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1 Overview

Acting Chief Executive's overview

The work of the Ministry for the Environment (MfE) is about identifying environmental problems and challenges, and developing solutions. That includes developing and maintaining sound foundations for good environmental management and supporting development of practical tools to assist councils and resource users. We also promote understanding of environmental issues and action to sustain our environment.

The last year has been one of change and growth for the Ministry. To reflect the Minister's priorities, we have expanded our efforts in climate change, genetic modification, and biodiversity. We have put new resources into supporting public participation in resource management and into public awareness, particularly through the Rio+10 community programme. And we have taken on new challenges, from energy conservation and efficiency to water allocation.

We need to be concerned not only with risks to environmental quality, but also about opportunities for sustainable development. So the Ministry's work is extending into areas such as triple bottom line reporting. We are active in tackling the costs of compliance with environmental regulation, while recognising that in many cases the solutions are not just the responsibility of central or local government.

There are now about 140 people in the Ministry – so it is clear that we cannot tackle New Zealand's environmental issues alone. We continue to work in partnership with a wide range of organisations, particularly Local Government New Zealand, but also including many councils and iwi, as well as professional, business, research, and environmental organisations. We are grateful for the important contribution they make to our work, as this helps to make sure that our policies and guidelines are practical and effective.



Lindsay Gow
Acting 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 on their impact on the environment

?? to work with others to achieve effective environmental management.

Minister's priorities for 2000/2001

The Government's key goal with reference to the environment is to: "Protect and Enhance the Environment – treasure and nurture our environment with protection for eco-systems so that New Zealand maintains a clean, green environment and rebuilds our reputation as a world leader in environmental issues". This informs the key priorities for the Ministry:

- ?? Sustainable development – promote initiatives to build public awareness of environmental issues relating to sustainable development, measure progress through state of environment reporting, promote measures to improve urban sustainability and promote the principles set out in Agenda 21.
- ?? Climate change – support the actions required to begin reducing greenhouse gas emissions in the lead-up to ratifying the Kyoto Protocol in mid-2002 and meeting our obligations under the Framework Convention on Climate Change.
- ?? Biodiversity – sustain biodiversity through implementing the measures in the Biodiversity Strategy to protect indigenous biodiversity on private land and marine biodiversity, and by advising on biodiversity and biosecurity policies.
- ?? Participation by Maori in resource management – promote measures to improve participation, including through the implementation of the RMA by regional councils and territorial local authorities, the development of iwi resource management plans, the development of environmental indicators for resources of significance to Maori, and

direct support for and advice to Maori on resource management issues.

- ?? Water management – promote the development of measures that assist rural and urban communities to provide for their continued economic, social, and environmental well-being, including the development and improvement of mechanisms for allocating water in water-short areas.
- ?? Waste management – assist rural and urban communities to provide for their continued health and safety through improved management of hazardous waste, improved management of landfills, and by promoting waste minimisation practices.
- ?? Environment legislation – improve processes for wider public participation in the Resource Management Act (including iwi participation), improve the effectiveness of the Resource Management Act for Maori, and fully implement the Hazardous Substances and New Organisms Act.

The year in review

Priority issues

Wastes and hazards management

The Ministry's work on waste and hazards includes both dealing with New Zealand's legacy of contaminated sites and sub-standard landfills and promoting more effective management of waste, landfills, and hazardous substances.

To focus efforts on reducing the three million tonnes of solid waste dumped in landfills each year, we are developing a national waste minimisation and management strategy in partnership with Local Government New Zealand. A draft of the strategy was completed and we are making good progress towards the final strategy.

Achieving substantial progress towards meeting the Government's objectives of having upgraded or closed all substandard landfills by 2010 has been a highlight this year. We have completed almost all of the guidance necessary for effective landfill management.

We continued to put a major effort into improving management of hazardous wastes. This included development of the New Zealand Waste List, along with a user-friendly guide for businesses that generate trade wastes. We have also developed options for a nationally consistent approach to waste acceptance criteria at landfills.

We were active in achieving international agreement on the Treaty on Persistent Organic Pollutants (POPs). This will phase out 12 of the most toxic POPs from use around the globe. We also continued work towards a national environmental standard on dioxins, and released the last of our research reports, which cover dioxin levels in the bodies of New Zealanders and a health risk assessment.

The Government is providing funding towards the clean-up of two major contaminated sites. An initial contract for clean-up of the Mapua contaminated site has been let and a contract for feasibility investigations into the Tui Mine site has been prepared.

See Output 1.2 on page 17 for more information.

Water, land and air

Allocation of water and the quality of ground, fresh and beach water are becoming major issues in New Zealand. We worked with the Ministry of Agriculture and Fisheries to complete the final draft of a report on sustainable allocation of water resources. We also made good progress on systems for reporting on marine bathing water quality and participated actively in the debate on dairying and water quality.

New information to assist farmers includes a guide to managing waterways on farms, and a visual soil assessment guide, which was a collaborative effort with Landcare Research and several regional councils.

More stringent air quality guidelines are being prepared to provide guidance to local government on managing urban air. These will update the 1994 guidelines and add several new contaminants. We are also updating our guide for managing odour and preparing a new guide for managing dust emissions.

See Output 1.9 on page 30 and Output 1.2 on page 17 for more information.

Biodiversity

Much of New Zealand's valued biodiversity is on private land. Last year the Government adopted the New Zealand Biodiversity Strategy and announced increased funding over five years to help slow the loss of our valued land and animal species over the whole country.

The Ministry wants to help local government increase its role in managing biodiversity as well as supporting landowners. We made significant progress with the development of a national policy statement on biodiversity, which will provide sound guidance for councils. Two

new contestable funds will help improve the condition of biodiversity on private land and support information and advisory services.

We continued to lead interdepartmental work on regional marine biodiversity management and coordination.

See Output 1.3 on page 20 for more information.

Sustainable development, energy and transport

Much of our work in the area of sustainable development is in co-operation with other agencies. We are working with the Ministry of Foreign Affairs and Trade and other agencies on a 'whole-of-government' approach to reporting on sustainable development activity to the Commission for Sustainable Development and on New Zealand's report to the 2002 World Summit on Sustainable Development.

With the Energy Efficiency and Conservation Authority (EECA), we developed the draft National Energy Efficiency and Conservation Strategy which was released for public consultation in March. We are now working with EECA to finalise the strategy. In addition, we worked together on minimum energy performance standards and a joint labelling scheme. We also contributed to the transport policy package.

See Output 1.5 on page 24 for more information.

Climate change

The Ministry continues to play a substantial role in the inter-departmental climate change programme, both in the international negotiations and the development of New Zealand's policies.

Our climate change team was heavily involved in preparations for the Conference of the Parties in The Hague (COP 6). We provided input into all areas of the negotiations, particularly the Kyoto mechanisms and compliance, including monitoring, reporting and review aspects.

We completed work on the national greenhouse gas inventory report and an updated report on the impacts of climate change on New Zealand.

Consultation on climate change has included a series of hui run in conjunction with EECA, an extensive round of consultation with local government, and a series of discussions on climate change science to improve the connections between policy and science.

See Output 1.6 on page 26 for more information.

Promoting environmental awareness and action

Information and education

As well as expanding the range of simple information available to the public in print and on our website, we are making a greater effort to increase understanding of New Zealand's environmental problems and the role that everyone can play in resolving them.

A major achievement this year was the Rio+10 community programme. It aimed both to stimulate discussion about our environment and seek feedback on progress in addressing environmental issues and priorities for future action. The programme is part of New Zealand's preparations for the World Summit on Sustainable Development next year.

As part of the programme we distributed about 13,000 starter packs of information, arranged eight debates, ran a children's art competition that attracted 650 entries, participated in events and hui, and provided speakers for community meetings. Nearly 3600 response forms and 80 submissions were returned.

This year's Green Ribbon awards attracted record levels of interest. Eight awards were presented on World Environment Day to individuals, businesses, voluntary organisations and councils.

We completed a stock-take of environmental education activities in local government, the education, and business sectors. We continued to work co-operatively with local government, the Ministry of Education and the New Zealand Association for Environmental Education.

See Output 1.4 on page 22 for more information.

Supporting environmental initiatives

The Sustainable Management Fund provides support for community, business, iwi and local government in a wide range of environmental initiatives. The fund focuses on practical projects that not only have benefits locally but also are of value to the whole country. Since 1994, \$34 million has been allocated to 347 projects.

The Ministry is also administering a fund to help establish new environment centres or to assist with the general costs of running a centre.

See Output 2.1 on page 38 for more information on the Sustainable Management Fund.

The foundations of environmental management

Resource management

The Resource Management Act 1991 (RMA) provides the framework for environmental management in New Zealand. The Ministry's work is focused on encouraging excellence in local government practice, reducing barriers to public participation, monitoring, and advising on amendments to the Act.

Promoting best practice, particularly through joint projects with local government and professional groups, continues to be a key element of ensuring that the Act operates effectively in practice. The recent launch of the Quality Planning website to share knowledge among practitioners was a major achievement that culminated throughout the year. New guidelines on managing conflicts over rural amenity have been well received. We also developed guidance on managing the effects of radio frequency transmitters and conducting hearings under the RMA.

Improving public participation has been the focus of a considerable amount of our work. The Environmental Legal Assistance Scheme is now providing support for community groups taking cases to the Environment Court. New public information includes a very simple guide to the Act and a guide to mediation, while *Living in the Country* and *Thinking of buying a property?* aim to reduce conflicts by clarifying expectations. These all help build the bridge between the often-technical nature of the RMA and improving participation by members of the public.

Further steps to improve the participation of iwi include gathering a wide range of experiences to produce a guide for councils on how to make the best use of iwi management plans.

We also carried out detailed investigations on delays in the Environment Court and with transport-related consents as a result of concerns expressed about compliance costs under the RMA.

We continued to provide advice to the Local Government and Environment Select Committee as it considered the Resource Management Amendment Bill 1999 and the Resource Management (Costs) Amendment Bill.

See Output 1.1 on page 13 for more information.

Treaty claims and the environment

We continued to provide advice on the environmental implications of Treaty claims. We have prepared a paper on the key issues surrounding environmental legislation in regard to the Treaty of Waitangi. We produced a first draft guide for councils and iwi on legislative and other approaches for protecting Maori heritage value.

We undertook performance monitoring of all regional and local councils within the Ngai Tahu rohe in regard to their Treaty responsibilities under the Resource Management Act and reported back at two hui.

See Output 1.7 on page 27 for more information.

Hazardous substances and new organisms

The other key law for environmental management in New Zealand is the Hazardous Substances and New Organisms Act 1996. In relation to this Act, new organisms includes genetically modified organisms. Last financial year we were involved in establishing the Royal Commission of Inquiry into Genetic Modification. This year we provided an overview of government agency roles in relation to genetic modification, as well as putting forward the Ministry's submission as an interested party.

On 2 July 2001 the hazardous substances part of the Act and its associated regulations came into force. These regulations are internationally significant in their approach, being the first set of regulations that embody a performance-based approach to regulating hazardous substances. In partnership with the Environmental Risk Management Authority we developed an information and training programme on the Hazardous Substances and New Organisms Act.

See Output 1.2 on page 17 for more information.

State of the environment reporting and indicators

Monitoring the state of the environment helps us to measure how well our current laws and policies are working. Our Environmental Performance Indicators Programme is working to develop an agreed set of indicators and a comprehensive system for reporting on the state of environment.

We made progress with developing the environmental classification systems for freshwater, biodiversity/land and the marine environment. This will provide the framework for interpreting and reporting indicators data nationally.

The proposed state of the environment reporting system was completed and meta-data standards have been developed. Steady progress was also made in obtaining agreement with councils on monitoring and reporting methods for confirmed indicators.

With the support of three public sector sponsors, we brought together New Zealand's first state of the environment conference, *Information to Motivation*. More than 300 participants from central and local government, research agencies, and business learned from the experience of both international and local speakers.

See Output 1.8 on page 28 for more information.

2 Statement of Service Performance for the Year Ended 30 June 2001

Introduction

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. These standards apply to Output Classes 1 and 2 for Vote: Environment and output class 1 for Vote: Energy – Energy Efficiency and Conservation.

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 Council.

Quantity

The Ministry is required to produce policy advice as detailed in the 2000/2001 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 Co-operation (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 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 2000/2001 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.

Vote: Environment: Output Class 1: Environmental Policy Advice

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

- ?? administration, monitoring, and responsibilities under environmental statutes, particularly the Resource Management Act 1991 (RMA)
- ?? support for completion of the implementation of the Hazardous Substances and New Organisms (HSNO) Act and provision of advice on its subsequent operation
- ?? development of effective tools and measures to address environmental risks, issues and problems
- ?? development of information management systems to measure and monitor environmental quality
- ?? effective input to international environmental policy
- ?? establishing and maintaining effective relationships to promote environmental awareness and action.

Performance measures

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

Resources employed

| Actual | | Actual | Main estimates | Supp. Estimates |
|---------------|-----------------------|---------------|----------------|-----------------|
| 30/06/2000 | | 30/06/2001 | 30/06/2001 | 30/06/2001 |
| \$000 | | \$000 | \$000 | \$000 |
| | Revenue: | | | |
| 15,276 | Crown | 20,762 | 20,866 | 20,762 |
| – | Departmental | 305 | 5 | 316 |
| 11 | Other | 15 | 20 | 20 |
| 15,287 | Total revenue | 21,082 | 20,891 | 21,098 |
| 14,395 | Total expenses | 20,828 | 20,891 | 21,098 |
| 892 | Net surplus | 254 | – | – |

Service performance

The 2000/2001 Estimates and the Purchase Agreement (and subsequent amendments approved by the Minister) contain 12 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.

Timeframe

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

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

Costs

Outputs were provided within the appropriated sum.

Review of output achievements

Output 1.1: Resource Management Act (RMA) administration

Provide ongoing support for the passage of current Amendment Bills relating to the RMA, including advice to stakeholders on the implications of any law changes.

Achieved. The Ministry provided substantial advice to the Local Government and Environment Select Committee during its consideration of the Resource Management Amendment Bill. The Committee continued its consideration of the Bill throughout the year and reported back to the House in May 2001. This process has taken substantially longer than anticipated and is continuing. The Ministry also provided advice on other Member's Bills, including the Resource Management (Costs) Amendment Bill, and responded to queries from the public on the content and progress of each Bill.

Develop and support RMA regulations, including any consequential regulations to the Resource Management Amendment Bill 1999, and the draft Resource Management (Forms, Fees and Procedures) Regulations 2000.

Achieved. In the second quarter, a Cabinet Paper was drafted on the Resource Management (Marine Pollutions) Regulations. This paper was discussed with Government departments, and other interested parties. We have now sought further comment on issues that were raised during this consultation, and hope to finalise the paper before December 2001.

Draft regulations for the Resource Management Amendment Bill were prepared and provided to the Select Committee to assist it with its consideration of the Bill. Work commenced on a rewrite of the Resource Management (Forms, Fees and Procedures) Regulations to incorporate changes required by the Amendment Bill and a modern drafting style. No further work on the regulations is possible until the Resource Management Amendment Bill is enacted.

Administer the Rangitata Water Conservations Order through the hearing stage.

Ongoing. A pre-hearing meeting was held in April, at which a decision was made to defer the hearing until October 2001. The summary of the submissions has been completed. The special tribunal has been meeting on a monthly basis.

Review the designations provisions of the Resource Management Act.

Deferred. The Purchase Agreement was changed to exclude this project, because of the unexpected amount of work required on the review of the Local Government Act being undertaken by the Department of Internal Affairs, and the new environmental legal assistance scheme. Nevertheless, we have commenced work on the review, and have also commenced work on producing designation best practice guidance and training for practitioners.

Investigate RMA issues such as iwi participation, notification of applications and enforcement provisions, and develop appropriate solutions to improve implementation, including promoting best practice, training practitioners and developing proposals for amendments to the RMA.

Ongoing. The Ministry has continued to investigate the roll and input of iwi in RMA issues and discuss notification concerns. As a result of the issues raised the Ministry has put a major effort into developing and sharing best practice. The major initiative to support this has been the

development of the Quality Planning Website for practitioners. Other work includes:

- ?? the RMA/Hazardous Substances and New Organisms (HSNO) links project which will develop and deliver training for practitioners on managing hazardous substances, focusing particularly on the linkages between HSNO and the RMA
- ?? a *Guideline for Handling Sewerage Safely on Boats* has been developed to a second draft stage, and is now ready for peer review
- ?? a guideline on notification/non-notification case law has been prepared (but not yet printed) to encourage best practice in notification of resource consent applications
- ?? a number of publications have been produced, including:
 - *Keeping it Fair* (conducting Council hearings under the RMA)
 - *Effective and Enforceable Consent Conditions*
 - *National Guidelines on Managing the Effects of Radio Frequency Transmitters*
 - *Resource Consents, Durations and Review*
 - *Managing Rural Amenity Conflict*
- ?? the 2001 Performance Excellence awards are underway to improve the performance in process and results for local authorities
- ?? a web-based template was developed to assist local authorities to improve and standardise their resource consent procedures
- ?? the presentation of papers at resource management conferences including those run by the New Zealand Planning Institute, Resource Management Law Association, New Zealand Institute of Surveyors, and Local Government New Zealand
- ?? workshops being held nationwide to provide training on a guide to considering alternatives when preparing district plans, managing rural amenity conflicts and the impact of rural subdivision and development on landscape values.

Assess opportunities for public participation under the RMA, and barriers to effective participation, and develop proposals to achieve enhanced participation.

Achieved. This has been a significant, largely new area of work for the Ministry. It included establishing a legal assistance scheme, which provides funding to community, environmental, iwi, and hapu groups, which are involved in Resource Management Act cases before the Environment Court. The scheme also provides assistance for education and advisory services associated with environmental legislation. A separate funding scheme provides financial support to environment

centres around the country. We have produced the following guidance documents targeted at the community: *'The Resource Management Act and You'*, *'You, Mediation and the Environment Court'* and *'Thinking About Buying a Property?'*.

A survey was also carried out to assess attitudes and awareness of the public to the RMA.

Carry out statutory consultation, and provide advice to local authorities and users including advice on how RMA practice can enable achievement of the Government's goals for urban environmental sustainability.

Achieved. Staff in the regional offices were involved in consultation with local government and other interested parties on resource management issues, including the development of regional and district plans. In the fourth quarter, feedback on our consultation was particularly positive. This was partly the result of being "out and about" with the Rio+10 community consultation programme. As plans become operative, we are seeing some reduction in our formal statutory work. This is allowing us somewhat more time to promote best practice and undertake other investigations. We also consider that it is often more efficient to work with local authorities early in the plan development process rather than trying to make substantial changes through the formal statutory process.

Work also commenced on urban design guidelines to assist local authorities in achieving the Government's goals for urban sustainability.

Undertake collaborative work with local government and users on RMA best practice benchmarks and on local authority performance. Identify barriers to implementation and ways of streamlining RMA processes while maintaining good environmental outcomes, and link RMA process performance to sustainability outcomes.

Achieved. Results from the Annual Survey of Local Authorities provides important base information on the operation of the Act's processes, and have served to encourage local authorities to improve their practices. As the results of the Survey have not changed significantly from year to year, we will now carry out this survey every two years. This will allow us to invest more resources in more in depth investigations. We commenced work on the detailed investigations of the Environment Court, and into delays in roading projects. Both these investigations grew out of concerns expressed about RMA compliance costs.

Identify key environmental issues and the need for additional national level mechanisms including national policy statements and national environmental standards and guidelines, including in areas such as sustainable land management and Treaty issues.

Achieved. In the second quarter, the Ministry put major work into investigations into the need for a national policy statement on biodiversity loss on private land in association with other agencies. Work commenced on possible wording of a national policy statement to address this issue.

Output 1.2: Waste and Hazards Management

Provide advice on Genetically Modified Organisms (GMOs), including the moratorium and the Royal Commission's inquiry.

Achieved. The Ministry has continued to develop and facilitate the whole of government approach with the agencies that have interests in the Royal Commission. MfE's work over the year has included a comprehensive submission to the Royal Commission, information papers on the role of various agencies of government, answering questions for the Commission, and delivering high quality advice to Ministers on operational issues.

Provide the necessary advice to commence the HSNO Act for hazardous substances and on its subsequent operation.

Achieved. The HSNO Act came into force on 2 July 2001 after the completion of the necessary regulations over the year.

A suite of written material as well as a series of seminars held in co-operation with the Environmental Risk Management Authority New Zealand (ERMA NZ) has helped to improve public awareness of the Act.

Provide advice on the establishment of and provide the necessary service to, a Ministerial Advisory Committee on agrichemical trespass (expected completion date early 2001).

Achieved. After some delay, the terms of reference and the composition of the Minister's Advisory Committee were approved by Cabinet. The members have all been formally appointed and have now, met for the first time.

Develop a comprehensive hazardous waste management strategy, including trialling the definition and acceptance criteria.

Achieved. The New Zealand Waste List (L-Code) has been developed as a national guide to identifying wastes, including hazardous wastes according to the definition of Hazardous Waste. The L-Code was launched as a stand-alone Internet website earlier this year. <http://www.environment.govt.nz/NZWLonline> This website is also being developed to include wider waste related information. The L-Code forms the basis for a proposed hazardous waste record-keeping system that is being trailed in the Marlborough Region. The trial is providing valuable feedback on the practicality and relevance of the L-Code as a guide to identifying hazardous waste.

Develop and implement, in partnership with local government, a national waste minimisation strategy.

Partly achieved. Local Government New Zealand (LGNZ) and the Ministry have worked together on the development of the proposed strategy. The working relationship remains strong, although as we move towards a detailed strategy it is going to become harder to satisfy all interests. Over this year we made progress towards the strategy, but the key results will be delivered in the 2001/2002 year, as planned in the overall programme.

Establish and service a multi-sector working party to advise the Ministry and LGNZ on the development of a waste minimisation strategy.

Achieved. The Waste Minimisation Strategy Working Group was established and met many times during the year. The Ministry has provided a direct service for the work of the chair of the group, and more generally for the group members.

Develop and implement guidelines for managing landfills.

Partly achieved. We have met with councils, made submissions and appeared before council committees promoting higher landfill standards and seeking early closure of non-complying landfills. Over the year we have completed almost all the guidance necessary to effectively run a quality landfill. We will be finishing this guidance next year. We will then start monitoring the implementation of our best practice advice in this industry.

Develop a management plan for organochlorines. This is to include national environmental standards for dioxins and polychlorinated biphenyls (PCBs).

Partly achieved. The development of a management plan for organochlorines is ongoing. The Ministry prioritised and developed components of this plan as resources allowed.

The top priority has been the preparation of a draft management plan for reducing discharges of dioxin to air. This is currently awaiting the consideration of Cabinet. The plan, *An Action Plan for Reducing Discharges of Dioxin to Air*, proposes a dioxin policy goal and a range of actions to protect human health and the environment from exposure to dioxin. The plan also includes a National Environmental Standard (NES) for dioxins and PCBs. The work of this year has featured the completion of two scientific reports, *Concentrations of selected organochlorines in the serum of the non-occupationally exposed New Zealand population*, and *Evaluation of the toxicity of dioxins and dioxin-like PCBs: a health risk appraisal for the New Zealand population*.

The development of the land segment of the organochlorines management plan is the second priority. This involves (i) the control of the discharge of dioxin to land; (ii) criteria for the clean up of dioxin-contaminated land, and (iii) guidelines for the assessment and management of organochlorine pesticide contaminated land. This work is being addressed in the 2001/2002 work programme.

Develop a policy on contaminated sites, including rules for the operation of a fund to remediate orphan sites and Crown and former Crown owned sites.

Achieved. The Ministry initiated a review of contaminated sites policy in liaison with a local authority reference group. Three streams of work are being developed:

- ?? rules for the operation of the Orphan Sites Remediation Fund (OSRF).
Two grants were made under the Fund this year, to the Tasman District Council for stages I and II of the clean-up of the ex-Fruit-growers Chemical Company site, Mapua; and to the Waikato Regional Council for a feasibility study of the clean-up of the Tui Mine wastes
- ?? the drafting of an amendment to the RMA to execute government policy decisions on liability for historical (pre-RMA) contaminated sites
- ?? the preparation of technical and policy guidance on the management and assessment of contaminated sites. *Contaminated Site Management Guideline No 1: Guidelines for reporting on contaminated sites in New Zealand* was published this year.

Review the guidelines for air quality and develop national standards for priority air pollutants.

Achieved. A consultation paper was released on the proposal for revised and new ambient air quality guidelines. A report summarising the submissions received and the Ministry's response, is due to be released in September. As part of the air quality management programme, the Ministry also produced three new air quality guides for councils, and helped regional councils such as Auckland Regional Council with its clean air campaign.

Amend the Ozone Regulations to reflect international agreements.

Achieved. Amendments were made in the second quarter to reflect New Zealand's commitments under the Montreal Protocol after developing a draft amendment to the ozone regulations.

Report on New Zealand's compliance with international Ozone protection agreements.

Achieved. New Zealand submitted its annual report to the United Nations Environmental Programme as part of the One Protection Act 1996. This was tabled by the Ministers of the Environment and Commerce as required under the Act.

Develop and implement policy for the management of used oil.

Ongoing. The Ministry released a document *Used Oil Recovery, Reuse and Disposal* in the second quarter outlining issues and options as well as a *Guideline for the Handling of Used Oil*. Submissions were received on the discussion document mainly in support for a national recovery programme but split on the issue of whether it should be voluntary. For this reason, the Ministry has commissioned an investigation into the possibility of a regulatory programme.

Output 1.3: Biodiversity (including Fisheries and Marine Management), Biosecurity and Biotechnology

Provide advice on New Zealand's policies on protection and use of biodiversity.

Ongoing. The Ministry continued to contribute to the ongoing coordination, implementation and monitoring of the interdepartmental work-streams under the New Zealand Biodiversity Strategy. In

particular, we have completed the first stage of the regionally based marine biodiversity programme. This has identified the opportunities and constraints for effectively managing the impacts of human activities on marine biodiversity at the regional level using two case studies (Firth of Thames and Banks Peninsula). This work has identified the legislative and institutional constraints in achieving integrated management, and the need for a common spatial framework to assist data collection, interpretation, and management decisions.

Assess and develop initiatives to achieve the Government's priorities for protection of biodiversity on private land, including the preparation of a national policy statement on biodiversity.

Achieved. The Ministry developed advice on options for protecting biodiversity on private land, including supporting the Ministerial Advisory Committee. Subsequently, we convened a technical group to develop preliminary wording for a National Policy Statement (NPS) on indigenous biodiversity. This work was presented to the Central and Local Government Forum. We have worked with DoC to design the allocation committee structure for two new contestable funds, and have prepared draft criteria for the committee to use to allocate the money. The Ministry also contributed to the development of a LGNZ project to help increase local government capacity for dealing with biodiversity issues. The project is being funded through the Sustainable Management Fund (SMF).

Provide advice on fisheries co-management, sustainable fisheries management plans, aquaculture and recreational fishing rights, marine reserves and an oceans policy.

Achieved. The Ministry advised on the standards specification for the devolution of the fisheries registry function. We have actively participated as a member of the core officials group supporting the Oceans Policy Secretariat and have provided support at numerous Ministerial Advisory Committee consultation meetings throughout New Zealand. We have analysed submissions on the Aquaculture review and carried out additional consultation and analysis in order to develop policy options for Cabinet consideration. We have contributed to the recreational fishing review in collaboration with other agencies and interested parties.

Provide advice on biosecurity policy and the management of pests and weeds.

Achieved. The Ministry has contributed to the development of the Biosecurity Strategy through the Biosecurity Council and the Biosecurity Strategy Development Team. We have also assisted the Ministry of Agriculture and Forestry (MAF) in helping councils develop procedures with RMA issues during biosecurity 'emergencies'. We have also contributed to work on how to manage many pests and weeds.

Output 1.4: Promoting Environmental Awareness and Action

Provide advice on ways in which public awareness can be raised and actions promoted on sustainable development, and on specific environmental issues.

Ongoing. We arranged regular liaison meetings with industry, environmental and professional organisations, and provided information for the media. We supported the Clean Up New Zealand campaign.

Develop and implement a public awareness initiative to enable community input to the New Zealand contribution to the Rio+10 conference.

Achieved. The Ministry developed the Rio+10 community programme to stimulate discussion and feedback on environmental issues. We distributed 13,000 'starter packs' of information, arranged eight debates and a children's art competition, advertised in newspapers, newsletters and on the Internet, and participated in a range of hui, meetings and events. We received nearly 3600 response forms, 80 detailed submissions, and 650 entries in the art competition.

Promote understanding of environmental issues and the Ministry's work through publication of *Environment Update*, effective management of the Ministry's website, and other means.

Achieved. The Ministry produced five issues of *Environment Update*, as well as a regular electronic newsletter. Using feedback from a number of sources, we have reviewed and are updating our main website to make it more user-friendly. We continued to increase and update the range of material available through the website.

Provide support for the promotion of the Green Ribbon Awards, and advise on other initiatives to promote practical environmental action.

Achieved. More than double the usual number of nominations was received for the Green Ribbon Awards (117). The nominations were assessed and eight awards were made to individuals, businesses, community organisations and councils for their efforts towards promoting environmental action. The award ceremony was held in conjunction with the *Information to Motivation* conference at Te Papa in June.

Achieved. The Ministry undertook a large campaign engaging New Zealanders under the Rio + 10 programme, which raised awareness of environmental issues and promoted practical action at a local level. We also undertook initiatives with the Clean Up New Zealand campaign (funded partially by SMF) and the halon management scheme.

Implement priorities and actions of the Environmental Education Strategy.

Ongoing. In order to identify environmental education achievements, gaps and priorities for action we held a two-day workshop. This included the Environmental Education Co-ordinating Group and Maori Focus Group. We completed stock-takes of existing environmental education activities, programmes and initiatives in the business, local government, and school sectors. A workshop for environmental education for waste educators was run at the Waste Management Institute conference.

Advise on opportunities for further participation in environmental education activities, including through sector workshops to identify and address remaining gaps in environmental education.

Ongoing. In September 2000, the Ministry met with regional environmental education advisers to strengthen networks and share local government priorities. We also held several two-day workshops with central government, local government, iwi, formal education and informal education sectors over the third and fourth quarters. Sector specific information was compiled (through a survey and face-to-face discussions) for schools, local government and business.

Output 1.5: Sustainable Development, Transport, Energy and Trade

Co-ordinate the Ministry's programmes to provide maximum synergies and effectiveness in advancing sustainable development policy and practice that incorporates and constructively uses ecological sustainability.

Achieved. We developed a Ministry-wide approach to sustainable development issues, including a framework paper to apply in both internal policy documents that have a sustainable development focus, and external discussions with other agencies and local authorities on sustainable development issues. This framework included guidance for managers and groups to understand the 'whole of government' approach for sustainable development. More specifically, we made preparations for the ninth and tenth Commission for Sustainable Development (CSD) and the World Summit for Sustainable Development (WSSD), otherwise known as Rio+10, and were also involved with the Ministry of Economic Development (MED) in inter-agency talks to clarify and work on common ground including Triple Bottom Line Reporting.

Help develop a whole of government commitment to and programme for sustainable development, including advising on and communicating about sustainable ecological development in the context of industry, regional and sustainable resource development strategies and programmes.

Ongoing. The Ministry has worked on several projects this year aimed towards developing New Zealand's sustainable development programme for Rio+10, CSD9 and CSD10, and for the Organisation for Economic Co-operation and Development (OECD) reporting. We have worked with other Government agencies (including Industry NZ) to help them incorporate environmental goals into their programmes. We have started a programme to engage with other agencies for Rio+10 and CSD reporting, and participated in a Sustainable Development Coordination Group. The most significant single initiative is early work to develop an integrated New Zealand sustainable development strategy.

Co-ordinate New Zealand's report to the tenth Commission for Sustainable Development, and report on progress towards the achievement of Agenda 21.

Ongoing. The Ministry worked on CSD 9, and dispatched our response including aspects on Agenda 21 that focused on energy, transport, atmosphere and international co-operation. We reported to Cabinet on

the scope of CSD 10 and the WSSD and have been working on our *Country Profile* in collaboration with the Ministry of Foreign Affairs and Trade (MFAT) and LGNZ.

Advise on transport policy issues, including public passenger transport proposals and contribute to the development of a New Zealand transport strategy.

Ongoing. Much of this year's work has focused on reporting on policy proposals for transport and climate change, including vehicle energy efficiency. We have participated in developing and liaised with the Ministry of Transport (MoT) on the New Zealand transport strategy, participated in reviews of petroleum products specifications, and road traffic noise standards, and contributed to the preparation of Cabinet Papers on transport funding, pricing and infrastructure, and rail policy.

Advise on environmental and sustainable development issues associated with the energy sector.

Ongoing. Our principal work has been to prepare, with the Energy Efficiency and Conservation Authority (EECA), the draft National Energy Efficiency and Conservation Strategy and the associated Cabinet Papers. Following the release of the draft in late March, we have worked (again with EECA) on the development of the final Strategy. The Ministry's input has focused on renewable energy, Resource Management Act implications, and longer-term sustainability of the energy supply. The Ministry has also provided advice to the Electricity Industry Amendment Bill with respect to renewable generation and contributed to developing the Terms of Reference for the Review of the Gas Sector. We also managed a project to develop and implement minimum energy performance standards (MEPS), for which we have issued a discussion document and submitted a Cabinet Paper seeking final policy approval to develop regulations.

Advise on key policy positions for international fora on trade and the environment.

Ongoing. The Ministry has provided comment to MFAT on environmental issues in relation to the multilateral trading system and on a Cabinet Paper to determine New Zealand's negotiating mandate for a World Trade Organisation (WTO) round. We have also completed work on three priority papers (relationship between WTO and Multilateral Environmental Agreements (MEAs), eco-labelling, and precautionary principle), attended an OECD senior officials meeting that included trade and environment issues on its agenda, and contributed comments for the Ministerial Meeting on Sustainable Development at the OECD.

Investigate ways that central government can support regional and local government initiatives to promote urban sustainability.

Ongoing. The Ministry has completed two reports, and carried out its annual survey on local authorities to provide information about their performance in regard to a number of Resource Management issues, including urban sustainability.

Develop tools and approaches for sustainability reporting.

Ongoing. The Ministry has worked with Statistics New Zealand (SNZ) on the development of performance indicators that will contribute to state of environment reporting and sustainability reporting. A draft framework for developing headline indicators on sustainability indicators is also being prepared with help from SNZ. The Ministry carried out preliminary work with SNZ, Landcare Research, and Massey University on the development of national natural resource accounts as part of a programme to prepare national environmental accounts. The Ministry has established a national advisory panel to oversee and direct this work. Information from these accounts will help meet the requirements for sustainability reporting.

Output 1.6: Climate Change

Work with the Department of Prime Minister and Cabinet (DPMC) to co-ordinate and accelerate the interdepartmental climate change policy programme.

Achieved. MfE officials were active in all aspects of the DPMC-led inter-department programme, including its steering group and various working groups. In particular the programme's communications and consultation efforts were centred in MfE's Climate Change Group.

Update the annual greenhouse gas inventory, including reducing uncertainties and conducting further analysis of potential national and international greenhouse gas emissions trading regimes.

Achieved. The annual greenhouse gas inventory is under continual revision and currently is undergoing a transitional phase of integration of international good practice guidelines. The most recent year's national inventory was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat, on time, by the 15 April 2001. Currently, inventory agencies (MAF, MED and MfE) are implementing upgrades in the reporting methodology, including work to reduce

uncertainties, and the development of the national system for inventories required under the Kyoto Protocol.

MfE actively contributed to the inter-department effort to develop an emissions trading regime linked to international emissions trading. This included keeping informed of developments in this policy area in Europe, Australia and Canada.

Advance New Zealand's interests by actively providing input to Framework Convention on Climate Change bodies and the Kyoto Protocol negotiations and related international processes, including the intergovernmental Panel on Climate Change.

Achieved. Five climate change team members were part of the New Zealand delegation to the Sixth Conference of Parties (COP6) in the Hague and three to the resumed COP6.5 in Bonn, with three leading negotiation areas for the New Zealand delegation. A range of other associated international technical and political meetings were also attended by officials. Ministry staff also actively participated in finalising the Intergovernmental Panel on Climate Change (IPCC) third Assessment Report as well as contributing to the Subsidiary Body and other meetings supporting the Protocol, especially relating to reporting rules and guidelines and the 'Kyoto mechanisms'.

Output 1.7: Treaty Claims and the Environment

Provide ongoing advice on the development of policy on Treaty claims to natural resources.

Achieved. The Ministry has provided advice as necessary on Treaty claims to natural resources. Current policy has called us to develop options to provide a greater role for iwi in the management of water bodies. We are investigating a number of options such as current mechanisms available under the RMA, new mechanisms in Treaty settlement legislation or changes to the RMA and or the Local Government Act. Current claims are driving this work.

Improve the participation of iwi in Resource Management Act processes through the promotion of collaborative management arrangements and iwi management plans.

Achieved. We have made some useful progress in this area, linked also to work, which is supported through the Sustainable Management Fund. We have produced a guidance document for practitioners on how to make

effective use of iwi management plans. This is important because more iwi management plans are being produced and they can play an important role in ensuring iwi concerns are taken into account in the development of district plans and consideration of resource consent applications.

Assess and advise on key legislative and policy frameworks in terms of Treaty obligations.

The Ministry completed a report reviewing resource management and environmental legislation in regard to the Treaty of Waitangi. The purpose of this report was to identify any issues in the overall legislative framework in addressing the Treaty. The report will assist us in targeting our work to ensure the Crown's Treaty obligations are being addressed effectively under the current legislative regime and new and emerging environment and resource management legislation.

We completed a review of the current and emerging heritage legislation to assist us work with others (in particular iwi, councils and the Historic Places Trusts) to ensure that Maori heritage values are recognised and protected as intended by the Crown.

A review of marine and marine related legislation was also completed. This review will inform our input regarding Treaty and Maori environmental issues into Oceans Policy.

Undertake performance monitoring of Treaty settlement obligations and advise on better links between Maori and local authorities.

See outputs 1.1 and 1.8 for more detail on this.

Output 1.8: State of the Environmental Reporting and Indicators

Recommend a national system for using indicators to report regularly on the state of the environment.

Achieved. To meet the needs of a variety of end users, the Ministry has designed a robust and practical environmental reporting system. Research into the needs of end users such as central and local government has informed the development of a reporting system where the information it provides can be tailored to fit a variety of purposes – from reporting on trends in the state of New Zealand's environment to reviewing the performance of policies and plans or for environmental education. We have developed an electronic (Internet-based <http://www.environment.govt.nz>) and paper based-system that will:

present indicator information in a report card format; enable ‘issues-based’ reporting for addressing topical environmental problems; allow comparative reporting between indicators and across issues over time; and provide an environmental data directory, *Environment New Zealand* for end users.

Trial indicators monitoring and reporting methods.

Ongoing. The Ministry continued its work with central and local government partners and scientists to agree and trial minimum monitoring and reporting requirements (MMRR) for stage one indicators. This included expert/practitioner working groups agreeing which parameters and methods would be used for particular indicators and trials for data collection and environmental reporting. A draft MMRR users’ guide was produced for the Stage One air indicators. Similar guides are being produced for stage one terrestrial biodiversity, land and transport indicators. Work is ongoing to agree MMRR for remaining confirmed indicators, ie, for freshwater, marine and waste. MMRR for unconfirmed stage one indicators will be agreed as these indicators are developed, ie, energy, Maori, hazardous substances (toxics), amenity and landscape, animal pests and weeds.

A partnership pack, for councils and central government agencies has been designed that will outline the Ministry’s partnership process for collecting indicators data and implementing national environmental reporting. The pack will outline the benefits of partnership and contain a variety of guides and monitoring tools – from how to set up a regional monitoring forum and access environmental data to actual MMRR guides for selecting and monitoring indicators and how to access national environmental classification systems.

Complete the development of a core set of environmental indicators.

Partly achieved. Throughout the year, the Ministry continued its work on developing indicators for energy, Maori, hazardous substances (toxics), amenity and landscape, animal pests and weeds. The energy indicators were ready to confirm but confirmation was deferred because of the pending Energy Efficiency Strategy. The development of Maori indicators was reviewed and a new strategy was completed. Maori indicators are continuing to be developed through iwi case studies. Indicator proposals for toxics await further development and trialing. A good practice guide for managing and monitoring urban amenity was completed so that indicators can be developed at a local level. Work began on pests and weeds indicators with the formation of a stakeholder working group who agreed the scope and process for developing these indicators.

Evaluate and trial environmental classification systems for monitoring and reporting confirmed indicators.

Achieved. The Ministry has completed the development of the environmental classification systems for land (including terrestrial biodiversity) and freshwater. While the approach for the marine classification system has been agreed, the development of this system is ongoing. Both the land and freshwater environments classifications have been mapped at scales relevant for central and local government resource management, eg, biodiversity and sustainable land management, regional river monitoring etc. Reference groups with key central and local government partners have advised on their management and mapping needs. User guides are now being produced to accompany the mapped classifications. Final distribution of the land and freshwater environments classifications will be in June 2002.

Advise on indicators of urban environmental sustainability.

The Ministry produced a good practice guide for managing and monitoring urban environmental sustainability. Six councils participated in developing the guide by running local case studies. The guide was drafted and completed ahead of time and will enable councils to develop urban environmental sustainability indicators suitable to their local needs.

Make effective use of emerging information, on issues such as stormwater and bathing water quality, to raise public awareness of significant environmental challenges.

Achieved. Marine Recreational Water Quality Guidelines were prepared and are being piloted with the Environmental Performance Indicator for beach water: Enterococci levels at beaches (see <http://marine.mfe.govt.nz/beach-water>).

The freshwater and marine Rio cards (Rio+10 Community Programme *kete*) included information to raise public awareness on storm water and bathing water quality.

Output 1.9: Sustainable Land and Water Management

Develop a framework of issues and options papers for the sustainable allocation of water resources.

Ongoing. The Ministry worked with MAF and has: completed a report on issues and options associated with water allocation, reviewed the role of regional plans in allocating water, evaluated the usefulness of a key

guideline for setting minimum flows in rivers, completed a report (with Environment Canterbury and NIWA) that classified the 'ecotype' of rivers to improve water allocation planning, and reported on how to improve the access to groundwater management information. We completed draft reports on the transfer of water permits and options for the protection of water bodies of national importance, including water conservation orders.

Complete research and provide guidance on the risks to human health of our fresh and coastal waters.

Achieved. The Ministry has developed guidelines with help from local and health authorities for marine bathing and which were tested in five pilot projects. They were so successful that they will now be formally incorporated into water quality guidelines for marine and fresh water. We also investigated risks to bathing beaches from their catchments, and produced a first draft of a national model to help determine appropriate indicators and risks for fresh water recreation.

Develop methods to minimise the impacts of intensive farming on water resources.

Ongoing. The Ministry has worked with Environment Waikato and the National Institute of Water and Atmospheric Research (NIWA) to address the effects of pastoral agriculture in the Taupo basin to manage nitrate pollution. We improved our publication *Managing Waterways on farms* to reflect feedback after its first print. We worked with AgResearch and NIWA to better understand nitrogen leaching from intensive pastoral farming and provide farmers with management options. We worked with the Dairy Board on its environmental management policy and with Environment Canterbury and Southland in addressing dairy expansion in those regions.

Facilitate sustainable resource development.

Ongoing. The Ministry has contributed to the development of the Wood Processing Strategy by bringing a steering group together made up of industry and councils. This Group helped identify problems facing the industry with regard to RMA best practise. This has been highly successful. We have also provided advice to MAF on the development and implementation of the Sustainable Farming Fund. As part of their external advisory group we helped with the assessment of over 360 applications, and 56 were approved.

Promote the protection of biodiversity on private farmland.

Ongoing. Following the release of the *'Biodiversity and Private Land'* report, we prepared a technical soil conservation manual for land management advisers and farmers to help reduce soil erosion and protect both aquatic and land biota. We supported the Environfunz biodiversity website, as well as the Landcare Trust pest database.

Advance Maori values associated with water resources.

Ongoing. The Ministry has worked on the development of Maori indicators (mauri and mahinga kai) for the Taieri River with Ngai Tahu. This work compared Maori values in water quality with western science. Through this data analysis, we have developed a final stream cultural health index.

Complete the data collection phase of the freshwater microbiological research programmes.

Achieved. The Ministry worked with 12 councils to collect samples from 25 sites around the country. This sampling was completed in February 2000.

Output 1.10: General Ministerial and Environmental Advice

Speech notes were and general advice was, given to the Minister as required.

The Ministry completed replies to Ministerial Correspondence and Parliamentary Questions as outlined below:

| Ministerial Correspondence | | | |
|-----------------------------------|---|---|---|
| | Expected Performance | Actual Performance | |
| | | Environment | Energy |
| Quantity | 925 | 1000 | 162 |
| Timeliness | 100% of draft replies completed within 20 working days for Environment, 15 days for Energy. | 67.2% of draft replies were completed within 20 working days. | 62% of draft replies were completed within 15 working days. |
| Quality | 95% of first drafts were accepted by the Minister. | 94% of first drafts were accepted by the Minister. | 99% of first drafts were accepted by the Minister. |

| Parliamentary Questions | | | |
|--------------------------------|--|--|--|
| | Expected performance | Actual performance | |
| | | Environment | Energy |
| Quantity | 160 | 233 | 8 |
| Timeliness | 100% of answers to be provided by the stipulated deadline. | 96% of the answers were provided by the stipulated deadline. | 100% of the answers were provided by the stipulated deadline. |
| Quality | 95% of answers to be provided to the satisfaction of the Minister. | 100% of the answers were provided to the satisfaction of the Minister. | 100% of the answers were provided to the satisfaction of the Minister. |

Output 1.11: Other Departments' Review

The work programme for the year involved providing support and advice on the following:

Treaty settlements

The Ministry has worked throughout the year on advising on the RMA in the development of many Treaty claim settlements. We undertook performance management of Treaty settlement obligations and advised central and local government on better ways to link between Maori and local authorities. We also held a hui for Ngai Tahu to present the findings of, and discuss the interviews we held with South Island local authorities.

Review of the Local Government Act

The Ministry has contributed to a peer review of the Act, and several Committees associated with this review, and several Ministry staff provided input into a Department of Internal Affairs' discussion paper. From there, the Ministry drafted several Cabinet Papers and released a public discussion document in mid-June.

Heritage reviews

The Ministry summarised and analysed submissions on the amendments of the Resource Management Bill relating to the management of historic heritage. From there, we provided advice to the Local Government and Environment Select Committee. The Ministry of Culture and Heritage took the lead on this, and we waited for advice from there on how to continue.

Public health review

MfE advised the Ministry of Health on the paper, *The Proposed Public Health Bill – Implications for Local Authorities* with respect to marine beach water quality monitoring and reporting. From there, the Ministry provided further advice to the Ministry of Health, prepared a Cabinet Paper, and a Briefing note outlining the environmental implications of the Public Health Act proposals.

Trans Tasman Mutual Recognition Arrangement (TTMRA)

The Ministry gave assistance to ERMA NZ in developing case studies for this year's co-operative programme on hazardous substances, dangerous goods, and industrial chemicals. Further to this, we provided assistance in developing and presenting the year's co-operative programme to the Australian Committee on Agriculture (COAG).

We developed Mandatory Energy Performance Standards (MEPS), and Mandatory Energy Performance Labelling. New Zealand risked exemptions under TTMRA unless these schemes (that were compatible with those in Australia) were implemented this year.

TTRMA was also a consideration in the work on the Conservation (protection of trout as a non-commercial species) Act.

Ratings Power Act

This review underwent large changes in the last half of the year. The Ministry helped develop four of the draft Cabinet Papers, and met with the Department of Internal Affairs to clarify implications for the RMA. From there MfE made comments on Internal Affairs submissions and proposed some changes. This was part of a wider Funding Powers Review. We were given the chance to comment on the final fifth Cabinet Paper, *Outstanding Policy Issues* which was mainly of a technical nature. This was finalised and due to be tabled late in July.

Taxation review (including economic instruments for climate change such as carbon charge)

Early in the year, we undertook work to complete a commissioned report on ecological taxation. The report identified the theoretical foundations for eco-taxes and examined various applications of these with respect to New Zealand and overseas. The consequences of a carbon charge applied to petrol were analysed in detail.

International treaties eg, desertification convention

The Ministry advised:

- ?? MFAT on a Cabinet Paper on accession to the convention to combat desertification
- ?? MAF on proposed amendments to the Forests Act
- ?? MED on the proposed review on the Patents Act relating to biodiversity
- ?? The Office of the Auditor General on their special audit of Multi-lateral Environmental Agreements.

Petroleum Products Specification Regulations Review

The Ministry participated in the officials working group reviewing the regulations, including reviewing the draft discussion document.

Review of Environmental Impact Assessment Procedures (EIA) in the Economic Exclusion Zone (EEZ)

The Ministry has pulled together people from relevant agencies to talk about what provisions can be made for EIA's to be conducted in the EEZ. Staff from the Ministry of Fisheries, Ministry of Economic Development, NIWA, Institute of Geological and Nuclear Sciences and the Maritime Safety Authority have met three times to develop principles of best practice in carrying out EIA on activities in the EEZ. We have had an initial meeting with the Environment and Conservation Organisations of New Zealand (ECO) and will follow up with a more detailed consultation on the draft interim EIA procedures with Forest and Bird and ECO.

MED Cost Compliance Panel

The Hon Paul Swain put together a Ministerial Panel comprising 11 business representatives to provide advice to the Government on ways to reduce compliance costs to business arising from existing central and local government regulation. This panel has been supported by a secretariat, which included two Ministry for the Environment staff working two days a week between them.

The panel's work has now concluded. We have provided advice on the compliance costs to business associated with environmental legislation such as the Resource Management Act and Hazardous Substances and New Organisms Act. This work included a substantial input to drafting chapters and liaison with stakeholders and other government departments. The Ministry's advice led to major revisions in the report as originally

drafted by panel members, and to recommendations based on a much sounder understanding of the practice and performance of the RMA.

A number of themes and general concerns emerged during the process. One of the key Acts the business community has expressed concern over is the Resource Management Act. The main problems relating to the RMA include variations in practice across the country, time delays in processing resource consents in terms of holding costs and development uncertainty, inconsistent interpretation and application of the RMA, actual costs of getting a resource consent and lack of customer service provided by Councils.

The panel reported back to the Minister with a set of recommendations in early July 2001. The Ministry is now leading the work on developing the Government's response to the RMA related recommendations.

Prostitution Reform Bill

We have met with the legal adviser from Ministry of Justice about the proposed Prostitution Bill and discussed the extent to which the Resource Management Act can deal with the social issues that may follow decriminalisation of prostitution and the location of sex premises. Our initial advice has been to recommend a special bylaw making power to deal with the issues rather than relying on the provisions of the Resource Management Act. We may need to follow this up with further advice as the Bill proceeds through the Select Committee.

Public Works Act

Our involvement in the Public Works Act review continues. The Ministry put in a short submission on the review outlining the three key areas of interest in the review for the Ministry. These are briefly outlined below:

- ?? the definition of 'public work'
- ?? compulsory acquisition and how it relates to the RMA's provision for compulsory acquisition
- ?? disposal of land that is no longer required for public work.

Land Information New Zealand (LINZ) online certification

LINZ is implementing Landonline, a computerised automated survey and title service for New Zealand. Landonline is integrating over 100 years accumulation of survey and title information and storing it in a computer database. It means that access to information stored may be possible from almost anywhere in New Zealand. LINZ undertook a consultation

programme during this quarter with territorial authorities, but the Ministry was required to do no work.

Tourism Board Strategy

We received the NZ Tourism Strategy 2010 and provided a report on the implications for the Ministry for the Environment. We expect to be involved with the Secretariat of the Tourism Strategy Group as they consult on their implementation plan for the key recommendations of the Strategy.

Output 1.12: Crown Entity Monitoring

Process budget approvals.

Achieved. The Ministry processed all budget approvals as required.

Advise Ministers on approvals of the Statement of Intents and Purchase Agreements.

Achieved. The Ministry advised the Ministers on ERMA's Purchase Agreement and Statement of Intent as required.

Liase with Crown entity Boards and management, and advise Ministers on Crown entity performance and related matters.

Achieved. The Ministry liased with ERMA's Board and Senior Management team regularly. Quarterly Reports were also provided to the relevant Minister on the entity's performance.

Vote: Environment: 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 and implementation of sustainable development
- ?? Residual catchment works
- ?? Sustainable land management: promotion and training.

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 2000/2001 Sustainable Management Fund *Guide for Applicants*
- ?? monitoring expenditure, including completion of technical audits.

Performance measures

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

Resources employed

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. Estimates 30/06/2001 \$000 |
|-------------------------------|-----------------------|-------------------------------|--|---|
| | Revenue: | | | |
| 617 | Crown | 662 | 440 | 662 |
| 617 | Total revenue | 662 | 440 | 662 |
| 617 | Total expenses | 662 | 440 | 662 |
| - | Net surplus | - | - | - |

Service performance

The 2000/2001 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

Output 2.1: Administration of Sustainable Management Fund (SMF), Landcare Trust and Residual Catchment Grants

Assess SMF applications from a range of providers, and peer review applications (100 applications anticipated).

Achieved. The year saw changes to the application process in November. Twenty-two applications were assessed under the old system (August 2000 funding round). With the new system, we received and assessed 150 project outlines and 31 applications in the 2001 major funding round, and we assessed 35 project outlines in the 2001 minor funding round.

Advise the Minister on grant allocations to successful SMF applicants for two funding rounds in October (for 2000/2001) and April (for 2001/02).

Achieved. The Minister was advised of details of the 24 applications granted funding in two funding rounds, which made a total of 110 projects being managed during the course of the year.

Complete 10 performance and financial audits of SMF projects.

Achieved. A total of 16 audits were undertaken during the year. Additional action was required for four projects to address performance or financial issues.

Promote wider use of the products of SMF projects.

Achieved. Discussions with a number of national organisations were undertaken with the intention of developing SMF partnerships with them. These partnerships involve them assisting us to identify the priorities and types of projects to be funded through the SMF, and acting as a 'Patron' for SMF projects. This would involve them assisting in the long-term promotion and support of the various project outputs.

SMF project products were also promoted at a number of professional and environmental conferences around the country.

Manage projects tendered by the SMF.

Achieved. Ten of the projects managed had been awarded contracts through our tendering process. New contracts awarded during the year included projects for a RMA/HSNO training project, and developing a contract brief for a wastewater monitoring guidelines project. One contract was cancelled because of the poor performance of the contractor.

Make payments to the one remaining residual catchment work, according to the deed of agreement with the Crown.

Achieved. Payments were made as required.

Make payments to the Landcare Trust, according to the Purchase Agreement between the Trust and the Minister of the Environment.

Achieved. We made payments as required to the Landcare Trust. We have also received Cabinet approval for further funding for 2001/02 (only) of \$450,000.00 (GST inclusive).

Vote: Energy – Energy Efficiency and Conservation: Output Class D1: Vote: Energy – Energy Efficiency and Conservation

Output Class D1 covers policy advice from the Ministry for the Environment on energy efficiency, and conservation issues. It also includes time spent monitoring the Energy Efficiency and Conservation Authority (EECA).

Performance measures

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

Resources employed

| Actual* | | Actual | Main estimates | Supp. Estimates |
|------------|-----------------------|------------|----------------|-----------------|
| 30/06/2000 | | 30/06/2001 | 30/06/2001 | 30/06/2001 |
| \$000 | | \$000 | \$000 | \$000 |
| | Revenue: | | | |
| – | Crown | 250 | 250 | 250 |
| – | Total revenue | 250 | 250 | 250 |
| – | Total expenses | 250 | 250 | 250 |
| – | Net surplus | – | – | – |

* Vote: Energy – Energy Efficiency and Conservation was established on 1 July 2000 – accordingly, there is no comparison for last year.

Service performance

The 2000/2001 Estimates contain one output in Output class D1: Policy Advice: Energy Efficiency and Conservation

Review of output achievements

Output D1: Policy Advice – Energy Efficiency and Conservation

Provide policy advice on energy efficiency and conservation issues as required.

Achieved. The Ministry provided advice as required.

Monitor the EECA and report to the Minister of Energy as required.

Achieved. The Ministry was involved in reviewing EECA's accountability documents and reported to the Minister on regular occasions.

Manage the Crown loan scheme.

Achieved. The Ministry reconciled the loans when they were transferred from the Ministry of Economic Development. The loans have been managed and reconciled as required since this date.

3 Crown Revenue and Receipts

Crown revenue and receipts for the year ended 30 June 2001

(GST inclusive where applicable)

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|---|-------------------------------|--|---|
| | Current revenue | | | |
| | Non-tax revenue | | | |
| 42 | Catchment Works Loans – interest | 37 | 60 | 60 |
| 425 | Coastal royalties | 545 | 400 | 400 |
| 6 | Resource Management Act fees and charges | 1 | 11 | 11 |
| 473 | Total non-tax revenue | 583 | 471 | 471 |
| | Capital receipts | | | |
| 1,220 | Catchment Works Loans – principal | 1,232 | 1,004 | 1,004 |
| 1,220 | Total capital receipts | 1,232 | 1,004 | 1,004 |
| 1,693 | Total Crown revenue and receipts | 1,815 | 1,475 | 1,475 |

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 2001.

4 Financial Statements

Performance indicators for the year ended 30 June 2001

| | Unit | Actual 30/06/2001 | Supp. estimates 30/06/2001 |
|--------------------------------------|-------|----------------------|----------------------------------|
| Operating results | | | |
| Revenue: Crown | \$000 | 21,674 | 21,674 |
| Revenue: Departments and other | \$000 | 320 | 336 |
| Revenue: interest | \$000 | 54 | 34 |
| Output expenses | \$000 | 21,740 | 22,010 |
| Other expenses | \$000 | – | – |
| Gain on sale of assets | \$000 | 5 | 23 |
| Net surplus | \$000 | 313 | 57 |
| Working capital | | | |
| Net current assets | \$000 | (415) | (97) |
| Liquid ratio | % | 86 | 97 |
| Resource utilisation | | | |
| Fixed assets | | | |
| Total fixed assets at year-end | \$000 | 999 | 1,002 |
| Value per employee | \$000 | 7 | 8 |
| Additions as % of fixed assets | % | 36 | 40 |
| Fixed assets as % of total assets | % | 27 | 25 |
| Taxpayers' funds | | | |
| Level at year-end | \$000 | 343 | 343 |
| Level per employee | \$000 | 3 | 3 |
| Net cash flows | | | |
| Surplus from operating activities | \$000 | 216 | 695 |
| Deficit from investing activities | \$000 | (355) | (371) |
| Deficit from financing activities | \$000 | (947) | (947) |
| Net increase/(decrease) in cash held | \$000 | (1,086) | (623) |
| Human resources | | | |
| Staff turnover | % | 13 | 20 |
| Average length of service | Years | 5.13 | 5.00 |
| Total staff | No. | 134 | 131 |

The accompanying accounting policies and notes form part of these financial statements

Statement of financial performance for the year ended 30 June 2001

| Actual | | Notes | Actual | Main estimates | Supp. estimates |
|-------------------|------------------------------------|--------------|-------------------|-----------------------|------------------------|
| 30/06/2000 | | | 30/06/2001 | 30/06/2001 | 30/06/2001 |
| \$000 | | | \$000 | \$000 | \$000 |
| | Revenue | | | | |
| 15,893 | Crown | | 21,674 | 21,556 | 21,674 |
| 28 | Other | 1 | 325 | 48 | 359 |
| 38 | Interest | 2 | 54 | 34 | 34 |
| 15,959 | Total revenue | | 22,053 | 21,638 | 22,067 |
| | Expenditure | | | | |
| 6,415 | Personnel | | 7,493 | 6,689 | 7,440 |
| 8,162 | Operating | 3 | 13,790 | 14,408 | 14,086 |
| 401 | Depreciation | | 423 | 450 | 450 |
| 34 | Capital charge | 4 | 34 | 34 | 34 |
| 15,012 | Total expenses | | 21,740 | 21,581 | 22,010 |
| 947 | Net surplus from operations | | 313 | 57 | 57 |

The accompanying accounting policies and notes form part of these financial statements

Statement of financial position as at 30 June 2001

| Actual 30/06/2000 \$000 | | Notes | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|---|-------|-------------------------------|--|---|
| 343 | Taxpayers' funds | | 343 | 343 | 343 |
| 343 | Total taxpayers' funds | | 343 | 343 | 343 |
| | Represented by: | | | | |
| | Current assets | | | | |
| 2,578 | Bank | | 492 | 1,968 | 1,955 |
| 1,000 | Short-term deposits | 5 | 2,000 | 1,000 | 1,000 |
| 40 | Prepayments | | 15 | 30 | 30 |
| 55 | Debtors and receivables | 6 | 170 | 20 | 20 |
| 3,673 | Total current assets | | 2,677 | 3,018 | 3,005 |
| | Non-current assets | | | | |
| 1,062 | Fixed assets | 7 | 999 | 989 | 1,002 |
| 4,735 | Total assets | | 3,676 | 4,007 | 4,007 |
| | Current liabilities | | | | |
| 2,623 | Creditors and payables | 8 | 2,417 | 2,708 | 2,708 |
| 317 | Employee entitlements | 9 | 362 | 337 | 337 |
| 947 | Provision for repayment of surplus to the Crown | 10 | 313 | 57 | 57 |
| 3,887 | Total current liabilities | | 3,092 | 3,102 | 3,102 |
| | Non-current liabilities | | | | |
| 505 | Employee entitlements | 9 | 241 | 562 | 562 |
| 4,392 | Total liabilities | | 3,333 | 3,664 | 3,664 |
| 343 | Net assets | | 343 | 343 | 343 |

The accompanying accounting policies and notes form part of these financial statements

Statement of movements in taxpayers' funds for the year ended 30 June 2001

| Actual | | Note | Actual | Main | Supp. |
|-------------------|--|-------------|-------------------|-------------------|-------------------|
| 30/06/2000 | | | 30/06/2001 | estimates | estimates |
| \$000 | | | \$000 | 30/06/2001 | 30/06/2001 |
| | | | \$000 | \$000 | \$000 |
| 343 | Taxpayers' funds brought forward as at 1 July | | 343 | 343 | 343 |
| 947 | Net surplus from operations | | 313 | 57 | 57 |
| 947 | Total recognised revenues and expenses for the year | | 313 | 57 | 57 |
| (947) | Provision for repayment of surplus to the Crown | 10 | (313) | (57) | (57) |
| 343 | Taxpayers' funds as at 30 June | | 343 | 343 | 343 |

The accompanying accounting policies and notes form part of these financial statements

Statement of cash flows for the year ended 30 June 2001

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|---|-------------------------------|--|---|
| | Cash flows from operating activities | | | |
| | Cash provided from: | | | |
| 15,893 | Supply of outputs to Crown | 21,674 | 21,501 | 21,674 |
| (33) | Supply of outputs to Departments | 188 | 5 | 364 |
| 15 | Supply of outputs to others | 17 | 20 | 7 |
| 36 | Interest | 54 | 34 | 34 |
| | Cash disbursed to: | | | |
| (6,669) | Personnel expenses | (7,549) | (6,689) | (7,485) |
| (8,087) | Operating expenses | (14,134) | (14,349) | (13,865) |
| (34) | Capital charge | (34) | (34) | (34) |
| 1,121 | Net cash flows from operating activities | 216 | 488 | 695 |
| | Cash flows from investing activities | | | |
| | Cash provided from: | | | |
| 21 | Sale of fixed assets | 5 | 28 | 29 |
| | Cash disbursed to: | | | |
| (303) | Purchase of fixed assets | (360) | (400) | (400) |
| (282) | Net cash flows from investing activities | (355) | (372) | (371) |
| | Cash flows from financing activities | | | |
| | Cash disbursed to: | | | |
| (189) | Repayment of surplus to Crown | (947) | (206) | (947) |
| (189) | Net cash flows from financing activities | (947) | (206) | (947) |
| 650 | Net increase/(decrease) in cash held | (1,086) | (90) | (623) |
| 2,928 | Opening cash balance at 1 July | 3,578 | 3,058 | 3,578 |
| 3,578 | Closing cash and deposits as at 30 June | 2,492 | 2,968 | 2,955 |
| | Cash and deposits comprise: | | | |
| 2,578 | Cash | 492 | 1,968 | 1,955 |
| 1,000 | Short-term deposits | 2,000 | 1,000 | 1,000 |
| 3,578 | Closing cash and deposits as at 30 June 2002 | 2,492 | 2,968 | 2,955 |

The accompanying accounting policies and notes form part of these financial statements

Reconciliation of net operating surplus to net cash flow from operating activities for the year ended 30 June 2001

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|---|-------------------------------|--|---|
| 947 | Net surplus from operations | 313 | 57 | 57 |
| | Add non-cash items | | | |
| 401 | Depreciation | 423 | 450 | 450 |
| | Add non-cash provision | | | |
| (105) | Increase/(decrease) in provisions for employee entitlements | (219) | – | 77 |
| | Add/(less) movements in working capital items | | | |
| (11) | Decrease/(increase) in prepayments | 25 | – | 10 |
| (31) | Decrease/(increase) in debtors and receivables | (115) | – | 35 |
| (86) | Increase/(decrease) in creditors and payables | (206) | – | 85 |
| | Add/(less) investing activity | | | |
| 6 | Net loss/(gain) on sale of fixed assets | (5) | (19) | (19) |
| 1,121 | Net cash flow from operating activities | 216 | 488 | 695 |

The accompanying accounting policies and notes form part of these financial statements

Statement of commitments as at 30 June 2001

The Ministry has a long-term lease on its premise in Wellington. The amounts disclosed below include amounts for both accommodation and operating leases. The Christchurch lease expires in December 2001. The Auckland lease expires in April 2003.

Operating leases include lease payments for premises, and maintenance contracts for its telephone and computer systems. Accommodation leases are disclosed at current rental rates.

| | 30/06/2001 \$000 | 30/06/2000 \$000 |
|--|---------------------|---------------------|
| Operating and accommodation lease commitments (GST exclusive) | | |
| Not later than 1 year | 1,240 | 1,171 |
| Later than 1 year but not later than 2 years | 1,064 | 1,096 |
| Later than 2 years but not later than 5 years | 2,930 | 2,977 |
| Later than 5 years | 83 | 1,061 |
| Total operating and lease commitments | 5,317 | 6,305 |
| Capital commitments | – | – |
| Total commitments | 5,317 | 6,305 |

Statement of contingencies as at 30 June 2001

At 30 June 2001 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.

| | 30/06/2001 \$000 | 30/06/2000 \$000 |
|------------------------------|---------------------|---------------------|
| Legal proceedings | 50 | 50 |
| Total contingent liabilities | 50 | 50 |

The accompanying accounting policies and notes form part of these financial statements

Statement of unappropriated expenditure for the year ended 30 June 2001

Departmental appropriations

Departmental output classes were produced within appropriation (30 June 2000: nil).

Non-departmental appropriations

Non-departmental output classes were produced within appropriation (30 June 2000: nil).

Other expenses to be incurred by the Crown, in total, were produced within appropriation. One of the items, Marlborough Fires, exceeded its appropriation by \$21,000. In the 1999/2000 year there was no unappropriated expenditure.

Statement of departmental expenditure and appropriations for the year ended 30 June 2001

(Figures are GST inclusive where applicable)

| | Actual 30/06/2001 \$000 | Appropriation* 30/06/2001 \$000 |
|--|-------------------------------|---------------------------------------|
| Vote: Environment | | |
| Appropriations for classes of outputs | | |
| D1 Environmental policy advice | 23,463 | 23,735 |
| D2 Administration of Sustainable Management Fund and Residual Catchment Grants | 745 | 745 |
| Total | 24,208 | 24,480 |
| Vote: Energy – Energy Efficiency and Conservation ** | | |
| Appropriation for departmental output class | | |
| D1 Policy advice – Energy Efficiency and Conservation | 281 | 281 |
| Total | 281 | 281 |

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

** Vote: Energy – Energy Efficiency and Conservation was established effective 1 July 2000. The Ministry receives the departmental appropriations from this Vote. The non-departmental appropriations are received by the Energy Efficiency and Conservation Authority (EECA). For further details of these appropriations, see EECA's 2000/2001 Annual Report.

The accompanying accounting policies and notes form part of these financial statements

Statement of non-departmental expenditure and appropriations for the year ended 30 June 2001

(Figures are GST inclusive where applicable)

| | Actual 30/06/2001 \$000 | Appropriation* 30/06/2001 \$000 |
|--|-------------------------------|---------------------------------------|
| Vote: Environment | | |
| Appropriations for non-departmental output classes | | |
| O1 Clean up of Orphan Crown Contaminated Sites | 512 | 512 |
| O2 Development and implementation of sustainable management | 4,585 | 4,824 |
| O3 Hazardous Substances and New Organisms assessment and management | 4,920 | 4,920 |
| O4 Residual Catchment Works | 200 | 200 |
| O5 Sustainable land management: promotion and training | 450 | 450 |
| O6 Alexandra Flood Protection | 2,086 | 4,495 |
| Subtotal | 12,753 | 15,401 |
| Appropriations for other expenses to be incurred by the Crown | | |
| Framework Convention on Climate Change | 47 | 47 |
| Montreal Protocol on Ozone Protection | 20 | 20 |
| Subscription to Basel Convention | 19 | 19 |
| United Nations Environment Programme | 136 | 136 |
| Legal and Environment Centre Grants | 457 | 900 |
| Marlborough Fires | 186 | 165 |
| Subtotal | 865 | 1,287 |
| Total Appropriations for Vote: Environment | 13,618 | 16,688 |

This includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act.

| | Actual 30/06/2001 \$000 | Appropriation [*] 30/06/2001 \$000 |
|--|-------------------------------|---|
| Vote: Energy – Energy Efficiency and Conservation | | |
| Appropriations for non-departmental output classes | | |
| Energy Efficiency and Conservation Authority | 6,807 | 6,808 |
| Subtotal | 6,807 | 6,808 |
| Appropriations for other expenses to be incurred by the Crown | | |
| Energy Efficiency & Renewable Energy Grants and Assistance | 1,812 | 2,000 |
| Subtotal | 1,812 | 2,000 |
| Capital Investment in Organisations Other than Departments | | |
| Energy Efficiency and Conservation Authority | 445 | 445 |
| Crown Energy Efficiency | 997 | 1,000 |
| Subtotal | 1,442 | 1,445 |
| Total | 10,061 | 10,253 |

** This includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act.*

Statement of accounting policies for the year ended 30 June 2001

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

(ii) Revenue

The Ministry derives revenue through the provision of outputs to the Crown, 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 2001, direct costs accounted for 74% of the Ministry's costs (2000: 66%).

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 2001, indirect costs accounted for 26% of the Ministry's costs (2000: 34%).

(iv) Debtors and receivables

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

(v) Operating leases

Leases where the lessor effectively retains all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

(vi) Fixed assets and depreciation

All fixed assets are recorded at cost less accumulated depreciation. Fixed assets are recognised as individual items costing \$1000 (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:

| | Depreciation rate (%) | Residual rate (%) | Useful life (Years) |
|------------------------|-----------------------|-------------------|---------------------|
| Furniture and fittings | 20 | 10 | 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 values 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. GST payable at balance date 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 2001

1. Other revenue

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|------------------------------|-------------------------------|--|---|
| – | Departmental | 305 | 5 | 316 |
| 11 | Publication sales | 15 | 20 | 20 |
| 17 | Gain on sale of fixed assets | 5 | 23 | 23 |
| 28 | Total other revenue | 325 | 48 | 359 |

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

| Actual 30/06/2000 \$000 | | Actual 30/06/2001 \$000 | Main estimates 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 |
|-------------------------------|-------------------------------------|-------------------------------|--|---|
| 1,920 | General and administration | 3,180 | 3,105 | 2,991 |
| 1,152 | Other operating costs | 1,763 | 2,825 | 1,788 |
| 1,156 | Rental and leasing | 1,153 | 1,236 | 1,162 |
| 3,856 | Consultancy | 7,639 | 7,193 | 8,095 |
| 28 | Audit fees for financial statements | 28 | 25 | 26 |
| 27 | Other services provided by Audit NZ | 27 | 20 | 20 |
| 23 | Loss on sale of fixed assets | – | 4 | 4 |
| 8,162 | Total operating expenditure | 13,790 | 14,408 | 14,086 |

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 2001 was 10% (2000: 10%).

5. Short-term deposits

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

| Actual 30/06/2000 \$000 | Counterparty | Interest rate % | Term | Actual 30/06/2001 \$000 |
|-------------------------------|----------------------------|--------------------|---------|-------------------------------|
| 1,000 | NZDMO | 5.50 | 30 days | 2,000 |
| 1,000 | Total term deposits | | | 2,000 |

6. Debtors and receivables

| | Actual 30/06/2001 \$000 | Actual 30/06/2000 \$000 |
|--------------------------------------|-------------------------------|-------------------------------|
| Trade debtors | 170 | 55 |
| Less provision for doubtful debts | – | – |
| Total debtors and receivables | 170 | 55 |

7. Fixed assets

| | Cost 30/06/2001 \$000 | Accumulated depreciation 30/06/2001 \$000 | Net book value 30/06/2001 \$000 |
|---------------------------|-----------------------------|--|---------------------------------------|
| Furniture and fittings | 1,050 | 457 | 593 |
| Motor vehicles | 50 | 50 | – |
| Office equipment | 369 | 247 | 122 |
| Computer software | 225 | 208 | 17 |
| Computer hardware | 787 | 520 | 267 |
| Total fixed assets | 2,481 | 1,482 | 999 |

| | Cost 30/06/2000 \$000 | Accumulated depreciation 30/06/2000 \$000 | Net book value 30/06/2000 \$000 |
|---------------------------|-----------------------------|--|---------------------------------------|
| Furniture and fittings | 926 | 290 | 636 |
| Motor vehicles | 51 | 51 | – |
| Office equipment | 346 | 205 | 141 |
| Computer software | 209 | 202 | 7 |
| Computer hardware | 644 | 366 | 278 |
| Total fixed assets | 2,176 | 1,114 | 1,062 |

8. Creditors and payables

| | Actual 30/06/2001 \$000 | Actual 30/06/2000 \$000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Trade creditors and accruals | 2,411 | 2,509 |
| GST | 6 | 114 |
| Total creditors and payables | 2,417 | 2,623 |

9. Employee entitlements

| | Actual 30/06/2001 \$000 | Actual 30/06/2000 \$000 |
|--|-------------------------------|-------------------------------|
| Current employee entitlements | | |
| Annual leave | 362 | 317 |
| Total current employee entitlements | 362 | 317 |
| Non-current employee entitlements | | |
| Retirement and long-service leave | 241 | 505 |
| Total non-current employee entitlements | 241 | 505 |
| Total employee entitlements | 603 | 822 |

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 2001. (2000: nil).

Contingent liabilities are disclosed separately in the Statement of Contingencies.

14 Major budget variations

The Ministry had very few significant variances. The list below shows the major variances measured against the Supplementary Estimates and not the Main Estimates. This is because the Mains figures were superseded and updated in an earlier budget round.

(i) Statement of financial performance

| | Actual 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 | Variance \$000 |
|-----------------------|-------------------------------|--|-------------------|
| Operating expenditure | 13,790 | 14,086 | 296 |

This variance is the result of the Ministry not contracting out as much work as initially anticipated.

(ii) Statement of financial position

| | Actual 30/06/2001 \$000 | Supp. estimates 30/06/2001 \$000 | Variance \$000 |
|---------------------------------|-------------------------------|--|-------------------|
| Cash at bank | 492 | 1,955 | 1,463 |
| Debtors | 170 | 20 | (150) |
| Long-term employee entitlements | 241 | 562 | 321 |

The Ministry had a lower bank balance (than budgeted) for two reasons. Firstly, an extra \$1.000m was placed on deposit than originally predicted and secondly, the Ministry ensured that all accounts were paid to creditors as they came in rather than recording them as accruals.

The Debtors balance of \$0.170m is primarily due to an inter-departmental transaction of \$0.165m with the Ministry of Agriculture and Forestry.

The Long Term Employee Entitlements lower balance of \$0.241m reflects the new Collective Employment Agreement where entitlement is based on Ministry service.

15. Subsequent events

No significant events, which would materially affect the financial statements, occurred between 30 June 2001 and the date of signing the financial statements (2000: nil).

Statement of responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Acting 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.

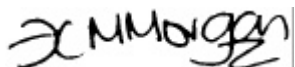
I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2001.



Lindsay Gow
Acting Chief Executive
31 August 2001

Countersigned by:



Fiona C M Morgan
Finance and Corporate Business Manager
31 August 2001

Report of the Audit Office

To the readers of the financial statements of the Ministry for the Environment for the year ended 30 June 2001

We have audited the financial statements on pages 10 to 61. The financial statements provide information about the past financial and service performance of the Ministry for the Environment and its financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 53 to 56.

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 for the Environment as at 30 June 2001, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 2001.

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 Paul D Helm, 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 for the Environment'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.

We have carried out an assurance related assignment for the Ministry for the Environment involving the accurate reporting of Resource Management Act data provided by Local Authorities. Other than this assignment and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Ministry for the Environment.

Unqualified opinion

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

In our opinion the financial statements of the Ministry for the Environment on pages 10 to 61:

?? comply with generally accepted accounting practice

?? fairly reflect:

- the financial position as at 30 June 2001
- the results of its operations and cash flows for the year ended on that date
- 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 26 September 2001 and our unqualified opinion is expressed as at that date.



Paul D Helm
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand

5 Management of the Ministry

Business planning

In 2000/2001 we initiated a review of our five-year Strategic Plan. This gave us the opportunity to focus on the new Government's environmental intentions and aspirations. The process has renewed our focus on the Minister's priorities within the context of the new Government's overall objectives – not only those objectives that relate explicitly to the environment, but also wider objectives such as reducing inequalities, re-establishing a healthy civic society and revitalising regional economies.

In developing a new Strategic Plan, we are focusing on longer-term goals as well as what can be done to advance the Government's environmental and sustainable development goals in the short term. Many of the Government's goals require a reorientation of some of our programmes that may take some years to have real effect. For example, our work with the Energy Efficiency and Conservation Authority to support activities involving increasing the energy efficiency of low-income housing will take some time to implement, but it will yield ongoing benefits over years to come. Work in this area will not only reduce greenhouse gas emissions through reduced energy consumption, but will also give benefits in terms of health and social equity.

We have worked to involve other organisations in our thinking, through meetings with business, non-governmental organisations, professional groups and local government. A particular initiative has been undertaken to share strategic environmental thinking with the top levels of local government, bearing in mind the Government's wish to encourage stronger central-local government partnerships.

Risk management

As part of the strategic planning process, the Ministry employs a formal risk management system, which is now entitled "Performance Analysis", covering all areas of the Ministry's activities. This system was introduced to assess and manage risks and performance in the following areas:

- ?? policy quality
- ?? policy credibility and responsiveness
- ?? funding levels and allocation
- ?? human resources capability

- ?? accountability
- ?? security and integrity
- ?? health and safety.

The overall goal of the performance and risk management system is:

Strategic and operational performance and risks are managed effectively so as to meet statutory requirements, meet or exceed the Minister's expectations, maintain the integrity of the Ministry, and avoid or minimise asset loss.

The Ministry's Treaty and Maori Environmental Policy Group, Maruwhenua, is actively involved in identifying the particular risks associated with Treaty matters and in ensuring that the Ministry's policy advice acknowledges and responds to those risks.

Every six months, a formal assessment of performance analysis is undertaken by the Strategic Policy Group in consultation with managers and key analysts throughout the ministry. The Executive Management Group (EMG) then discusses the report and agrees measures to mitigate risk and enhance performance.

Other key complementary mechanisms within the Ministry for managing risk and performance include:

- ?? EMG meetings – both weekly and monthly. At the monthly meeting there is a formal assessment on the agenda for each meeting, of risk management issues
- ?? feedback from the Minister. The Ministry reports potential risks to the Minister through the weekly status report and discusses these at regular weekly meetings with the Minister
- ?? our programme of ongoing communication with stakeholders and other government agencies provides opportunities to identify and prepare for risks and consider how they can best be managed, either jointly or unilaterally. To complement this, regular surveys of stakeholders to assess Ministry performance and communication provides further risk management information.

Human resources

Human resources (HR) highlights

2000/2001 has been a significant year of HR investment, highlights have been:

- ?? the smooth transition of MfE contracts with the introduction of the Employment Relations Act

- ?? the introduction of a new Collective Employment Agreement (see next paragraph)
- ?? very successful development of capability initiatives in leadership, policy analysis, and induction
- ?? a significant group of positive new recruits
- ?? a marked decrease in turnover from the previous year
- ?? a greater use of secondments in and out of the Ministry.

Collective employment agreement

The Ministry has completed the successful negotiation of a new employment agreement with the Public Service Association (PSA). The process leading up to the negotiations included input from all staff on what they thought was important to have in an employment agreement.

The negotiations had been a complete success. This was expected as there had been consultation with staff and management throughout the whole process so there were no surprises. Staff were kept up-to-date on progress on a regular basis and given opportunities to provide input along the way.

As a result of this the Ministry has a more flexible agreement that meets the needs of the dynamic mix of people it employs. It reflects the need to meet a balance between work and home life and includes flexible working arrangements and a wellness programme. The new agreement also reflects the flavour and intent of the new Employment Relations Act and promotes a partnership for quality approach. It is in an easy to read style of language and is based on principles rather than detail.

Communications

Relationships with stakeholders

The Ministry sees building partnerships with others to identify environmental problems and find solutions as an important element of the way we work. For this reason, we held regular meetings with local government at both national and local levels this year. We continued to work with a regional council liaison group to exchange information and agree on priorities for action. We also worked with local government on specific projects, for example, to reduce land-use conflicts in rural areas, identify good practice in urban design, and improve the quality of council plans (the latter also involved professional organisations).

The Ministry had regular contact with business organisations, including the New Zealand Business Council for Sustainable Development. We continued our work with industry groups on issues such as hazardous substances, definitions of hazardous waste, and used oil.

In early 2001 we arranged a series of ten hui around the country to discuss environmental issues of interest to Maori. The aim of each hui was to build better understanding of the Ministry's work programme and iwi concerns, and a foundation for iwi input to the Ministry's work.

In response to feedback, we made an effort to improve our consultation processes through improving staff understanding of best practice. This included holding a seminar for staff and producing a guide to best practice, which we shared with local government.

Research into our reputation and communications with key stakeholders in central and local government, business, iwi, professional groups and environmental organisations was carried out by an independent researcher in early 2001. The research showed that their perceptions of our performance, relationship-building, communications and consultation processes had improved significantly since the last survey in 1998.

Public information

The Rio+10 community programme in early 2001 gave us an opportunity to widely distribute information about environmental issues in New Zealand, as well as to seek feedback from the community on progress and priorities. The simple 'starter pack' of information to assist discussions and responses was well received.

We continued our efforts to ensure that stakeholders have a good understanding of the Ministry's work through regular liaison meetings, functions in Auckland and Wellington, and publications about our work. For example, this year, as in others we published and widely distributed *Making a Difference for the Environment: Recent achievements and plans for 2000/2001*. This gave a simple overview for our key audiences of progress with our work and proposed work programmes. We also prepared special news updates for conferences, seminars and other events in which we were involved.

We developed two new websites, www.smf.govt.nz which provides information about Sustainable Management Fund projects and application processes, and www.environment.govt.nz which reports information about the state of the environment and will progressively provide simple information for the public on popular issues, such as bathing water quality at major beaches. We also began work to restructure the

Ministry's main website, www.mfe.govt.nz to make it easier for both key stakeholders and the general public to find useful information.

The Ministry published five issues of its newsletter, *Environment Update*, during the year. A wide range of discussion documents, summaries of submissions, reports, guidelines and information sheets were also published. 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 only stocks free publications.

Information management

The Ministry's key driver on information management policy and risk management is the Information Management Policy and Strategy Group (IMPS). It is chaired by the Deputy Chief Executive and its purpose is to oversee information management at the Ministry and ensure that information management initiatives align with the Ministry's strategic plan. The Ministry is currently in the process of revising strategies and guidelines in the Information Management area to take account of external drivers and rapidly escalating internal needs.

The Ministry's Information Management work is based on seeing the Ministry as a knowledge-based organisation, rather than a data-based one. The emphasis on knowledge takes information management beyond simply dealing with information technology and into the core business of the Ministry. Knowledge is treated as an asset that increases the more it is used, communicated and shared. In order to enhance knowledge within the organisation, the Ministry aims to have policies for managing information designed in ways which maintain corporate memory; co-ordinate collection, storage and access to the Ministry's documents; and which in turn provide information which contributes to consistent policy advice. The Ministry has recently established a new information classification structure mirrored in hard and soft copy, this is designed to improve records management practices and to promote sharing of information.

Crown entity monitoring

The Environmental Risk Management Authority

During the 2000/2001 financial year we continued to hold our monthly liaison meetings with the executive of the Environmental Risk Management Authority (ERMA) to discuss emerging issues, potential risks and progress on matters of relevance to ERMA. The Deputy Chief Executive of the Ministry also maintained continuous contact with

ERMA's senior management and held additional meetings as and when needed.

The Energy Efficiency and Conservation Authority

During the 2000/2001 financial year we began to monitor the Energy Efficiency and Conservation Authority (EECA). As with ERMA, we held monthly liaison meetings with the executive of EECA to discuss emerging issues, potential risks and progress on matters of relevance to EECA. The Deputy Chief Executive of the Ministry also maintained continuous contact with EECA's senior management and held additional meetings as and when needed.

Effectiveness in reducing inequalities

Responsiveness to the needs of Maori and the principles of the Treaty of Waitangi

The Ministry has a Treaty and Maori Environmental Policy Group, Maruwhenua. This group comprises three full time staff. Maruwhenua's role involves advising the Ministry on how it should address Treaty and Maori environmental issues and providing strategic advice and support to other Ministry groups.

The Ministry has a Treaty Strategy in place. The strategy is intended to ensure that we have the processes and guidelines to ensure that the Treaty of Waitangi is incorporated across all Ministry strategies, output and support service work, and to ensure that we have the resources and capability to do this effectively.

We also have a Treaty checklist for programme and project planning, which is designed for our analysts and intended to ensure the Treaty of Waitangi is recognised in all work areas.

Our Iwi Communication Strategy outlines how we go about building an effective two-way dialogue with iwi to ensure that their concerns and issues are taken into account in our work. An important objective of this strategy is to co-ordinate our communication and consultation effort across the Ministry and with other government agencies. We have an analyst assigned to lead the implementation of this strategy with the support of a group drawn from across the Ministry.

During 2000/2001 we increased our investment in improving and building the capacity of Maori to both participate in resource management processes and to develop their own iwi management

planning, monitoring and evaluation systems. We also started work on the development of indicators of Maori environmental values.

Improved iwi participation

In an effort to improve iwi participation in resource management, particularly under the Resource Management Act, the Ministry invested in the development of guidance for councils and iwi as part of the iwi/local government programme. Investment in this area focussed on providing good practice guidance to local authorities on using iwi management plans. This work was intended to compliment the guidance and development of iwi management plans under the Sustainable Management Fund. Other work undertaken included developing consultation good practice case studies intended to aid iwi, local authorities and applicants, to promote effective consultation and to help avoid common consultation pitfalls. The Ministry also further examined legal instruments to protect Maori heritage, and met Treaty settlement obligations by monitoring how councils in the Ngai Tahu rohe met their Treaty responsibilities under the RMA. The effectiveness of these investments will be monitored through the annual survey of councils and through direct feedback from iwi at annual regional hui.

Environmental performance indicators

The Ministry's Environmental Performance Indicators Programme (EPIP) invested \$102,433 (\$108,545 budgeted) in the development of indicators significant to Maori. The Ministry invested in case studies conducted at runanga and hapu level to develop indicators that integrate Matarauanga Maori and western science indicators. A strategic plan has been developed to guide investment in Maori indicators over the next three to five years, and ensure appropriate communication and dissemination. EPIP also participated in the Maruwhenua consultation hui to seek feedback over our approaches.

Management structure

The organisational arrangement and numbers shown below are those current at 30 June 2001.

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. Denise Church oversaw the work of: Human Resources; Communications; Strategic Policy; and Standards and Indicators. Lindsay Gow oversaw the work of Finance and Corporate Business; Resource Management; Legal; Land and Water; and Hazardous Substances and New Organisms. (Staff: four full-time.)

Resource Management Group

Manager: Craig Mallet

Responsible for Resource Management Act (RMA) statutory consultation and administration, ministerial statutory responsibilities, monitoring of performance under the RMA, development of best practice initiatives, and policy and legislative responses. Treaty of Waitangi claims and associated environmental issues are dealt with in conjunction with Maruwhenua. Craig Mallett oversaw the work of the Northern Regions Office and the South Island Office. (Staff: 12 full-time and two part-time.)

Standards and Indicators Group

Manager: Ray Salter

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

Hazardous Substances and New Organisms (HSNO) Group

Manager: Steve Vaughan

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

Pollution and Waste Group

Manager: Ket Bradshaw

Responsible for pollution prevention, waste management, hazardous waste management and ozone layer protection. (Staff: ten full-time and one part-time.)

Strategic Policy Group

Manager: Ralph Chapman

Responsible for strategic advice on longer-term emerging or strategic policy issues, including sustainable development and strategic planning for the Ministry. Ralph Chapman oversaw the work of the Climate Change and Environmental Policy Groups and Maruwhenua. (Staff: six full-time.)

Climate Change Group

Team Leader: Murray Ward

Responsible for providing policy advice to the Minister on a spectrum of issues associated with climate change including proactively meeting New Zealand's commitments under the United Nations Framework Convention for Climate Change and policy implementation. (Staff: 10 full-time and one part-time.)

Environment Policy Group

Manager: Matthew Everett

Responsible for environmental policy work on biodiversity, biosecurity, fisheries and marine issues, including co-ordinating the Ministry's input into New Zealand's biodiversity and biosecurity strategies and ocean policy development. Also responsible for policy advice to the Minister of Energy under Vote: Energy – Energy Efficiency and Conservation, and Environment portfolio work on transport and energy. (Staff: six full-time.)

Maruwhenua

Manager/Tumuaki: 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.)

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, environmental education and supporting the Landcare Trust. (Staff: six full-time.)

Legal Group

Manager: Marilyn Bramley

Responsible for providing legal advice to the Minister and the Ministry on environmental and other issues. (Staff: three full-time and one part-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 the production and distribution of publications. Also responsible for the processing of ministerial correspondence and advice. (Staff: four full-time and one part-time.)

Human Resources Group

Manager: Mark Broadbent

Responsible for Human Resources policies and strategy development. (Staff: three full-time.)

Finance and Corporate Business Group

Manager: Fiona Morgan

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

Library and Information Technology

Team leader: Mike Badcock

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

Business Support Services

Manager: Fiona Morgan

Responsible for records, mail services, reception and telephone services, tea services, and the co-ordination of business administration support. (Staff: 14 full-time and two part-time.)

Sustainable Management Group

Team leader: Murray Bell

Responsible for administration of the Sustainable Management Fund. (Staff: four full-time and one part-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: six full-time and one part-time.

South Island Office, Christchurch

Manager: Alisdair Hutchison

Staff: seven full-time and one part-time.

External consultants

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

- ?? Resource Management Act administration, including:
 - RMA best practice projects (eg, rural amenity workshops)
- ?? biodiversity, including:
 - technical work on renewable energy issues for input into the National Energy Efficiency and Conservation Strategy
 - marine biodiversity management at the regional level
- ?? strategic policy, including:
 - New Zealand study of value
 - approaches to improving waste, biological diversity and Resource Management
 - public participation in GMO studies
 - eco-labelling implications
 - WTO/MEAs
 - clean green image report
 - minimum energy product specifications
- ?? standards and indicators, including:
 - the Environmental Performance Indicators Programme
 - contaminated sites organochlorines programme
 - the Global Environmental Monitoring System project

?? climate change, including:

- inventory on non CO₂ greenhouse gas emissions
- nitrous oxide emissions
- carbon monitoring
- science – public education
- National Science Strategy Committee
- communication
- domestic policy

?? sustainable water management programme, including:

- freshwater microbiology research programme
- water allocation

?? sustainable land management, including:

- land use impacts on aquatic ecosystems
- Best Management Practices Programme (sustainable land use)
- hill country erosion
- lake management
- Maori values associated with water

?? communications, including:

- public awareness

?? Hazardous Substances and New Organisms (HSNO) reform, including:

- regulations development
- GMO policy work
- HSNO Act information
- training modules

?? pollution and waste, including:

- waste minimisation
- environmental effects of used oil
- landfill assessment project
- hazardous wastes management programme

?? facilitation of workshops

?? information file system review/restructure.

Acts administered

- ?? Soil Conservation and Rivers Control Act 1941
- ?? Environment Act 1986
- ?? Resource Management Act 1991
- ?? Ozone Layer Protection Act 1996
- ?? Hazardous Substances and New Organisms Act 1996
- ?? The Energy Efficiency and Conservation Act 2000

Property administration

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

| Location | Date lease commenced | Term of lease | Area leased (m ²) |
|-------------------|----------------------|---------------|-------------------------------|
| Wellington | | | |
| – Site 1 | August 1985 | 21 years | 2,610.42 |
| – Site 2 | October 2000 | 2 years | 646.06 |
| Auckland | October 2000 | 2 years | 265.15 |
| Christchurch | January 1998 | 4 years | 212.00 |

Area occupied

Occupancy and m² space allocation as at 30 June 2001

| Location | Area leased (m ²) | Number of occupants | M ² per occupant |
|-------------------|-------------------------------|---------------------|-----------------------------|
| Wellington | | | |
| – Site 1 | 2,609.42 | 90 | 29.01 |
| – Site 2 | 646.06 | 31 | 20.84 |
| Auckland | 265.15 | 7 | 37.88 |
| Christchurch | 212.00 | 8 | 26.50 |

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 when they are not paid by the lessor.

Property statistics

| Operational expenses | | | | |
|----------------------|----------------|----------------|---------------|------------------|
| Location | Rent office | Landlord | Contracts | Total |
| Wellington | | | | |
| – Site 1 | 740,479 | 224,404 | 73,765 | 1,038,648 |
| – Site 2 | 74,973 | – | 9,079 | 84,052 |
| Auckland | 51,373 | – | 5,956 | 57,329 |
| Christchurch | 26,500 | 9,829 | 7,555 | 43,884 |
| Total | 893,325 | 234,233 | 96,355 | 1,223,913 |

| Analysis of data | | | | |
|------------------|--------------------|--------------------------|--------------------------------|-------------------------------|
| Location | Rental (\$ per m2) | Rental (\$ per occupant) | Utility cost (\$ per occupant) | Total costs (\$ per occupant) |
| Wellington | | | | |
| – Site 1 | 284 | 8,228 | 266 | 11,468 |
| – Site 2 | 116 | 2,418 | 133 | 2,711 |
| Auckland | 194 | 7,339 | 480 | 9,033 |
| Christchurch | 125 | 3,312 | 579 | 8,754 |

Energy information

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

| Year | Location | Units |
|---------|-------------------|---------|
| 1998/99 | Wellington (only) | 169,938 |
| 1999/00 | Wellington (only) | 174,367 |
| 2000/01 | Wellington | 202,358 |
| | Regions | 64,137 |

Contact Information

Head Office

Grand Annex Building
84 Boulcott Street
PO Box 10-362, Wellington, New Zealand
Phone (04) 917 7400, Fax (04) 917 7523

Northern Regions Office

8-10 Whitaker Place
PO Box 8270, Auckland
Phone (09) 913 1640, Fax (09) 913 1649

This office is responsible for liaison with local government, other interest groups, and the public 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 areas covered by the Manawatu-Wanganui (Horizons MW), Taranaki, Hawke's Bay and Wellington Regional Councils.

South Island Office, Christchurch

Level 3, West Park Towers
56 Cashel Street
PO Box 1345, Christchurch
Phone (03) 365 4540, Fax (03) 353 2750

This office is responsible for liaison with local government and interest groups in the South Island and the Chatham Islands.