcome, others contribute to several.

At the Ministry, we will only undertake work if it contributes to at least one of our outcomes. We also favour (new) work programmes that are directly connected with one of the Government's three priorities.

VOTE: ENVIRONMENT

Output Class: Environmental Policy Advice

Description

This output class includes all aspects of the policy life cycle, from policy development and implementation, to evaluation of implementation work, and monitoring of the state of outcomes. The Ministry takes a strong role in environmental governance and provides investigation, analysis, review and provision of advice on a range of environmental issues. This includes leading all government initiatives, coordinating 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

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	34,359	34,726	33,976	41,811
Other	372	372	372	372
Total revenue	34,731	35,098	34,348	42,183
Annual appropriation	34,731	35,098	34,348	42,183
Surplus	–	–	–	–

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 with key stakeholders.

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
SUSTAINABLE BUSINESS	
Lead and coordinate the Government's recently released sustainability initiatives across core government departments.	<ul style="list-style-type: none"> • Develop and implement governance structures for the sustainability initiatives and run coordination meetings as required.
Work with different businesses to develop innovative opportunities to deliver sustainable business practice through market and information development.	<ul style="list-style-type: none"> • Work with a Crown Financial Infrastructure to develop a fiscal instrument to incentivise sustainable business practice by June 2008. • Establish a new partnership to embed sustainability into an existing market development programme by April 2008. • Develop a model for building capability on sustainability in business by December 2007.
Develop innovative opportunities to deliver sustainable business practice through a sector-based approach.	<ul style="list-style-type: none"> • Establish one new partnership with a business trade or sector organisation or group to promote practical business sustainability initiatives for its members. • Work with the Ministry of Tourism, Tourism New Zealand and the Tourism Industry Association to deliver a tourism strategy with a strong focus on sustainability by August 2007.
Work with business sectors to develop innovative opportunities to build capacity in sustainable business practice.	<ul style="list-style-type: none"> • Deliver a quarterly e-newsletter to business stakeholders. • Establish two new partnerships to embed sustainable design into existing design programmes. • Provide support to local government and crown research institutes to recruit businesses and deliver EnviroSmart, a sustainable business practice programme. • Support the Sustainable Business Network to recruit businesses and deliver the Get Sustainability Challenge, by November 2007.
Input into the development of a long-term sustainable development framework (LTSDF) for the Auckland Region.	<ul style="list-style-type: none"> • Continue full participation in the LTSDF processes and develop a detailed analysis paper on LTSDF and 'One Plan' integration.
Input into the monitoring of the Auckland Regional Growth Strategy (RGS).	<ul style="list-style-type: none"> • Full participation in, and formalised review of, the development of processes, measures and targets to monitor the implementation of the RGS during the 2007/08 financial year and beyond. • Formalise coordination of central government input into these processes.
Raise awareness of what households can do to cut greenhouse gas emissions to improve energy efficiency and reduce waste and water use.	<ul style="list-style-type: none"> • Develop and implement the first stage of the household sustainable living programme.
Implement actions to achieve Govt ³ sustainability objectives.	<ul style="list-style-type: none"> • Hold quarterly network meetings of the Govt³ agencies. • Complete all agency baseline waste audits by June 2008, including assistance to install recycling systems. • Work with 34 core government agencies on their action plans throughout the year. • Work with nine core government agencies to assist them to complete Workplace Travel Plans in partnership with Ministry of Transport by June 2008. • Provide advice to the Ministry of Economic Development on procurement and eco-verification. • Produce a report on the Ministry's Action Plan.
Monitor the uptake of the household sustainable living programme.	<ul style="list-style-type: none"> • Collect information for a future report on the uptake of the household sustainable living programme in the 2007/08 financial year.

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
WASTE	
Monitor the New Zealand Waste Strategy.	<ul style="list-style-type: none"> • Develop and test a new approach to monitoring waste flows for landfills and clean fills. • Develop a long-term monitoring and reporting framework for waste.
Work with the waste sector to implement waste minimisation and management.	<ul style="list-style-type: none"> • By November 2007, work with the Department of Building and Housing to ensure demolition waste is a key outcome of the Building Code review. • Complete a review of the Resource Efficiency in Building and Related Industries Guidelines on construction and demolition waste and update the Ministry website by June 2008. • Draft the Code of Practice that lays out the governance structure and accountabilities for the NZ Compost Standard. • Formalise three partnerships between researchers and businesses that address market development and end-user specific research and quantify the end-value of compost by June 2008. • Complete a 75% roll-out of WasteTRACK to Territorial Authorities by April 2008. • Develop three group standards for hazardous waste under HSNO by June 2008. • Work with the supply chain of packaging to implement the eight measures/ outcomes in the New Zealand Packaging Accord central government sector Action Plan. • Collect up to 57 tonnes of unwanted agrichemicals from five regions. Ensure five further permanent regional collection schemes are in place by June 2008.
Monitor waste minimisation.	<ul style="list-style-type: none"> • Produce a report that presents a national schedule of priorities for waste minimisation funding for the next five years by June 2008. • Revise targets in the New Zealand Waste Strategy following the outcome of the Waste Minimisation (Solids) Bill by June 2008 as recommended in the 2006 Review.
Work with the Waste sector to implement outcomes from the Waste Minimisation (Solids) Bill particularly: <ul style="list-style-type: none"> • Waste minimisation funding through levies • Product Stewardship legislation development. 	<ul style="list-style-type: none"> • Draft regulations that enable the collection, handling and allocation of levy monies by June 2008. • Draft regulations that can mandate extended producer responsibility for end of life products by June 2008. • Officially register two new voluntary product stewardship schemes by June 2008.
LAND	
Develop policy framework for managing contaminated land.	<ul style="list-style-type: none"> • Confirm the policy framework by July 2007. • Prepare a discussion document on proposed national environmental standard and report back to Cabinet by 28 February 2008.
Begin the clean up of Tui Mine.	<ul style="list-style-type: none"> • Initiate project work around the remediation of the Tui Mine.
Control wilding pines at Mid Dome, Northern Southland.	<ul style="list-style-type: none"> • Undertake one aerial spraying of pine trees per year.
Develop a robust approach to river control and flood risk management in New Zealand that clearly identifies central and local government interests, assigns roles and responsibilities and is appropriate for and adaptable to local and regional circumstances.	<ul style="list-style-type: none"> • Develop a national policy statement under the RMA by August 2007.
Implement the Stockholm Convention National Implementation Plan.	<ul style="list-style-type: none"> • Update the release inventory (Year 1 of a three-year programme) and the action plan for dioxins.

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
AIR	
Assist local government with the implementation of the national environmental standards for air quality.	<ul style="list-style-type: none"> Update the good practice guide for air quality monitoring and data management by 30 June 2008.
Monitor national environmental standards for air quality.	<ul style="list-style-type: none"> Update the summary airshed statistics for 2006 on the Ministry website by 31 July 2007.
WATER	
Develop and implement a mandatory Water Efficiency Labelling Scheme (WELS).	<ul style="list-style-type: none"> Assist the Ministry for Consumer Affairs to develop and pass regulations and implement the scheme by 1 February 2008 that aligns with Australian requirements.
Coordinate the implementation of the new management regime in the Fiordland (Te Moana o Atawhenua) Marine Area by project managing the implementation programme.	<ul style="list-style-type: none"> Continue to administer the Fiordland Marine Management Act.
Implement a national environmental standard for human drinking-water sources.	<ul style="list-style-type: none"> Promulgate standard by 31 August 2007. Develop a users' guide to the regulations to help local government and industry effectively implement the new standard by 31 July 2007. Facilitate workshops for local government and industry to assist them in implementing the standard by 31 July 2007.
Contribute to a programme for water quality improvements in the Rotorua lakes.	<ul style="list-style-type: none"> Participate in meetings of the Rotorua Lakes Strategy Group.
Participate as a partner for water quality improvements in Lake Taupo.	<ul style="list-style-type: none"> Audit and review expenditure by the Lake Taupo Trust by 30 June 2008.
Implement the Sustainable Water Programme of Action (SWPoA).	<ul style="list-style-type: none"> Develop a national policy statement for fresh water by 31 August 2007 and two national environmental standards by 31 December 2007.
Monitor and evaluate the Dairying and Clean Streams Accord.	<ul style="list-style-type: none"> Publish an annual progress report of the Dairying and Clean Streams Accord to measure progress towards 2007 and 2012 targets. Produce a baseline report on the environmental outcomes of the Dairying and Clean Streams Accord by 31 December 2007.
OCEANS	
Develop the environmental legislation framework to cover significant gaps in oceans management and policy.	<ul style="list-style-type: none"> Complete public consultation on options to address regulation of environmental effects in the Exclusive Economic Zone (EEZ) by end of July 2007 (consultation subject to Cabinet approval). Report to Cabinet by end of October 2007 and seek approval of detailed policy to address regulation of environmental effects in the EEZ and preparation of drafting instructions to be issued to Parliamentary Counsel Office (subject to Cabinet approval). Prepare drafting instructions for EEZ Bill by end of December 2007, subject to decisions made above. Prepare paper for Cabinet Legislation Committee seeking approval for Bill to be introduced by the end of March 2008 (subject to decisions made above).

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
AQUACULTURE	
Implement the Aquaculture Implementation Plan.	<ul style="list-style-type: none"> • Implement a cross-government approach to aquaculture implementation. • Support local government processes and promote regional partnerships that implement the aquaculture reforms. • Administer contestable aquaculture planning fund (\$2m over five years).
BIODIVERSITY	
Jointly administer (with the Department of Conservation) the Biodiversity Condition and Advice Funds.	<ul style="list-style-type: none"> • Conduct two funding rounds of the Biodiversity Condition and Advice Funds by 30 June 2008.
URBAN AND INFRASTRUCTURE	
Implement the Urban Design Protocol.	<ul style="list-style-type: none"> • Raise awareness of Urban Design through administering the Urban Design Protocol throughout the financial year ended 30 June 2008.
Develop the potential for creating national policy statements or national environment standards around network infrastructure.	<ul style="list-style-type: none"> • Finalise national environmental standards on telecommunication facilities by December 2007. • Finalise national environmental standards on transmission by 28 February 2008. • Publicly notify and consult on a proposed national policy statement on electricity transmission.
RESOURCE MANAGEMENT ACT	
Assist Ministers with their statutory functions under environmental laws and ministerial responsibilities.	<ul style="list-style-type: none"> • Process all formal requests for statutory acts under the RMA.
Contribute to the implementation of the Resource Management Act (RMA) amendments relating to the Foreshore and Seabed Act.	<ul style="list-style-type: none"> • Participate in Foreshore and Seabed negotiations providing advice on RMA instruments for recognising claims. • Implement the Ministry's obligations arising from recognition of claims including support for councils implementing the RMA requirements from recognition of claims under the Foreshore and Seabed Act.
Work with local government and iwi to engage effectively in the management, use and development of natural resources, through support for relationship building at the governance level, and training and support for practitioners working on RMA implementation and sustainable development.	<p>Enable, promote and support effective participation of Māori in the management of natural resources and input into government policy development through the provision of:</p> <ul style="list-style-type: none"> • Iwi and hapu RMA training workshops • Networks for iwi and hapu practitioners, local government iwi liaison and Māori planning staff, central government Māori resource policy advisers and iwi authority chief executives • Information resources • Iwi planning documents development and implementation • Iwi and hapu participation in community-based natural resource management groups, eg, Kaikoura – Te Korowai o te Tai o Marokura.
Run the Chief Executives' Environment Forum (CEEF).	<ul style="list-style-type: none"> • Co-chair and provide secretariat services to three CEEF forums in 2007/2008. • Survey attendees to monitor the effectiveness of CEEF.
Monitor the quality of local government's performance of its RMA functions.	<ul style="list-style-type: none"> • Undertake and report on the RMA survey of local authorities. Publish the findings in the 2007/08 financial year.

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Monitor and improve the quality of RMA processes and decisions.	<ul style="list-style-type: none"> • Provide guidance and training to resource management practitioners, decision-makers, businesses and the public. Deliver and enhance the Making Good Decisions programme for RMA decision-makers. • Identify training programmes for RMA practitioners by July 2007. • Reconsider the development of structured framework training in particular the Resource Consent training by July 2007. • Provide ongoing advice to business and the public on the RMA. • Maintain, update and develop the Quality Planning website. Four new guidance notes will be completed in 2007/08 and two new research projects will be under development. • Provide information and advice on the development of second generation plans and policy statements. Input, by way of written comment and/or meetings, into six second generation Regional Policy Statements and District Plans. Participate in the Regional Council Policy Manager’s Regional Policy Statement Development Interest Group.
HAZARDOUS SUBSTANCES AND NEW ORGANISMS	
Monitor Hazardous Substance Compliance and Enforcement Strategy and raise awareness of issues.	<ul style="list-style-type: none"> • Report to the Minister on progress implementing the Hazardous Substances Compliance and Enforcement Strategy by 31 October 2007. • Report to the Minister on the level of HSNO compliance with critical controls in priority industries by December 2007. • Develop and report to the Minister on a reproducible analysis of compliance costs in priority industries by March 2008.
INTERNATIONAL	
Promote New Zealand’s environmental and sustainable development interests internationally.	<ul style="list-style-type: none"> • Lead the negotiation of environment provisions in trade agreements as directed by Cabinet. • Lead the implementation of environment cooperation arrangements signed in association with international trade agreements. • Ensure New Zealand interests are represented at meetings of the Organisation for Economic Cooperation and Development (OECD) Environmental Policy Committee, OECD Joint Working Party on Trade and Environment, World Trade Organisations Committee on Trade and Environment, United Nations Commission for Sustainable Development, United Nations Environment Programme, and other international organisations as appropriate.
Monitor developments with Cartagena Protocol and lead the development of New Zealand’s domestic policy and implementation to ensure compliance with the Protocol.	<ul style="list-style-type: none"> • Participate in meetings of the Parties to the Cartagena Protocol on Biosafety in October 2007, March 2008 and May 2008. • Participate in developing New Zealand position papers in line with the intercessional schedule leading to the meetings of the Parties.

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
ENVIRONMENTAL AWARENESS	
Monitor and evaluate the state of New Zealand’s environment.	<ul style="list-style-type: none"> • Publish a state of the environment report by the end of 2007 that introduces the core national environmental indicators and presents a picture of the current state of the environment. • Produce annual updates of the core national environmental indicators. • Issue occasional state of the environment reports on aspects of our environment as required.
Run environmental awareness raising events.	<p>Implement environmental awareness raising events within the 2007/08 financial year, including:</p> <ul style="list-style-type: none"> • The Youth Environment Forum by 31 July 2007 with at least two participants from each region. Gain participation from youth in all New Zealand regions. • Events to celebrate World Environment Week (5–8 June) including the Green Ribbon Awards (GRA). (The number of nominations received will reflect the quality of the communications for the event). • Talk Environment meetings by December 2007 with at least 20 meetings being held.
Evaluate environmental awareness raising events.	<ul style="list-style-type: none"> • Survey participants’ experience at the Youth Environment Forum and report on the findings in the 2007/08 financial year. • Survey Talk Environment participants and publish key feedback on the Ministry’s website by 31 December 2007.
Monitor the performance of the Environmental Risk Management Authority (ERMA New Zealand) against outputs the Minister has agreed to purchase (as defined in the Output Agreement) and advise the Minister on appointments to the Authority.	<ul style="list-style-type: none"> • Assist with drafting and signing off on ERMA New Zealand’s reporting requirements and coordinate appointments as required.
BIOETHICS COUNCIL	
Advise the Minister for the Environment on appointments to the Bioethics Council.	<ul style="list-style-type: none"> • Coordinate appointments as required.
MINISTERIAL SUPPORT	
Provide support to the Minister.	<ul style="list-style-type: none"> • Ensure at least 90% of the Ministerial drafts provided for the Minister’s signature are accurate. • Ensure that 95% of draft Ministerial replies are completed within 20 working days of receipt by the Ministry. • The Minister’s opinion of the Ministry’s support is evidence of the quality of support.

OUTPUT CLASS: ADMINISTRATION OF THE SUSTAINABLE MANAGEMENT FUND

Description

This output class covers the purchase of policy advice on the allocation of funds to other parties, and the administration and management of contracts. This includes promoting the Sustainable Management Fund (SMF), and developing SMF publications, funding projects through tendering and applications processes, payments to providers, contract management, and monitoring and auditing funded projects.

Output operating statement

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	662	662	662	662
Other	–	–	–	–
Total revenue	662	662	662	662
Annual appropriation	662	662	662	662
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Administer the Sustainable Management Fund (SMF).	<ul style="list-style-type: none"> • Prepare documentation and advertise for projects to be funded under the SMF. • Evaluate applications in line with fund criteria. • Monitor and project manage at least 30 projects that are split on both a regional and community basis. • Allocate at least 95% of the non-departmental funding in each financial year.

OUTPUT CLASS: ENVIRONMENTAL ASSISTANCE TO THE PACIFIC ISLANDS

Description

This output class includes the provision of environmental assistance related to the clean up of contaminated sites in the Cook Islands.

Output operating statement

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	–	–	–	–
Other	–	292	292	191
Total revenue	–	292	292	191
Annual appropriation	–	292	292	191
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Work with the waste sector on an Overseas Development Assisted Programme to assist in the removal of unwanted scrap metal from the Cook Islands.	<ul style="list-style-type: none"> Remove 2,500 tonnes of scrap metal from the Cook Islands through an Overseas Development Assisted Programme by June 2008.

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

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	1,333	1,333	1,333	1,333
Other	6	6	6	6
Total revenue	1,339	1,339	1,339	1,339
Annual appropriation	1,339	1,339	1,339	1,339
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Provide administrative support to the Bioethics Council's work plan, research capabilities and analysis.	<ul style="list-style-type: none"> • Develop and implement a pilot programme for the secondary school biotechnology curriculum on the cultural, ethical and spiritual dimensions of biotechnology, by December 2007.
Raise awareness of the Bioethics Council's work.	<ul style="list-style-type: none"> • Develop and implement deliberative processes for public engagement on pre-birth genetic testing and design web-based deliberative tools for the same project. Project completion date 30 April 2008.

VOTE: 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 (EECA). 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

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	216	216	216	1,166
Other	–	–	–	–
Total revenue	216	216	216	1,166
Annual appropriation	216	216	216	1,166
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Monitor the performance of the Energy Efficiency Conservation Authority (EECA) against outputs the Minister has agreed to purchase (as defined in the Output Plan) and advise the Minister on appointments to the Authority.	<ul style="list-style-type: none"> Assist with drafting and signing off on EECA's reporting requirements and coordinate appointments as required.

OUTPUT CLASS: CLIMATE CHANGE – POLICY ADVICE AND IMPLEMENTATION

Description

This output class includes the provisions of climate change policy advice and implementation programmes designed to reduce carbon emissions.

Output operating statement

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	8,271	8,271	8,271	9,293
Other	55	55	55	55
Total revenue	8,326	8,326	8,326	9,348
Annual appropriation	8,326	8,326	8,326	9,348
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Finalise climate change policy for New Zealand.	<ul style="list-style-type: none"> • Coordinate Government’s response to mitigating climate change and produce a Cabinet paper on the preferred pathway to reduce New Zealand’s greenhouse gases by July 2007. • Assist other agencies in the delivery of Government’s response to mitigating climate change. • Propose and implement legislation/regulations to implement Government’s climate change policy by June 2008. • Continue with the Communities for Climate Protection programme with the International Council for Local Environmental Initiatives.
Implement policy on climate change adaptation in partnership with priority stakeholders.	<ul style="list-style-type: none"> • Coordinate Government’s response to preparing for the effects of climate change and update Cabinet on New Zealand’s response to the effects on climate change by February 2008. • Update the Government’s advice on the impacts on climate change following the release of the Intergovernmental Panel on Climate Change fourth assessment and determine with the insurance council, local government and professional bodies how to communicate this information most effectively to influence decision makers by December 2007.
Implement initiatives to reduce greenhouse gas emissions.	<ul style="list-style-type: none"> • Manage and monitor 41 contracts under the Projects to Reduce Emissions programme. • Work with up to 20 large firms to develop robust greenhouse gas emission reports, benchmarking their emissions against best practice. • Coordinate the carbon neutral public service programme with emission reduction plans in place by February 2008.
Monitor New Zealand’s greenhouse gas emissions and New Zealand’s progress towards the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol targets.	<ul style="list-style-type: none"> • Meet New Zealand’s obligations under the UNFCCC, Kyoto Protocol and domestic reporting requirements, including the production of the annual greenhouse gas inventory and the net position projections report. • Produce greenhouse gas inventory and net position projections reports by the end of the 2007/08 financial year. • Present New Zealand’s position to the United Nations climate change conference in Bali in December 2007; and produce further reports and submissions required by the United Nations. • Manage bilateral relationships with other countries including the formal arrangements with Australia and United States of America by holding bilateral meetings with these countries.
MINISTERIAL SUPPORT	
Provide support to the Minister.	<ul style="list-style-type: none"> • Ensure at least 90% of the Ministerial drafts provided for the Minister’s signature are accurate. • Ensure that 95% of draft Ministerial replies are completed within 20 working days of receipt by the Ministry. • The Minister’s opinion of the Ministry’s support is evidence of the quality of support.

OUTPUT CLASS: CARBON MONITORING PROGRAMME

Description

This output class involves the implementation of the New Zealand Carbon Monitoring programme. It ensures data entering our carbon accounting system on our land use, land-use change and forestry (LULUCF) data in our Greenhouse Gas Inventory is robust, meets international requirements, and underpins the economic return on sink credits.

Output operating statement

	2006/07 Main estimates \$000	2006/07 Supplementary estimates \$000	2006/07 Estimated actual \$000	2007/08 Budget \$000
REVENUE				
Crown	9,976	5,445	4,545	11,364
Other	–	–	–	–
Total revenue	9,976	5,445	4,545	11,364
Annual appropriation	9,976	5,445	4,545	11,364
Surplus	–	–	–	–

Outputs

The outputs within this output class and associated measures are listed below:

OUTPUT	MEASURES – QUALITY, QUANTITY AND TIMELINESS
Develop the Carbon Accounting System to meet the requirements of the Kyoto Protocol.	<ul style="list-style-type: none"> • New Zealand’s Carbon Accounting System meets international reporting requirements and deadlines. • The accounting system feeds directly into New Zealand’s annual greenhouse gas inventory report.

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