

1 Overview

Chief Executive's overview

Environmental policy affects a wide range of public, private and commercial interests.

It is vital that we make progress in dealing with serious environmental concerns such as loss of biodiversity and poor water quality in our lowland rivers and harbours. At the same time, it is vital that we work through the issues and the proposed solutions with interested parties so we can be confident that our recommendations are sound.

Our work in the 1998/99 financial year demonstrates our approach to working with others in the development of environmental policy and in sharing good practice.

For example, in preparing for the start-up of the new hazardous substances regime under the Hazardous Substances and New Organisms Act we have worked through with industry experts their concerns about how the Act will operate in practice and developed solutions.

Our role in reporting on the state of New Zealand's environment relies heavily on working with other agencies. The set of environmental performance indicators which will be used to measure the health of our environment is being developed with input from district, city and regional councils, other government agencies, iwi, environmental groups, industry groups and businesses, academics, professional bodies, consultants, scientists and resource users.

And in many different programmes we have established advisory groups, initiated joint venture programmes, or supported projects suggested by others. Some of the many examples include:

- working with the New Zealand Planning Institute on promoting good practice in assessment of environment effects
- working with the Forest Owners Association and regional councils to address the industry's concerns about controls on forestry
- working with regional councils, Federated Farmers and the New Zealand Dairy Research Institute on approaches to managing farm dairy effluent.

In addition, the Sustainable Management Fund has provided financial support for a wide range of community projects to improve environmental management. In early 1999, as a joint venture with the New Zealand Landcare Trust, we ran a seminar in Hamilton where more than 180 people got together to share information about practical tools for managing and monitoring the quality of our land and water.

Providing opportunities for wide-ranging discussion and input is one of the hallmarks of our approach to our work programme and plays a vital role in developing effective environmental policy.



Denise Church
Chief Executive

Statement Of Objectives

The Ministry's vision is

- A healthy environment which sustains nature and people.

We see our mission as

- Making a difference through environmental leadership.

The Ministry's role is

- To advise the Government on the health of the environment; and on policies and their impacts on the environment
- To work with others to achieve effective environmental management.

Minister's Priorities for 1998/99

The Minister for the Environment seeks to protect and enhance the New Zealand environment in a manner consistent with maintaining environmental values in a growing market economy. Priority areas for 1998/99 are as follows:

- advice to users of the Resource Management Act 1991 on cost effective implementation and best practice
- completion of regulations to enable the Hazardous Substances and New Organisms Act 1996 to come into full operation
- completion of a framework for the management of hazardous wastes
- completion of the organochlorines programme to specify environmental standards and initiate remedial measures, and advice on liability for the clean-up of contaminated sites
- development of a climate change strategy addressing all greenhouse gases, and input toward New Zealand's international negotiating position for the Kyoto Protocol follow-up
- development of environmental quality standards and guidelines for air and water, including completion of the National Agenda for Sustainable Water Management
- development of a framework of environmental performance indicators, to effectively monitor the state of New Zealand's environment
- implementation of the Sustainable Land Management Strategy
- publication of the second annual stocktake of progress toward *Environment 2010 Strategy* goals
- advice on the development of the New Zealand Biodiversity Strategy.

Progress towards these outcomes is identified in the following section. Work on individual outcomes is typically covered under several output headings.

The year in review

Monitoring our environment

The Environmental Performance Indicators Programme is developing indicators to measure and report on how well New Zealand is looking after its environment. We have worked with a wide range of different people and organisations to develop and confirm indicators, and have made good progress towards using indicators for reporting on the state of our environment.

We have now piloted and initiated implementation of indicators for air, fresh water, land, ozone and climate change. Indicators for the marine environment and biodiversity, and for waste, hazardous waste, contaminated sites and some toxic contaminants have been confirmed. A discussion document and three case studies are helping to explore Maori input into the programme. We have developed draft indicators for transport, and proposed a way forward with indicators of urban amenity values.

We have also been working on a system for future state of the environment reporting in New Zealand. Our website (www.mfe.govt.nz) shows some examples of how we are using indicators to report on the state of New Zealand's environment.

See output 1.10 on page 18 for more information.

Environmental strategies

The Government's *Environment 2010 Strategy* was adopted in 1995. We have now carried out a second annual stocktake on progress towards the goals of the Strategy. While significant progress has been made, some substantial risks remain.

We completed the first stage of implementing the national strategy for environmental education. Several projects identified in the strategy have been completed: the Environmental Education Resource Directory, and the guidelines to assist in developing, implementing and evaluating environmental education programmes.

See output 1.12 on page 21 and output 1.13 on page 22.

Resource Management Act

Continued investment in training and encouraging improvements in the performance of those operating under the Resource Management Act was a highlight of the 1998/99 work programme. Education about the Act was provided through 11 workshops for newly elected local government councillors. We produced a guide to help applicants with assessment of environment effects, while a guide and a series of workshops have helped councils look at how they audit these assessments. Best practice in processing resource consents for subdivision has also been a focus.

Our annual survey of local government, complemented by case studies on specific issues, continues to be effective in monitoring the implementation of the Act. The report on the latest survey makes it easier for local authorities to compare their own results with other, similar, authorities. This year there were new questions on time and costs, and a new section on good practice in processing resource consents.

Consideration of proposals for amendment developed from a “think piece” in 1997/98 to a document setting out proposals for reform. A total of 750 submissions were received and analysed, a number of key proposals were developed, and an Amendment Bill was prepared. This Bill contains a large number of proposals intended to improve the operation of the Act.

See output 1.1 on page 11.

Treaty Claims and the environment

The Ngai Tahu Settlement Act has implications for the Ministry. It incorporates provisions to acknowledge Ngai Tahu’s relationship with various natural resources of significance and to improve the iwi’s participation in processes under the Resource Management Act (RMA). It also requires the Ministry to monitor the performance of councils in the Ngai Tahu Settlement area in meeting their Treaty obligations.

The provisions under the Ngai Tahu Settlement Act have set precedents for other settlements. We are developing and implementing a more comprehensive programme of monitoring and guidance to improve the participation of iwi in processes under the RMA.

See output 1.9 on page 18.

Air, water and land

The Ministry’s air, water and land work programmes are focused on working with local government and resource users to identify priorities, provide information, develop guidelines, and share best practice.

Review of the ambient air quality guidelines and consideration of the need for national standards was the main achievement in our air quality work. Other key achievements include input to the Vehicle Fleet Emission Control Strategy, progress with indicators of air quality, and input to regional plans.

Draft national priorities for improving water management have been identified in consultation with councils, research agencies, iwi, industry, community groups and other departments. We have developed further guidelines to assist water managers, including trialling guidelines for marine bathing water. Research is continuing in the major “bad bugs” programme, which is investigating disease-causing organisms in fresh water. We are sampling 25 sites around New Zealand every two weeks.

The Ministry coordinates implementation of the Sustainable Land Management Strategy. During 1998/99 we defined the outcomes desired for hill country erosion and agricultural impacts on aquatic ecosystems, developed a draft action plan to address erosion in hill country areas, and developed a communications strategy to facilitate transfer of information to land-users. We also contributed to review of the East Coast Forestry Project. Another important focus of our work is supporting the Landcare Trust in its efforts to establish a national network of landcare groups.

See output 1.10 on page 18.

Pollution and waste management

Improving management of hazardous waste and landfills are priorities in our pollution and waste work. A discussion paper outlining a proposed framework for the management of hazardous wastes was released for public

consultation. This exercise identified the key elements of a policy framework for the management of hazardous wastes and established the basis for the detailed development of these elements.

A second landfill census was carried out among council and private landfill operators throughout the country. The report, which follows up on the findings of the first census in 1995, will be published in late 1999.

See output 1.3 on page 13.

Hazardous Substances and New Organisms Reform

The Hazardous Substances and New Organisms Act was passed in 1996. The Act came into force for new organisms in 1998, making the Environmental Risk Management Authority (ERMA New Zealand) responsible for assessing the risks and making decisions about importing, development or release of new organisms. The hazardous substances regime is not yet in force.

The Ministry and ERMA New Zealand are working towards the start-up of the hazardous substances regime. With input from industry experts, concerns about how the Act will operate in practice have been worked through and solutions developed.

See output 1.2 on page 12.

Organochlorines and contaminated sites

The major research programme on persistent organochlorines in New Zealand was completed, and both technical reports and a public summary were published. These reported on surveys into the levels of organochlorine contamination in our soil, rivers, estuaries, air and food, and in the human population. Overall, the research showed that we have very low levels of contamination by dioxins and other toxic organochlorine chemicals in our bodies and our environment.

We worked with industry to develop guidelines for assessing and managing petroleum hydrocarbon contaminated sites in New Zealand and on associated water discharge guidelines. These add to the suite of technical guidelines on contaminated sites for use by practitioners in local authorities, site owners, industry and consultants. Proposals to clarify liability and funding rules for contaminated sites were submitted for Cabinet decision.

See output 1.5 on page 14.

Biodiversity, fisheries and marine issues

The Ministry and the Department of Conservation jointly managed the development of the draft New Zealand Biodiversity Strategy. An active process of public consultation was carried out through 50 meetings around the country. About 8000 written submissions were received.

The Ministry made a significant input into policy decisions on the Fisheries Amendment Bill and subsequent refinements. Our aim was to ensure that decisions taken would reduce the risk to the environment and that area-based ecosystem management of fisheries would be encouraged.

See output 1.18 on page 25 and output 1.20 on page 26.

Input to the work of other departments

The Ministry provided input on the environmental implications of proposed transport reforms. The Government decided in December 1998 to release the transport decisions as a proposal for comment and we contributed to the document *Better Transport, Better Roads*. Our background document *Better Transport, Better Roads and the Environment* drew together all the aspects of the reforms that impact on the environment and set out the range of measures proposed to minimise adverse effects on the environment.

See output 1.15 on page 23.

Meeting international obligations

The principal focus of our climate change programme in 1998/99 was on developing domestic policy options to meet our international obligations under the Framework Convention on Climate Change. We consulted widely on these options and then co-ordinated policy advice to the Government. At the same time, the Ministry continued to be actively involved in international meetings and negotiations. Work on inventories, reporting systems and the underlying science was continued.

We contributed to New Zealand's negotiating position for the November 1998 meeting of Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer. A draft Halons Management Strategy was developed and used as the basis for discussions with industry on ways and means of managing or destroying halons.

See output 1.7 on page 16 and output 1.4 on page 13.

Sustainable Management Fund

The Sustainable Management Fund provides financial support for community initiatives that help achieve the Government's environmental management priorities. The focus of our work in 1998/99 was on implementing the tendering scheme and managing funded projects. We also set out to promote a wider public knowledge of the Fund and the results of completed projects. Seventeen workshops were undertaken throughout New Zealand to advise interested parties on how to make effective applications. A seminar organised in collaboration with the Landcare Trust introduced more than 180 people to information about practical tools for managing and monitoring the quality of our land and water.

See output 2.1 on page 28.

2. Statement of Service Performance for the year ended 30 June 1999

Introduction

Quality of policy advice for output classes 1 and 2

The general performance standard for all policy outputs is that the output meets the standards for quality, quantity, coverage, timeliness, and cost as defined below.

Quality

All policy advice is required to:

- be clear and concise in both purpose and presentation
- offer a logical argument supported by facts and consistent with the Ministry's purpose
- identify issues, impacts, costs, benefits, and assumptions
- cover all relevant and practicable options
- be factually accurate
- be discussed with relevant officials and key interested or affected groups.

Drafting instructions for Orders in Council and regulations are required to be:

- intra vires
- in accordance with principal statutes
- of quality acceptable to Parliamentary Counsel.

Quantity

The Ministry is required to produce the agreed amount of policy advice as detailed in the 1998/99 Estimates and the Purchase Agreement (subject to amendments by agreement with the Minister to take account of changing Government priorities).

Coverage

A comprehensive service must be provided to the Minister which:

- includes the capacity to react urgently
- provides regular evaluations of the impacts of Government policy
- provides timely briefings that anticipate issues
- provides support for the Minister as required in Cabinet Committees, Caucus Committees, Select Committees and in the House.

Because the implications of environmental management are global, the Ministry, on behalf of the Government, has a key role in working with international agencies such as the United Nations, the Organisation for Economic Co-Operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC) forum.

Timeliness

The Ministry is required to meet the agreed deadlines specified in the Estimates and the Purchase Agreement, or as amended by agreement with the Minister.

Cost

All policy should be produced within budget.

Quality assurance

The Ministry provides policy advice on resource management and environmental issues of a quality that meets the needs of the Minister. The Minister provides feedback on an exceptions basis for briefing notes and Cabinet papers. He identifies 'products' that were either 'unsatisfactory' or 'excellent'. The performance standard is that 95 percent or more 'products' will be 'satisfactory' or better.

The Ministry provides for quality assurance and peer review in all project plans and for all analytical work and statutory/legal work.

Changes to the Purchase Agreement

Performance standards in the Purchase Agreement may be amended to accommodate changing circumstances, following approval of the Minister.

Changes to performance standards in the 1998/99 Purchase Agreement were approved by the Minister and recorded in writing.

Non-departmental revenue and receipts

The Ministry is required to ensure that all Crown revenue and receipts are appropriately accounted for and collected.

Output Class 1: Environmental Policy Advice

Output class 1 covers the provision of advice to the Minister on environmental policies and issues, and includes:

- administration and monitoring of environmental statutes, particularly the Resource Management Act 1991
- development of the regulatory and administrative aspects of the Hazardous Substances and New Organisms Act 1996
- monitoring the state of the environment, including developing a framework of national environmental indicators
- development of economic instruments and environmental quality standards and guidelines
- advice on waste policy, including voluntary waste reduction, landfill and hazardous waste management, and information on waste generation
- advice on the settlement of Treaty of Waitangi claims to natural resources
- advice on the liability for the clean-up of existing contaminated sites
- advice on the environmental implications of matters being considered by the Cabinet and its committees
- advice on representation in environmental legal proceedings
- advice on the Government's environmental policies to local government, iwi, business, interest groups, and the public.

Performance measures

Outputs in this class were provided within the appropriated sum and within the time frames specified (unless otherwise stated). Performance measures were specified for each output as appropriate.

Resources Employed

<i>Actual</i> 30/6/98 \$000		<i>Actual</i> 30/6/99 \$000	<i>Main estimates</i> 30/6/99 \$000	<i>Supp. estimates</i> 30/6/99 \$000
	Revenue:			
14,943	Crown	14,644	14,560	14,641
38	Other	19	78	78
14,981	Total revenue	14,663	14,638	14,719
14,980	Total expenses	14,535	14,638	14,719
1	Net surplus	128	-	-

Service performance

The 1998/99 Estimates and the Purchase Agreement (and subsequent amendments approved by the Minister) contain 20 outputs in Output Class 1: Environmental Policy Advice.

Quality

Outputs were delivered to the Minister's specifications.

Orders in Council and regulations were intra vires and in accordance with principal statutes.

Time frame

Outputs were produced within agreed time frames as specified in the Estimates and the Purchase Agreement, except where amended by agreement with the Minister.

Drafting instructions were completed subject to time frames set in the Government's Legislative Programme.

Costs

Outputs were provided within the appropriated sum.

Review of Output Achievements

1.1 Resource Management Act

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| <p>a. Analyse and develop legislative amendments that will lead to improvements in the implementation of the Resource Management Act (RMA), including topics identified by the Ministerial Reference Group such as:</p> <ul style="list-style-type: none"> • direct reference to the Environment Court • contestable consent processing • review of consent categories • review of key terms and sections that define the scope of the RMA • analysis of charging regimes • measures to improve and simplify the plan preparation process and the final plans. | <p>Achieved. The Resource Management Amendment Bill was developed and will be introduced in the 1999/2000 year.</p> |
| <p>b. Respond to independent work on the RMA, including a report on land use control under the Act, Ministerial Reference Group proposals, and proposed surveys.</p> | <p>Achieved. Submissions on the <i>Land Use Controls under the Resource Management Act</i> were received and analysed. This led to the production of the Ministry's Proposals for Amendment document.</p> |
| <p>c. Undertake specific projects and case studies to address RMA performance measures such as:</p> <ul style="list-style-type: none"> • training on assessment of environmental effects • training for newly-elected councillors • investigation of duties to consider alternatives, and assess benefits and costs of RMA rules and policies. | <p>Achieved. A total of five workshops were held during March 1999 for council staff on auditing assessments of environmental effects.</p> <p>Achieved.</p> <p>Partly achieved. Preliminary work was undertaken as part of the RMA amendment process.</p> |

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| d. Undertake research on the use of enforcement provisions and requiring authority powers. | This item was not included in the final Purchase Agreement due to resources being diverted to the RMA amendment process. |
| e. Provide statutory consultation, advice and participation. | Achieved. Advice was provided as required. |

1.2 Hazardous Substances and New Organisms Reform

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| a. Provide advice to the Minister to enable completion of orders in council for regulations and a section 9 methodology for dealing with hazardous substances under the Hazardous Substances and New Organisms Act 1996 (HSNO Act). | Partly achieved. This output was revised with the agreement of the Minister (17/12/98). The technical work for most regulations was completed by the end of the second quarter. However, after approaches from industry, the Minister agreed to a further review of these specifications and to the development of an amendment Bill. Accordingly, work on drafting instructions was suspended and the review and development of an amendment Bill undertaken. Drafting based on the amended regulations specifications and on amendment policies developed was resumed at the end of the year. |
| b. Complete the transfer to the Environmental Risk Management Authority (ERMA New Zealand) of all material held by the Ministry for the Environment required for the maintenance and development of regulations under the HSNO Act. | Partly achieved. All materials pertaining to the control of new organisms were transferred to the ERMA New Zealand. Other transfers will not be made until the HSNO Act is in force for Hazardous Substances. |

1.3 Pollution and Waste Management

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| a. Confirm a framework for the management of hazardous wastes. | Achieved. The management framework has been completed and was agreed to in June 1999. |
| b. Finalise and confirm a regime, including regulatory mechanisms, to manage the discharge of hazardous wastes to land. | Achieved. The management framework agreed to by the Minister included information on regulatory mechanisms for managing the discharges of hazardous waste to land (landfill acceptance criteria). |
| c. Conduct the second landfill census. | Achieved. The census was completed in the third quarter. The findings of the census and possible future action were reported to the Minister in June 1999. |
| d. Prepare a brief for a research project to develop tools for measuring the environmental impacts of waste management programmes. | Achieved. A brief was prepared. The project is under contract. |
| e. Review the Landfill Guidelines in consultation with the Centre for Advanced Engineering (CAE). | Partly achieved. The review is currently underway with technical advice being provided by Ministry staff. The contract between the Ministry and the CAE was extended. |

1.4 Ozone Layer Protection

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| a. Provide advice on New Zealand's negotiating position for the XIth Meeting of the Parties to the Montreal Protocol. | Achieved. Ministry staff advised on New Zealand's negotiating position and attended the Meeting of the Parties in Cairo in November 1998. Staff also contributed to the Ministry of Foreign Affairs and Trade country briefing for the New Zealand representative at the Open Ended Working Group Meeting in Geneva in June 1999. |
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1.5 Organochlorines and Contaminated Sites Management

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| a. Complete environmental and health risk assessments for dioxins, PCBs, and specified organochlorine pesticides. | Partly achieved. The Ministry is currently considering the first draft environmental risk assessment report and the first draft human health risk appraisal is currently underway. The timeframe for this work was extended with the agreement of the Minister (26/5/99). |
| b. Complete draft national environmental standards and guidelines for dioxins, PCBs, and specified organochlorine pesticides, including public consultation. | Partly achieved. The first draft report on international reference standards has been received and a report has been commissioned (RMA s.32 analysis) on New Zealand's options for standards. This work was delayed with the agreement of the Minister (26/5/99) as it is dependent on the completion of (a). |
| c. Complete a draft management plan, including public consultation. | Partly achieved. Work in this area was delayed, with the agreement of the Minister, until 30 June 2000 as it is dependant on the completion of (b). Public meetings in October 1998 and June 1999 identified issues for consideration under the management plan. |
| d. Apply to ERMA to phase out organochlorine pesticides. | Deferred. As organochlorine pesticides are currently deregulated, and due to the high priority of work on (a), (b) and (c) above, it was decided to delay this work until more resources are available. This item was not included in the Purchase Agreement. |
| e. Report on the status of technologies to destroy regional council-collected stocks of organochlorine pesticides. | Achieved. The Ministry provided advice on proposals by regional councils to export these stocks. A consortium of six regional councils is proceeding with the export of 110 tonnes of pesticides for high temperature incineration. ADI Limited is progressing Resource Management Act consents at the South Auckland site for thermal desorption and Accelerated Decomposition of Organic Halides technologies. |

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| f. Revise and publish guidelines for assessing and managing petroleum hydrocarbon contaminated sites in New Zealand. | Substantively achieved. Assessment and management guidelines have been edited and are ready to print subject to technical clearance on one point arising from the final review. In addition, a sampling and analytical procedures report is ready for final edit. |
| g. Develop liability and funding rules in accordance with any decisions made by Cabinet. | Achieved. The proposal for establishing the liability rules and confirming funding was forwarded to Cabinet for consideration in June 1999. The final rules are dependent upon decisions being made. |

1.6 Transport and the Environment

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| a. Advise the Minister, the Government and the Transport and Environment Select Committee on proposed roading reforms. | <p>Achieved. The Ministry provided extensive input to the Minister and Government during the policy formation process through participation in the Officials Road Reform Group and the Joint Officials Group.</p> <p>In addition the Ministry provided assistance to the Ministry of Transport in the preparation of <i>'The Government's response to the Interim Report of the Transport and Environment Select Committee on the Inquiry into the Environmental Effects of Road Transport'</i>.</p> |
| b. Advise the Minister, the Government and the Transport and Environment Select Committee on the Vehicle Fleet Emissions Control Strategy (VF ECS). | <p>Achieved. The Ministry provided significant input into the rationale for action, the scope and particularity of measures proposed under the VF ECS. The Government approved the release of the Strategy in August 1998 and it was open to submissions until February 1999. To assist understanding of the proposals, Ministry officials made presentations on air quality management at various locations around the country as part of the Ministry of Transport road show on the VF ECS. Material on the VF ECS was also included in the Ministry's document <i>'Better Transport, Better Roads and the Environment'</i>. The</p> |

Ministry was involved in the analysis of submissions and in providing advice to the Government on the final approval of the Strategy.

1.7 Climate Change

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| <p>a. Update the annual greenhouse gas inventory and report to the Framework Convention on Climate Change (FCCC) secretariat.</p> | <p>Achieved. The 1997 national greenhouse gas inventory was compiled, together with supporting documentation, and submitted to the FCCC secretariat.</p> |
| <p>b. Reduce uncertainties in the national greenhouse gas inventory, by further developing the national reporting system and a system to monitor carbon absorption in indigenous forests and soils; and by improving data for non-CO₂ greenhouse gases.</p> | <p>Achieved. The national reporting system has been further developed by the Ministry. Projects to develop a system to monitor carbon in indigenous forests and soils and to improve non-CO₂ data met 1998/99 objectives by 30 June 1999, and will continue in 1999/2000.</p> |
| <p>c. Conduct an analysis of potential national and international greenhouse gas emissions trading regimes, including design work on international/domestic trading regimes.</p> | <p>Achieved. Options for domestic emissions trading were analysed and presented for comment in the consultation document published early in the third quarter. The Ministry contributed to analysis and submissions by the multi-national 'Umbrella Group' on the rules for an international trading system.</p> |
| <p>d. Formulate a comprehensive domestic policy response to the Kyoto Protocol, including publishing a domestic policy framework consultation document.</p> | <p>Achieved. Options for a comprehensive policy response were developed and published in a consultation document '<i>Climate Change Domestic Policy Options Statement</i>'. Following consultation advice was provided to the Government on options for a comprehensive policy response. Decisions by the Government on a response remain to be taken.</p> |

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| <p>e. Make analytical and other input to New Zealand's international negotiating stance in relation to the Kyoto "follow-up", including emissions trading, the treatment of sinks, and monitoring and compliance issues.</p> | <p>Achieved. Ministry staff attended meetings (in May and June) of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at which they continued work on international emissions trading, monitoring and compliance issues, and made input on several technical issues including sinks.</p> |
| <p>f. Provide input to FCCC bodies and related international processes, including the Intergovernmental Panel on Climate Change (IPCC), in relation to fulfilling New Zealand's ongoing FCCC commitments, which will encompass the international review of New Zealand's second national communication.</p> | <p>Achieved. See also (e). Input has been made to the IPCC process by ensuring the participation of New Zealand scientists/experts in the IPCC Third Assessment Report and the IPCC Special Report on Land Use, Land Use Change and Forestry. In June the Ministry received for comment the draft report of the in-depth review (IDR) of New Zealand's second national communication (based on the review team's visit to New Zealand in August/September 1998). Finalisation of the IDR report is ongoing.</p> |
| <p>g. Coordinate the inter-departmental climate change policy programme.</p> | <p>Achieved. This work is ongoing. Meetings of the inter-departmental Climate Change Steering Group are held fortnightly and chaired by the Ministry.</p> |

1.8 Trade and the Environment

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| <p>a. Advise the Government on environmental aspects of the Multilateral Agreement on Investment (MAI) being negotiated at the Organisation for Economic Co-operation and Development (OECD).</p> | <p>Achieved. In April 1998, a six month pause in negotiations on the MAI was agreed by the parties. The Ministry provided input for the New Zealand approach when negotiations resumed in late October 1998. After several countries, including New Zealand, indicated that they did not support a continuance of the MAI in its current form, negotiations ceased. A significant part of the decision to cease further negotiations was due to states' failure to reach consensus on environmental aspects of the agreement.</p> |
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- b. Advise the Government on key policy positions supporting sound environmental management to pursue in international forums, in particular the World Trade Organisation (WTO).

Achieved. The Ministry advised the Ministry of Foreign Affairs and Trade (MFAT) on the content of New Zealand's statement to the WTO Committee on Trade and Environment (CTE) on the relationship between WTO rules and Multilateral Environmental Agreements. This process emphasised the need for further work to agree a New Zealand position on this issue.

Ministry staff provided MFAT with comments on approaches for dispute settlement with Japan over its alleged breaches of the Southern Bluefin Tuna Convention.

The Ministry also provided advice in the lead up to meetings of:

- the WTO Committee on Trade and Environment
- the High Level Seminars on Trade and Environment and Trade in Sustainable Development
- the OECD Joint Working Party on Trade and Environment.

1.9 Treaty Claims and Environmental Issues

- a. Advise on the development and refinement of Crown policy on the use of redress options involving natural resources in the settlement of Treaty of Waitangi claims.

Achieved. The Ministry provided advice on the development and refinement of Treaty claims involving natural resources through the inter-departmental Natural Resource Working Group led by the Ministry of Commerce.

1.10 Environmental Standards, Guidelines and Performance Indicators

Water

- a. Advise on priorities and completion of the National Agenda for Sustainable Water Management.

Achieved. A draft for comment was completed and a process for obtaining Cabinet approval for its release was initiated.

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| b. Prepare a draft protocol for river ecotyping. | Achieved. A draft protocol was prepared and trialled on the Oreti and Mataura catchments in Southland. |
| c. Prepare a periphyton (trophic condition of rivers) guideline for publication. | Achieved. |
| d. Prepare a discussion document on the assessment of river riparian areas. | Achieved. A discussion document covering assessment techniques used in New Zealand and leading overseas countries was prepared. |
| e. Prepare a technical supporting document for the Marine Bathing Guidelines for publication and advise on the development of national standards. | Partly achieved. A draft document has been circulated for peer review. Responses are due by 24 December 1999. |
| f. Prepare a draft guide on the use of macro-invertebrates in water management. | Achieved. The Australian River Invertebrate Assessment System was evaluated for use in New Zealand. |
| g. Implement the data collection stage of the Freshwater Microbiological Programme. | Achieved. Fortnightly sampling at 25 sites around the country commenced in December 1998. |

Air

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| h. Provide a draft guide for visibility assessment and monitoring, and a draft guideline for visibility. | Achieved. A draft guide for measurement methods and recommended guidelines for visibility has been prepared. |
| i. Develop guidance and research priorities for the protection of ecosystems from air pollution. | Achieved. A discussion document was released for public comment early in 1999. Submissions were received and analysed. We recommended that World Health Organisation guidelines be incorporated in the review of the Ambient Air Quality Guidelines (k). |
| j. Promote the Source Testing and Compliance Monitoring Guides through workshops and presentations. | Partly achieved. The Ministry undertook a survey of training needs and has opted to run an emission testing course with the Clean Air Society of New Zealand in 1999. |
| k. Assess the effectiveness of current ambient air quality guidelines. | Achieved. |
| l. Draft proposals to extend the guidelines to cover selected air toxic contaminants. | Achieved. |

- m. Advise on developing the guidelines into national standards. Achieved.

Environmental Performance Indicators (EPI)

- n. Pilot stage one indicators for land, air and fresh water. Achieved. Land, air and fresh water indicators have been piloted throughout the year and implementation initiated and displayed on the indicators web page.
- o. Pilot and phase-in stage one indicators for ozone and climate change. Achieved. Ozone and climate change indicators have been implemented.
- p. Confirm indicators for biodiversity. Achieved. This output was amended in the final Purchase Agreement to included indicators for the marine environment. The Ministry released the proposed indicators in December 1998. These indicators were confirmed in the fourth quarter.
- q. Develop draft indicators for waste and hazardous substances; transport; energy; and pests, weeds and diseases. Achieved. This item was amended in the final Purchase Agreement. Work on indicators for energy, and pests, weeds and diseases were deferred in order to concentrate available resources on transport, waste and hazardous substances indicators. Indicators for waste, hazardous waste and contaminated sites were *confirmed*, while indicators for transport were *proposed*.
- r. Develop a discussion document on indicators for urban amenity values. Achieved. A document was released in the fourth quarter recommending a way forward with urban amenity indicators.
- s. Develop an appropriate Environmental Performance Indicators (EPI) information management system. Achieved. A needs analysis of all users of the EPI information management system was published in the first quarter. The Minister was briefed on the institutional and policy arrangements for the preferred system and the system was piloted and trialled for air ozone and climate change.

1.11 Sustainable Land Management

- | | |
|---|---|
| <p>a. Complete a statement of government actions that address environmental outcomes in each of the three priority areas of the Sustainable Land Management Strategy, namely:</p> <ul style="list-style-type: none"> • high country degradation • hill country erosion • the effects of agricultural runoff on aquatic ecosystems. | <p>Achieved. The window of opportunity provided by the review of the East Coast Forestry Project and the need to prioritise limited resources resulted in this output being amended to concentrate only on hill country erosion. A draft action plan was forwarded to the Minister on 30 June 1999.</p> |
| <p>b. Prepare and implement a communications programme which raises awareness and facilitates actions to achieve sustainable land management.</p> | <p>Achieved. A national communications strategy was developed and forwarded to the Minister on 30 June 1999, along with a draft communications plan for hill country erosion. The draft plan complements the proposed government actions for hill country erosion.</p> |
| <p>c. Develop and promote at least five further best management practice initiatives addressing priority land use issues.</p> | <p>Achieved. Eight projects promoting a range of Sustainable Land Management practices were undertaken in conjunction with MAF. The Ministry for the Environment initiated a publication on the control of hieracium in the South Island high country in May 1999.</p> |
| <p>d. Provide support for industry in the development of market incentives that promote sustainable land management.</p> | <p>The Ministry, in conjunction with MAF, supported research into the linkages between current systems and the achievement of sustainable agriculture and sustainable land management. This research will provide the basis for future work programmes and project initiatives.</p> |

1.12 Public Information and Education

- | | |
|--|--|
| <p>a. Distribute the environmental education strategy.</p> | <p>Achieved. The National Environmental Education Strategy was launched and initial distribution completed in July 1998.</p> |
|--|--|

- | | |
|--|---|
| b. Form the Environmental Education Coordinating Group. | Achieved. This output was amended to include the formation of the Maori Focus group. The groups first met in September 1998. |
| c. Initiate and facilitate a national workshop on the effectiveness of environmental education activities. | This item was not included in the final Purchase Agreement. |
| d. Undertake a stocktake of environmental education resource material. | This item was not included in the final Purchase Agreement. |
| e. Complete guidelines for the development of environmental education strategies by local authorities. | This was combined with item c) above. |
| f. Participate in other initiatives identified in the Strategy as providing a role for the Ministry. | Achieved. Significant progress has been made on the implementation of the Strategy. The Ministry has contributed technical advice to the design and implementation of a number of substantial projects. |
| g. Support promotion of the Green Ribbon Award, assessment of nominations, and presentation of the awards. | Achieved. The Ministry coordinated the promotion of the award, the assessment of nominations and prepared certificates for presentation by the Associate Minister. |
| h. Publish five issues of the Ministry's newsletter, <i>Environment Update</i> . | Achieved. Issues of <i>Environment Update</i> were published in July 1998, October 1998, December 1998, March 1999 and May 1999. |

1.13 Environmental Priority Setting and Emerging Issues

- | | |
|--|---|
| a. Carry out a second annual stocktake of progress towards the goals of the <i>Environment 2010 Strategy</i> . | Achieved. The 1998 stocktake was completed in October 1998. After being approved by Government the stocktake was published and distributed in January 1999. |
| b. Coordinate New Zealand's Report for 1999 to the Commission for Sustainable Development (CSD). | Achieved. Responses to the CSD7 Report questionnaires were forwarded to the New York Permanent Missions in December 1998. |

- | | |
|--|--|
| <p>c. Develop a strategy to clarify the role of science in environmental policy and to advocate environmental objectives in the development of science policy.</p> | <p>Achieved. A strategic approach was developed and informed the Ministry's input into the development of science policy and purchasing.</p> |
| <p>d. Scope emerging environmental issues.</p> | <p>Achieved. An internal Ministry scoping paper on sustainable consumption and production was completed in the fourth quarter.</p> |

1.14 General Ministerial and Environmental Advice

- | | |
|---|------------------|
| <p>a. Prepare speech notes as required by the Minister.</p> | <p>Achieved.</p> |
| <p>b. Provide general advice to the Minister as required.</p> | <p>Achieved.</p> |

1.15 Other Departments' Reviews

- | | |
|--|--|
| <p>a. Advise on the environmental and resource management law implications of other departments' policy and legislative reviews and reforms, including in the following areas:</p> <ul style="list-style-type: none"> • Roading Reforms (Ministry of Transport) • Treaty Settlements | <p>Achieved. The Ministry provided input for the proposal document <i>'Better Transport, Better Roads'</i> and subsequently disseminated a background document <i>'Better Transport, Better Roads and the Environment'</i>.</p> <p>Achieved. The Ministry undertook work that will contribute to the Ngai Tahu settlement obligations. In addition the Ministry provided advice on specific claims as they arose, including the following claims:</p> <ul style="list-style-type: none"> • Waikato/Tainui • Taranaki • Ngati Awa. |
|--|--|

- Local Acts
Achieved. A watching brief is maintained with regard to local acts. The Ministry provided advice as required.
- Heritage review (Department of Conservation)
Achieved. The Ministry undertook regular liaison over the year as the consequential amendments to the Resource Management Act were developed and implemented.
- East Coast Forestry Project (Ministry of Agriculture and Forestry)
Achieved. The Ministry provided advice to the Ministry of Agriculture and Forestry on Cabinet papers addressing the review of the East Coast Forestry Project.
- Biosecurity Risk Assessment Project (Ministry of Agriculture and Forestry)
Achieved. The Ministry provided comments on this project and participated in a review of a consultant's report on common framework and methodologies.
- Crown Pastoral Land Reform (Land Information New Zealand).
No input was required this year.

1.16 Monitoring of the Environmental Risk Management Authority

- a. Process the ERMA's budget approvals
Achieved.
- b. Advise the Minister on approval of ERMA's Statement of Intent and Purchase Agreement.
Achieved. The Ministry reviewed the ERMA's SOI and PA and provided the Minister with comments.

1.17 Ministerial Correspondence and Parliamentary Questions

Ministerial Correspondence

	<i>Expected Performance</i>	<i>Actual Performance</i>
<i>Quantity</i>	950	883
<i>Timeliness</i>	100% of draft replies completed within 20 working days.	71% of draft replies were completed within 20 working days.
<i>Quality</i>	95% of first drafts accepted by the Minister.	91% of first drafts were accepted by the Minister.

Parliamentary Questions

	<i>Expected Performance</i>	<i>Actual Performance</i>
<i>Quantity</i>	125	113
<i>Timeliness</i>	100% of answers to be provided by the stipulated deadline.	All answers were provided by the stipulated deadline.
<i>Quality</i>	95% of answers to be provided to the satisfaction of the Minister.	All answers were provided by the satisfaction of the Minister.

1.18 Biodiversity

- a. Provide advice on the New Zealand Biodiversity Strategy.
- Achieved. The draft Strategy was approved by Government in October 1998 and launched by the Prime Minister on 20 January 1999 for public consultation until the end of April 1999. Public meetings were held with various stakeholders (including sector groups). The meetings were strongly supportive of the draft strategy endorsing the need for clear goals and the actions proposed. Over 500 detailed submissions were received, along with two large form submissions. Advice on the key messages from submissions was provided to the Minister of Conservation.
- b. Provide advice on the use of incentives and non-regulatory methods in combination with regulatory methods.
- Achieved. The document *“Options and Incentives for Biodiversity Conservation”* and the results of some surveying of local government practices (undertaken in conjunction with Resource Management Act work on s 6(c)) were used as the basis for a workshop held with stakeholders. This material was endorsed by the participants and was used as a base for the emphasis in the Biodiversity Strategy on using a wide range of approaches and encouraging voluntary initiatives with a regulatory safety backdrop.

- c. Provide advice and guidance on methods to assist the implementation of Section 6(c) of the Resource Management Act.
- Achieved. Final draft criteria for identifying 'significance' under s.6(c) has been completed. Final release of the guidance will be integrated with consultation on the draft National Policy Statement.

1.19 Energy and the Environment

- a. Provide advice to the Government on reforms to the following sectors:

- generation

Achieved. The Ministry contributed to the Cabinet papers prepared by the Officials Committee on Energy Policy (OCEP), papers on issues associated with the split of ECNZ and on the sale of Contact, and also provided input into the drafting of the Energy Industry Reform Bill.
- transmission

Achieved. The Ministry contributed as part of OCEP in initial consideration of Transpower policies on pricing aiming to be consistent with the most recent reforms.

The Ministry also contributed to the Cabinet paper prepared by OCEP on the proposed reforms to the local transmission sector.
- retail energy.

Achieved. The Ministry contributed to the ongoing analysis and monitoring by OCEP on the proposed reforms to the retail businesses.

1.20 Fisheries and Marine Issues

- a. Provide advice on:

- marine reserves issues

Achieved. Broad proposals for marine reserves were included in the draft Biodiversity Strategy and discussed as part of that consultation.
- reforms to the Fisheries Act.

Achieved. The Ministry provided extensive input into Ministry of Fisheries Cabinet papers and into the drafting of the Fisheries Act Amendment Bill.

Output Class 2: Administration of Sustainable Management Fund and Residual Catchment Grants

Output class 2 covers policy advice on the allocation of funds to other parties, and the administration and management of contracts to supply the following non-departmental outputs:

- development of sustainable environmental management options
- environmental risk assessment and management
- Residual Catchment Works.

The Ministry's administrative work under this output class includes:

- advice on the size of allocations and payments to approved providers in accordance with criteria in the 1998/99 Sustainable Management Fund *Guide for Applicants*
- monitoring fund expenditure, including completion of technical audits.

Performance measures

Outputs in this class were provided within the appropriated sum and specified time frames (unless otherwise stated). Performance measures were specified for each output as appropriate.

Resources employed

<i>Actual</i> <i>30/6/98</i> <i>\$000</i>		<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Main</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>	<i>Supp.</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>
	Revenue:			
336	Crown	585	340	588
336	Total revenue	585	340	588
336	Total expenses	585	340	588
-	Net surplus	-	-	-

Service performance

The 1998/99 Estimates and the Purchase Agreement (and subsequent amendments approved by the Minister) contain one output in Output class 2: Administration of Sustainable Management Fund and Residual Catchment Grants.

Review of output achievements

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

- | | |
|---|---|
| a. Assess applications from providers, and peer review applications with the Specialist Advisory Group (100 applications anticipated). | Achieved. Fifty three applications were received and assessed in the August 1998 funding round. Forty three applications were received and assessed in the February 1999 funding round. |
| b. Advise the Minister on grant allocations to successful applicants for two funding rounds in October (for 1998/99) and April (for 1999/2000). | Achieved. A briefing note on the August 1998 funding round was provided on 30 October 1998. A briefing note on the February 1999 funding round was provided on 30 April 1999. |
| c. Develop the 1998/99 <i>Sustainable Management Fund Guide for Applicants</i> . | Achieved. The Guide was published in November 1998. |
| d. Complete ten performance and financial audits of projects. | Achieved. Twelve performance and financial audits of projects were completed. |
| e. Complete in-depth audits of a sample of SMF projects. | This item was not included in the final Purchase Agreement in order to make resources available for the introduction of a tendering system. |
| f. Make payments to the one remaining residual catchment work, according to the deed of agreement with the Crown. | Achieved. Payments were made on a quarterly basis as agreed. Discussions were held with Environment Waikato as required. |
| g. Make payments to the Landcare Trust, according to the purchase agreement between the Trust and the Minister for the Environment. | Achieved. |

3. Crown Revenue and Receipts

Crown revenue and receipts for the year ended 30 June 1999

<i>Actual</i> 30/6/98 \$000		<i>Actual</i> 30/6/99 \$000	<i>Main estimates</i> 30/6/99 \$000	<i>Supp. estimates</i> 30/6/99 \$000
	Current revenue			
	Non-tax revenue			
77	Catchment works loans - interest	59	60	60
443	Coastal royalties	745	400	538
6	Resource Management Act fees and charges	6	11	11
168	West Coast Accord costs			
694	Total non-tax revenue	810	471	609
	Capital revenue			
1,055	Catchment works loans - principal	1,236	1,004	1,004
1,055	Total capital revenue	1,236	1,004	1,004
1,749	Total Crown revenue	2,046	1,475	1,613

This statement is provided to give readers a better understanding of the nature and scope of the Crown activities undertaken by the Ministry for the Environment. For a full understanding of the Crown's financial position and the results of its operations for the year reference should be made to the consolidated audited Crown Financial Statements for the year ended 30 June 1999.

4. Financial Statements

Performance indicators for the year ended 30 June 1999

	<i>Unit</i>	<i>Actual</i> <i>30/6/99</i>	<i>Supp.</i> <i>estimates</i> <i>30/6/99</i>
Operating results			
Revenue: Crown	\$000	15,229	15,229
Revenue: departments and other	\$000	19	78
Revenue: interest	\$000	35	50
Output expenses	\$000	15,120	15,307
Other expenses	\$000	397	450
Net gain on sale of assets	\$000	26	23
Net surplus/(deficit)	\$000	(208)	(377)
Working capital			
Net current assets	\$000	(259)	(383)
Liquid ratio	%	92	88
Resource utilisation			
Fixed assets:			
Total fixed assets at year-end	\$000	1,187	1,235
Value per employee	\$000	10	11
Additions as % of fixed assets	%	45.1	49.4
Fixed assets as % of total assets	%	28.5	30
Taxpayers' funds			
Level at year-end	\$000	343	290
Level per employee	\$000	2.9	2.6
Net cash flows			
Surplus from operating activities	\$000	180	152
Deficit from investing activities	\$000	(922)	(994)
Deficit from financing activities	\$000	(79)	(79)
Net increase/(decrease) in cash held	\$000	(821)	(921)
Human resources			
Staff turnover	%	22	20
Average length of service	years	5.71	4.5
Total staff	No.	115	111

Statement of financial performance for the year ended 30 June 1999

<i>Actual</i> <i>30/6/98</i> <i>\$000</i>		<i>Notes</i>	<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Main</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>	<i>Supp.</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>
	Revenue				
15,279	Crown		15,229	14,900	15,229
65	Other	1	45	96	101
51	Interest	2	35	50	50
15,395	Total revenue		15,309	15,046	15,380
	Expenditure				
6,651	Personnel		6,650	6,690	6,650
8,218	Operating	3	8,054	7,677	8,208
366	Depreciation		335	525	368
81	Capital charge	4	81	86	81
15,316	Total output expenditure		15,120	14,978	15,307
-	Other expenses		397	-	450
15,316	Total expenses		15,517	14,978	15,757
79	Net surplus/(deficit) from operations		(208)	68	(377)

Statement of financial position as at 30 June 1999

<i>Actual</i> 30/6/98 \$000		<i>Notes</i>	<i>Actual</i> 30/6/99 \$000	<i>Main</i> <i>estimates</i> 30/6/99 \$000	<i>Supp.</i> <i>estimates</i> 30/6/99 \$000
740	Taxpayers' funds	14	343	740	290
740	Total taxpayers' funds		343	740	290
	Represented by:				
	Current assets:				
1,749	Bank		1,428	1,223	1,328
2,000	Short-term deposits	5	1,500	400	1,500
44	Prepayments		29	20	30
23	Debtors and receivables	6	24	23	20
3,816	Total current assets		2,981	1,666	2,878
	Non-current assets				
1,003	Fixed assets	7	1,187	873	1,235
4,819	Total assets		4,168	2,539	4,113
	Current liabilities:				
3,415	Creditors and payables	8	2,709	1,282	2,851
79	Provision for repayment of surplus to the Crown	10	189	68	73
363	Employee entitlements	9	342	337	337
3,857	Total current liabilities		3,240	1,687	3,261
	Non-current liabilities				
222	Employee entitlements	9	585	112	562
4,079	Total liabilities		3,825	1,799	3,823
740	Net assets		343	740	290

Statement of movements in taxpayers' funds for the year ended 30 June 1999

<i>Actual</i> <i>30/6/98</i> <i>\$000</i>		<i>Notes</i>	<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Main</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>	<i>Supp.</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>
740	Taxpayers' funds brought forward as at 1 July		740	740	740
79	Net surplus/(deficit) from operations		(208)	68	(377)
79	Total recognised revenues and expenses for the year		(208)	68	(377)
(79)	Provision for repayment of surplus to the Crown	10	(189)	(68)	(73)
740	Taxpayers' funds as at 30 June	14	343	740	290

Statement of cash flows for the year ended 30 June 1999

<i>Actual</i>		<i>Actual</i>	<i>Main</i>	<i>Supp.</i>
<i>30/6/98</i>		<i>30/6/99</i>	<i>estimates</i>	<i>estimates</i>
<i>\$000</i>		<i>\$000</i>	<i>30/6/99</i>	<i>30/6/99</i>
		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	Cash flows from operating activities			
	Cash provided from:			
15,279	Supply of outputs to Crown	15,229	14,900	15,229
19	Supply of outputs to others	18	78	78
56	Interest	35	50	50
	Cash disbursed to:			
(6,651)	Personnel expenses	(6,094)	(6,690)	(6,650)
(7,365)	Operating expenses	(8,927)	(8,767)	(8,474)
(81)	Capital charge	(81)	(86)	(81)
1,257	Net cash flows from operating activities	180	(515)	152
	Cash flows from investing activities			
	Cash provided from:			
41	Sale of fixed assets	26	28	28
	Cash disbursed to:			
(262)	Purchase of fixed assets	(948)	(400)	(1,022)
(221)	Net cash flows from investing activities	(922)	(372)	(994)
	Cash flows from financing activities			
	Cash disbursed to:			
(143)	Repayment of surplus to Crown	(79)	(75)	(79)
(143)	Net cash flows from financing activities	(79)	(75)	(79)
893	Net increase/(decrease) in cash held	(821)	(962)	(921)
2,856	Opening cash balance at 1 July	3,749	2,585	3,749
3,749	Closing cash and deposits as at 30 June	2,928	1,623	2,828
	Cash and deposits comprise			
1,749	Cash	1,428	1,223	1,328
2,000	Short-term deposits	1,500	400	1,500
3,749	Closing cash and deposits as at 30 June	2,928	1,623	2,828

Reconciliation of net operating surplus to net cash flow from operating activities for the year ended 30 June 1999

<i>Actual</i> <i>30/6/98</i> <i>\$000</i>		<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Main</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>	<i>Supp.</i> <i>estimates</i> <i>30/6/99</i> <i>\$000</i>
79	Net surplus/(deficit) from operations	(208)	68	(377)
	Add non-cash item			
366	Depreciation	335	525	368
	Add non-cash provision			
47	Increase in provisions for employee entitlements	342	-	314
	Add/(less) movements in working capital items			
(3)	Decrease/(increase) in prepayments	15	-	14
(14)	Decrease/(increase) in debtors and receivables	(1)	-	3
785	Increase/(decrease) in creditors and payables	(293)	(1,090)	(151)
	Add/(less) investing activity			
(3)	Net loss/(gain) on sale of fixed assets	(10)	(18)	(19)
1,257	Net cash flow from operating activities	180	(515)	152

Statement of commitments as at 30 June 1999

The Ministry has long-term leases on its premises in Wellington, Auckland, and Christchurch. The amounts disclosed below include amounts for both accommodation and operating leases.

Operating leases include lease payments for premises and photocopiers. Accommodation leases are disclosed at current rental rates.

	<i>30/6/99</i> <i>\$000</i>	<i>30/6/98</i> <i>\$000</i>
Operating and accommodation lease commitments (GST exclusive)		
Not later than 1 year	1,119	1,158
Later than 1 year but not later than 2 years	1,037	1,125
Later than 2 years but not later than 5 years	2,935	2,989
Later than 5 years	2,037	3,024
Total operating and lease commitments	7,128	8,296
Capital commitments	-	397
Total commitments	7,128	8,693

Statement of contingencies as at 30 June 1999

At 30 June 1999 there was one known contingent liability and no contingent assets or guarantees given under section 59 of the Public Finance Act 1989 in relation to the activities of the Ministry.

	<i>30/6/99</i> <i>\$000</i>	<i>30/6/98</i> <i>\$000</i>
Legal proceedings	50	200
Total contingent liabilities	50	200

Statement of unappropriated expenditure for the year ended 30 June 1999

Department Appropriation

Departmental output classes were produced within appropriation (30 June 1998: Nil).

Non-Departmental Appropriation

Non-departmental output classes were produced within appropriation (30 June 1998: Nil).

Other expenses to be incurred by the Crown were produced within appropriation (30 June 1998: 2,505).

Statement of departmental expenditure and appropriations for the year ended 30 June 1999 *(figures are GST inclusive where applicable)*

	<i>Actual 30/6/99 \$000</i>	<i>Appropriation* 30/6/99 \$000</i>
Vote: Environment		
Appropriations for classes of outputs		
D1 Environmental policy advice	16,368	16,559
D2 Administration of Sustainable Management Fund and Residual Catchment Grants	658	661
Sub-total	17,026	17,220
Appropriations for other expenses		
Retirement and long-service leave	397	450
Total	17,423	17,670

** This includes adjustments made in the supplementary estimates and transfers under Section 5 of the Public Finance Act 1989.*

Statement of non-departmental expenditure and appropriations for the year ended 30 June 1999 *(figures are GST inclusive where applicable)*

	<i>Actual 30/6/99 \$000</i>	<i>Appropriation* 30/6/99 \$000</i>
Vote: Environment		
Appropriations for non-departmental output classes		
O1 Development and implementation of Sustainable Management	4,145	4,818
O2 Hazardous Substances and New Organisms assessment and regulation	4,500	4,500
O3 Residual Catchment Works	200	200
O4 Sustainable Land Management: promotion and training	450	450
Sub-total	9,295	9,968
Appropriations for other expenses to be incurred by the Crown		
Framework Convention on Climate Change	50	50
Montreal Protocol on Ozone Protection	20	20
Subscription to Basel Convention	11	11
United Nations Environment Programme	136	136
Sub-total	217	217
Appropriation for capital contributions to other persons or organisations		
Environmental Risk Management Authority	-	464
Sub-total	-	464
Total	9,512	10,649

** This includes adjustments made in the supplementary estimates and transfers under Section 5 of the Public Finance Act 1989.*

Statement of accounting policies for the year ended 30 June 1999

Reporting entity

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

- Output Class 1: Environmental Policy Advice
- Output Class 2: Administration of the Sustainable Management Fund and Residual Catchment Grants.

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

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

Measurement system

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

Accounting policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied.

(i) Budget and Appropriation Figures

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

(ii) Revenue

The Ministry derives revenue through the provision of outputs to the Crown, for services to third parties and interest on its deposits with the New Zealand Debt Management Office (NZDMO). Such revenue is recognised when earned and is reported in the financial period to which it relates.

(iii) Cost Allocation

The Ministry derived the costs of outputs using a cost allocation system which is outlined below.

Cost Allocation policy

Direct costs are charged directly to the Ministry's outputs. Indirect costs are charged to outputs based on specified cost drivers. These cost drivers include hours, floor space and staff numbers.

Criteria for direct and indirect costs

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

Direct costs assigned to outputs

Direct costs are charged directly to outputs. Personnel costs are charged by actual time incurred based on a time recording system.

For the year ended 30 June 1999, direct costs accounted for 68% of the Ministry's costs (1998: 60%).

Indirect costs assigned to outputs

Indirect costs are assigned to outputs based on a series of cost drivers.

Support area costs are first assigned to output groups using cost drivers such as staff numbers and floor space. These are then combined with other indirect costs and allocated to outputs based on a proportion of direct hours incurred for each output.

For the year ended 30 June 1999, indirect costs accounted for 32% of the Ministry's costs (1998: 40%).

(iv) Debtors and Receivables

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

(v) Operating leases

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

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

(vi) Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation. Fixed assets are recognised as individual items costing \$1,000 (GST exclusive) or more, which have a useful life greater than one year.

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

The estimated useful lives of the assets are:

	<i>Depreciation rate (%)</i>	<i>Residual value (%)</i>	<i>Useful life (Years)</i>
Furniture and fittings	20	10	5
Partitions	20	-	5
Motor vehicles	25	-	4
Office equipment	20	20	5
Computer software	33	-	3
Computer hardware	33	-	3

The cost of leasehold improvements (included in furniture and fittings) is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

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

(vii) Employee Entitlements

Provision is made in respect of the Ministry's liability for annual leave, long-service leave and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay. The other provisions have been calculated on an actuarial basis based on the present value of expected future entitlements.

(viii) Statement of Cash Flows

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

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

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

(ix) Financial Instruments

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

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

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

(x) Goods and Services Tax (GST)

All Statements are GST exclusive, except where otherwise stated. Creditors and Payables and Debtors and Receivables in the Statement of Financial Position are stated inclusive of GST.

The amount of GST owing to the Inland Revenue Department at balance date, being the difference between output GST and input GST, is included in creditors and payables.

(xi) Taxation

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.

(xii) Commitments

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

(xiii) Contingencies

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

(xiv) Taxpayers' Funds

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

(xv) Changes in Accounting Policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with other years.

Notes to the financial statements for the year ended 30 June 1999

1. Other revenue

<i>Actual</i> 30/6/98 \$000		<i>Actual</i> 30/6/99 \$000	<i>Main estimates</i> 30/6/99 \$000	<i>Supp. estimates</i> 30/6/99 \$000
38	Publication sales	19	78	78
27	Gain on sale of fixed assets	26	18	23
65	Total other revenue	45	96	101

2. Interest revenue

The Ministry invests surplus cash with the New Zealand Debt Management Office (NZDMO) and earns interest at variable rates.

3. Operating expenses

<i>Actual</i> 30/6/98 \$000		<i>Actual</i> 30/6/99 \$000	<i>Main estimates</i> 30/6/99 \$000	<i>Supp. estimates</i> 30/6/99 \$000
1,929	General and administration	1,907	1,805	2,012
1,054	Other operating costs	991	983	1,301
1,071	Rental and leasing	1,116	855	855
4,115	Consultancy	3,975	4,011	4,011
25	Audit fees	26	23	25
-	Other services provided by Audit NZ	23	-	-
24	Loss on sale of fixed assets	16	-	4
8,218	Total operating expenditure	8,054	7,677	8,208

4. Capital charge

The Ministry pays a capital charge to the Crown on its average Taxpayers' Funds as at 31 December and 30 June each year. The capital charge rate for the year ended 30 June 1999 was 11% (1998: 11%).

5. Short-term deposits

As at balance date the Ministry had placed the following term deposit with the New Zealand Debt Management Office (NZDMO):

<i>Actual 30/6/98 \$000</i>	<i>Counterparty</i>	<i>Interest Rate %</i>	<i>Term</i>	<i>Actual 30/6/99 \$000</i>
2,000	NZDMO	3.88	14 days	1,500
2,000	Total term deposits			1,500

6. Debtors and receivables

	<i>Actual 30/6/99 \$000</i>	<i>Actual 30/6/98 \$000</i>
Trade debtors	25	24
Less provision for doubtful debts	(1)	(1)
Total debtors and receivables	24	23

7. Fixed assets

	<i>Cost 30/6/99 \$000</i>	<i>Accumulated depreciation 30/6/99 \$000</i>	<i>Net book value 30/6/99 \$000</i>
Furniture and fittings	825	148	677
Partitions	74	74	-
Motor vehicles	89	89	-
Office equipment	350	190	160
Computer software	215	177	38
Computer hardware	863	551	312
Total	2,416	1,229	1,187

	<i>Cost</i> <i>30/6/98</i> <i>\$000</i>	<i>Accumulated</i> <i>depreciation</i> <i>30/6/98</i> <i>\$000</i>	<i>Net book value</i> <i>30/6/98</i> <i>\$000</i>
Furniture and fittings	543	112	431
Partitions	74	74	-
Motor vehicles	108	106	2
Office equipment	325	161	164
Computer software	463	399	64
Computer hardware	1,322	980	342
Total	2,835	1,832	1,003

8. Creditors and payables

	<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Actual</i> <i>30/6/98</i> <i>\$000</i>
Trade creditors	2,333	2,955
Accruals	203	326
GST	173	134
Total creditors and payables	2,709	3,415

9. Employee entitlements

	<i>Actual</i> <i>30/6/99</i> <i>\$000</i>	<i>Actual</i> <i>30/6/98</i> <i>\$000</i>
Current employee entitlements		
Annual leave	342	351
Retirement and long-service leave	-	12
Total current employee entitlements	342	363
Non-current employee entitlements		
Retirement and long-service leave	585	222
Total non-current employee entitlements	585	222
Total employee entitlements	927	585

10. Provision for repayment of surplus to the Crown

The balance in the provision for repayment of surplus to the Crown for the current year, is the amount of the interest earned by the Ministry, together with the gain on sale of fixed assets and surplus from operations.

11. Related party transactions

The Ministry is a wholly-owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue.

The Ministry enters into numerous transactions with Government departments, Crown agencies and State-owned enterprises. These transactions are not considered to be related party transactions.

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

12. Financial instruments

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and accounts payable.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of business, the Ministry incurs credit risk from accounts receivable and transactions with financial institutions and the New Zealand Debt Management Office.

The Ministry does not require collateral or other security to support financial instruments with credit risk, as the Ministry deals with financial institutions and the New Zealand Debt Management Office which have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

Fair value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency and interest rate risk

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates. The Ministry has no significant exposure to currency risk on its financial instruments.

Interest rate risk is the risk that the Ministry's return on the funds it has invested will fluctuate due to changes in market interest rates. Under section 46 of the Public Finance Act the Ministry cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

The Ministry has no significant exposure to interest rate risk on its financial instruments.

13. Contingencies

The Ministry does not have any contingent assets as at 30 June 1999. (1998: Nil).

Contingent liabilities are disclosed separately in the Statement of Contingencies.

14. Major budget variations

Statement of Financial Position (and Movements in Taxpayers' Funds)

The Taxpayers' Funds figure at 30 June 1999 is \$343,000. The decrease of \$397,000 against the 1998 and Main Estimates figure is due to the increase in provision for long-service and retirement leave (on an actuarial basis).

15. Subsequent events

No significant events, which would materially affect the financial statements, occurred between 30 June 1999 and the date of signing the financial statements (1998: Nil).

Statement of Responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry for the Environment, for the preparation of the Ministry's financial statements and the judgements made in the process of producing those statements.

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

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 1999.



Denise F Church
Chief Executive
31 August 1999

Countersigned by:

Fiona C M Morgan
Finance & Corporate Business Manager
31 August 1999

Report of the Audit Office

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE MINISTRY FOR THE ENVIRONMENT FOR THE YEAR ENDED 30 JUNE 1999

We have audited the financial statements on pages 7 to 47. The financial statements provide information about the past financial and service performance of the Ministry and its financial position as at 30 June 1999.

This information is stated in accordance with the accounting policies set out on pages 39 to 42.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Ministry as at 30 June 1999, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1999.

Auditor's Responsibilities

Section 38(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Chief Executive. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed AJ Merrin, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements *and*
- whether the accounting policies are appropriate to the Ministry's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

During the year we assisted the Ministry in relation to the annual survey of Local Authorities on the implementation of the Resource Management Act 1991. Other than this assignment, and in our capacity as auditor acting on behalf of the Controller and the Auditor-General, we have no relationship with or interests in the Ministry.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial statements of the Ministry on pages 7 to 47:

- comply with generally accepted accounting practice *and*
- fairly reflect:
 - the financial position as at 30 June 1999
 - the results of its operations and cash flows for the year ended on that date *and*
 - the service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 29 September 1999 and our unqualified opinion is expressed as at that date.

J Merrin

Audit New Zealand

On behalf of the Controller and Auditor-General

Wellington, New Zealand

5. Management of the Ministry

Overview

During the 1998/99 year, the Ministry for the Environment has continued to provide high quality policy advice across its strategic priority areas of policy frameworks, tools for environmental management, information and international influence. We have also continued to implement improvements in internal processes, systems and resources to provide the underpinnings for long term effectiveness in environmental policy advice.

Strategic Planning

During 1998/99 we undertook a review of our Strategic Business Plan and updated it for the period 1999-2004. The review addressed issues arising from two of the Government's Strategic Priorities for 1999-2002 (*improving the quality of regulation*, and *halting the decline in indigenous biodiversity*) and took into account suggestions from the State Services Commission and our own evolving strategic focus.

We use a number of mechanisms to link the strategic direction expressed in the Strategic Business Plan to detailed work at the project level, including:

- steering groups to oversee the development and implementation of major work programmes
- strategic programme plans linking the overall strategy with the annual planning cycle
- the Executive Management Group which ensures that work programmes are integrated and aligned with our overall strategic direction.

We closely involve stakeholders in our strategic and operational thinking and the value of this has been seen in several areas, most significantly in Resource Management Act work and Hazardous Substances and New Organisms Act work. Consultation with stakeholders in these areas resulted in the Resource Management Amendment Bill and the Industry Expert Group review of Hazardous Substances provisions. We also offer the Ministry's liaison groups regular overviews of the Ministry's work programme, and an opportunity to comment on strategic directions and emerging issues.

Risk Management

As part of the preparation of the 1999-2004 Strategic Business Plan, the Ministry developed a Risk Management Strategy. The strategy is based on a risk analysis covering all areas of the Ministry's activities. Using information from the risk analysis, the key areas of risk and the methods for treating these were identified. Regular quarterly reporting to the Executive Management Group will monitor risk areas and the actions being taken to mitigate these.

The Ministry's Maruwhenua group is actively involved in identifying risks associated with Treaty implications and in ensuring that the Ministry's policy advice acknowledges and responds to these risks.

Human Resources

Overview

We recognise that in order to continue to provide the Government with high quality policy advice a strategic approach to Human Resources management is necessary. In order to facilitate this we undertook a Human Resources capability project. This resulted in the development of a Ministry specific Human Resources Capability Strategy. The Strategic Business Plan sets out the priorities and direction for building our Human Resources capacity, the particular strategy which will take us in this direction is set out in the Human Resources Capability Strategy - *Developing Talent: Our strategy for investment in human resources capability*.

Human Resources Capability Project

The Human Resources capability project aimed to identify future Human Resources needs and investigate how best to prepare for those needs. The project identified three scenarios or possible futures for the Ministry. These scenarios allowed us to consider:

- potential future expectations of the government
- how to ensure that the Ministry would be capable of delivering high quality policy advice in the light of these possible expectations.

Understanding our strengths and limitations allows us to decide where best to invest resources in developing future capability.

The Human Resources Capability Strategy signaled the need for changes to be made to the structure and function of the Human Resources Group, in particular it highlighted the requirement for strategic Human Resources skills and advice to be available. The Human Resources team is being from an operational to a strategic advice unit.

Equal Employment Opportunities

The 1998/99 year saw the launch of the Ministry's Work and Family policy. Designed to ensure that the Ministry supports and encourages a family friendly environment, this policy has had a positive impact and will be reviewed on a regular basis.

Other highlights in the EEO area have been:

- the coordination of a number of Maori scholarship programmes
- formal mentoring and coaching assistance for target group staff
- significant development investment in the support staff area.

In order to ensure that EEO remains a 'live' issue regular discussions are held with managers to discuss EEO issues and to review their performance with regard to EEO management. Demonstration of a commitment to EEO principles and actively seeking to eliminate barriers to EEO are part of the core competencies of all management and staff

Occupational Safety and Health

The Ministry has maintained its proactive stance in relation to the health and safety of staff. Managers undertake quarterly formal monitoring with staff to identify and address Occupational Safety and Health (OSH) issues.

We also undertake regular hazard audits. We recognise that our biggest OSH risk is Occupational Overuse Syndrome (OOS). All staff have been provided with training in how to identify and prevent possible symptoms of OOS and all work areas are set-up to minimise the risk of staff developing OOS. The Executive Management Group maintains an overview of OSH issues through regular reports at the monthly strategic meetings.

Performance Management

The Ministry's extensive performance measurement system is now in its third year and is proving to be an effective Human Resources management tool. The measurement system enables us to hold a competency profile of all staff and works alongside the Human Resources Capability Strategy in helping identify skill and knowledge gaps. Reports from the system are used to address capacity issues in work areas and to identify the training needs of staff.

We have introduced a cluster management system to improve communication between groups and to further develop leadership skills amongst teams. Managers have continued to meet together on a regular basis to share lessons and ideas picked up from courses and other learning experiences.

Communications

Relationships with stakeholders

Good relationships with stakeholders are important to our work, so we need to know if our approach to communications is on the right track. Communications research carried out in late 1997 showed that the initiatives undertaken as part of our previous Communications Strategy were producing good results. In updating the Strategy we have focused on responding to this feedback, particularly to stakeholder concerns about consultation processes.

We are trying to reduce or manage "consultation fatigue" among our stakeholders by developing a "best practice" guide for staff and acting on suggestions made during our communications research. In particular, we are giving early warning of planned consultation through our website and through *Environment Update*.

As part of the process of keeping stakeholders informed, we continue to hold regular meetings with local government, business and professional organisations, and major environmental organisations. These opportunities are used to discuss the Ministry's strategic direction and give updates on particular work programmes.

We aim to carefully manage the way that the Ministry presents itself, particularly through a consistent visual image in written material and our involvement in external events. This year we developed a checklist to help staff plan our involvement in conferences and events, including setting clear objectives, giving clear directions to those attending, and debriefing afterwards to ensure we benefit from the feedback.

Communicating effectively is an important skill for all of our staff. We have continued our focus on communication training, with a particular emphasis this year on standards of presentation.

Public information

Five issues of the Ministry's newsletter, *Environment Update*, were published during the year. This newsletter provides information on the development of environmental policy, Ministry activities and new publications.

Environment Update is distributed free to almost 7,000 organisations and individuals. It is also made available through our website.

Our former *Corporate Plan* has been developed into a more user-friendly outline of our achievements and proposed work programmes. *Making a Difference for the Environment: Recent achievements and plans for 1999/2000* aims to both inform our key audiences and encourage them to be involved in our work.

A wide range of information is now available on the World Wide Web at www.mfe.govt.nz. This includes details about the Ministry, background information on environmental issues, and examples of how we are using indicators to report on the state of New Zealand's environment. There is also comprehensive list of all publications currently available, including many discussion documents and guidelines which can be downloaded.

A wide range of discussion documents, summaries of submissions, reports, guidelines and information sheets was published during the year. Printed copies of publications can be obtained from the Communications Group at Head Office and from the Northern Regions Office, Auckland. The South Island Office stocks free publications only.

Information Management

Information Strategy

The Ministry's key driver on information management policy and risk management is the Information Management Policy and Strategy Group (IMPS). This is chaired by the Deputy Chief Executive and its purpose is to develop and oversee the implementation of a three year rolling strategy which ensures that information management aligns with the Ministry's Strategic Business Plan. The Strategy is developed from, consistent with and referenced to the Ministry's Strategic Business Plan.

During the year the IMPS Group developed the framework and key ingredients of the information management strategy. The strategy is based on seeing the Ministry as a knowledge-based organisation, rather than a data-based one. The emphasis on knowledge takes the strategy beyond simply dealing with information technology and into the core business of the Ministry. The strategy sees knowledge as being an asset which increases the more it is used, communicated and shared. In order to enhance the knowledge and the knowledge culture within the Ministry the strategy sees policies for managing information being designed in ways which maintain corporate memory, coordinate collection, storage and access to the Ministry's documents, and which in turn provide information which contributes to consistent policy advice.

Information Management Policies

Our information management policies, protocols and guidelines are derived and developed from the information strategy. During the 1998/99 year there was a continuing programme for the development and release of

operational guidelines. This continues from work started in the previous year and it will continue next year and beyond. These operational guidelines have both internal and external application. For example, our operational guidelines on website hosting have formed part of the contractual agreements with firms who are doing work which involves web site development.

Information management policies are continually being developed. As the information strategy evolves, so will the policies. For example, harmonising the categorisation of documents, electronic files, library books, audio tapes and video tapes will result in policies, protocols and guidelines on metadata such as key words.

Monitoring of the Environmental Risk Management Authority

In 1998/99 the Environmental Risk Management Authority (ERMA) started implementation of the 'new organisms' elements of the Hazardous Substances and New Organisms Act. In October 1998 the Ministry and the ERMA agreed to a set of monitoring protocols providing a formal framework within which to manage the relationship. Throughout the year the ERMA and the Ministry held regular liaison meetings to discuss risks and emerging issues. These proved useful in identifying risk and problem areas and resolving problems before they grew and misunderstandings developed.

Given the close linkages between the our work on regulations development and the ERMA's work on protocols, and issues such as fees and charges, we are adopting a joint working approach wherever possible, particularly in liaison with industry.

Financial Management

During 1998/99 we invested considerable time and effort in identifying areas where cost savings are possible and where additional money is required to deliver public and stakeholder expectations. We have continued to work on internal policies such as purchasing and budgeting guidelines and travel procedures. These have helped to provide efficiencies and clarity to suppliers and employers. This work has helped to ensure that we are not exposed to excessive or inappropriate expenditure in any one area. Our external audit results have confirmed the Ministry's financial control systems to be excellent.

Year 2000 Issues

The Ministry has identified risks to business continuity from interruption to supplies of essential services (such as power and communications links), internal hardware and software, machinery and equipment in the Ministry's building with embedded date sensitive chips, and in our ability to pay staff and suppliers through electronic data interchange systems.

Risks have been categorised according to degree of potential harm. High priority business processes at a high degree of risk have been identified and targeted for early rectification. All Ministry owned hardware and software is or soon will be compliant. The Ministry holds no time series data that may be at risk.

A Y2K Taskforce has been established. It has analysed risks and instigated remedial action. Its target is to have all priority Y2K problems solved by October 1999.

Management Structure

The organisational arrangements and staffing numbers shown below are those current at 30 June 1999.

Secretary for the Environment (Chief Executive), Denise Church
Deputy Secretary, Lindsay Gow

Responsible for providing advice to the Minister for the Environment and for ensuring the efficient, effective, and economical management of the Ministry to achieve the functions defined in the Environment Act 1986 and the delivery of the outputs specified in the Purchase Agreement as approved by the Minister. (Staff: one full-time.)

Resource Management Group

Manager: Ray Salter

Responsible for Resource Management Act statutory consultation and administration, ministerial statutory responsibilities, monitoring of performance under the RMA, and policy and legislative responses. Treaty of Waitangi claims and environmental issues are dealt with in conjunction with Maruwhenua. (Staff: nine full-time.)

Hazardous Substances and New Organisms Project

Manager: Steve Vaughan

Responsible for hazardous substances and new organisms law reform, genetically modified organisms, and supervision of the Environmental Risk Management Authority. (Staff: four full-time, one part time.)

Pollution and Waste Group

Manager: Paddy Gresham

Responsible for pollution prevention, waste management, hazardous waste management, ozone layer protection and Environmental Education. (Staff: six full-time.)

Environment Policy Group

Manager: Craig Lawson

Responsible for environmental issues arising out of transport, energy and trade. Also responsible for fisheries and marine, biodiversity and biosecurity. (Staff: four full-time.)

Sustainable Management Group

Manager: Paddy Gresham

Responsible for administration of the Sustainable Management Fund. (Staff: three full-time.)

Land and Water Group

Manager: Bob Zuur

Responsible for the development and implementation of strategies, standards, guidelines and other tools to promote sustainable land and water management. (Staff: six full-time.)

Strategic Policy Group

Manager: Ralph Chapman

Responsible for longer-term policy development work that will provide the analytical underpinning of environmental policy work across the Ministry and climate change. (Staff: eight full-time, one part-time.)

Standards and Indicators Group

Manager: David Brash

Responsible for reporting on the state of the environment, including development of environmental performance indicators for New Zealand, development of guidelines, standards and other tools, in particular for air quality, organochlorines and contaminated sites. (Staff: six full-time.)

Maruwhenua

Manager: Terry Smith

Responsible for providing advice on how Maori and Treaty of Waitangi issues are taken into account in environmental and resource management policies. (Staff: three full-time.)

Legal Group

Manager: John Gallen

Responsible for providing legal advice to the Minister and the Ministry on environmental and other issues, preparation of drafting instructions for legislation being promoted by the Ministry, representation of the Minister in legal proceedings in which the Minister is a party. (Staff: three full-time.)

Communications Group

Manager: Kathy McNeill

Responsible for public information on environmental policies, corporate communications and the provision of communication services for the Ministry, including production and distribution of publications. (Staff: five full-time.)

Business Support Services

Manager: Julia Risk

Responsible for the processing of ministerial correspondence and advice. Also responsible for records, mail services, reception and telephone services, tea services, and the coordination of business administration support. (Staff: thirteen full-time.)

Library and Information Technology

Manager: Richard Bacon

Responsible for the provision of library and information technology services to the Ministry. (Staff: three full-time, two part-time.)

Human Resources Group

Manager: Mark Broadbent

Responsible for Human Resources strategy development and policies as well as payroll and leave administration for the Ministry. (Staff: three full-time.)

Finance and Corporate Business

Manager: Fiona Morgan

Responsible for the provision of systems and services to the Ministry for financial management. Also responsible for property management and accountability procedures. (Staff: seven full-time.)

Regional Offices:

Responsible for liaison with councils and other stakeholders as well as statutory input into plans and policy statements.

Northern Regions Office, Auckland

Manager: Kathleen Ryan

(Staff: five full-time, two part-time.)

South Island Office, Christchurch

Manager: Alisdair Hutchison

(Staff: five full-time; one part-time.)

External Consultants

External consultants were retained for work in a variety of areas, including:

- Resource Management Act administration, including:
 - section 6c guidelines
 - technical advice on ecology
 - survey design
 - database development
 - advice for the annual survey of local authority performance
- Regulations for the Hazardous Substances and New Organisms Act
- Sustainable Land Management, including:
 - riparian scoping study
 - workshop facilitation
- Climate Change, including:
 - input to Intergovernmental Panel on Climate Change meetings
 - greenhouse gas emissions methodologies
 - economic modeling, interpretation and analysis
- Pollution and Waste, including
 - development of database for landfill census
 - assessment of used oil national environmental standards
 - hazardous waste definitions
 - stocktake of hazardous waste
 - scoping of hazardous waste monitoring regime
- Development of framework for carbon monitoring
- Other department's reviews, including:
 - road reform policy issues
 - environmental impact of fisheries reforms
- Stakeholder relationships, including:
 - stakeholder surveys

- research into communications with stakeholders
- Information technology
- Publications, including:
 - editing
 - distribution
- Management of Head Office refurbishment.

Legal Responsibilities

- 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

Property administration

The Ministry leases all its office accommodation. The locations are set out below.

<i>Location</i>	<i>Date lease commenced</i>	<i>Term of lease</i>	<i>Area leased (m²)</i>
Wellington	August 1985	21 years	2,559.27
Wellington	February 1997	3 years	51.70
Auckland	April 1988	12 years	265.15
Christchurch	January 1998	4 years	212.00

Area occupied

Occupancy and m² space allocation as at 30 June 1999

<i>Location</i>	<i>Area leased (m²)</i>	<i>Number of occupants</i>	<i>m² per occupant</i>
Wellington	2,610.97	101	25.85
Auckland	265.15	7	37.88
Christchurch	212.00	7	30.29

The Ministry for the Environment does not have any vacant space.

Cost of leases

All figures for leases are in dollars. Contractual operating expenses cover cleaning, power, security, and rates where they are not paid by the lessor.

Property statistics

<i>Operational expenses</i>				
Location	Rent office	Landlord	Contracts	Total
Wellington	740,479	224,562	114,910	1,079,951
Auckland	55,614	13,178	14,699	83,491
Christchurch	26,500	8,800	9,338	44,638
Total	822,593	246,540	138,947	1,208,080

<i>Analysis of Data</i>				
<i>Location</i>	<i>Rental (\$ per m2)</i>	<i>Rental (\$ per occupant)</i>	<i>Utility cost (\$ per occupant)</i>	<i>Total costs (\$ per occupant)</i>
Wellington	283.60	7,331	247	10,693
Auckland	209.75	7,945	897	11,927
Christchurch	125.00	3,786	614	6,377

Energy information

The Ministry's electrical usage over the past three years is as follows.

1996/97	174,373 units
1997/98	192,097 units
1998/99	169,938 units

Vehicles

The Ministry has four vehicles. For the year 1998/1999 the usage was as follows.

Total km	63,675
Cost of petrol (GST excl)	\$4,333.68

Contact information

Head Office

Level 5
Grand Annexe Building
84 Boulcott Street
PO Box 10362
Wellington, New Zealand
Phone (04) 917 7400, Fax (04) 917 7523

Northern Regions Office

Level 1
8-10 Whitaker Place
PO Box 8270
Auckland
Phone (09) 307 7093, Fax (09) 377 9521

This office is responsible for liaison with local government and interest groups in the northern part of the North Island, including Northland, Auckland, Waikato, Bay of Plenty, and Gisborne.

Central Regions Unit, Wellington

Based in Head Office, the unit is responsible for liaison in the Taranaki, Manawatu-Wanganui, Hawke's Bay, and Wellington regions.

South Island Office, Christchurch

Level 3
Westpark Tower
56 Cashel Street
PO Box 1345
Christchurch 8015
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This office is responsible for liaison in Otago and Southland, Canterbury, West Coast, Nelson, Marlborough, and the Chatham Islands.

