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1 Overview

Chief Executive's Overview

For the financial year covered by this report the Ministry's Deputy Chief Executive, Lindsay Gow, was Acting Chief Executive. During this time the Ministry made good progress on a wide range of work programmes. Key achievements are outlined in the next section. Highlights of the year included completion of the *New Zealand Waste Strategy*, the *National Energy Efficiency and Conservation Strategy* and leading the work to advise on and implement the Government's decisions on genetic modification.

Since we began the 2001–2002 financial year the Ministry has grown, from about 140 people to about 165 people today. At the same time our work programme has grown. The Ministry constantly finds itself trying to do too much.

The Ministry for the Environment was established under the Environment Act 1986. Over that time its activities have changed substantially, as has the role of environmental agencies around the world. It is, therefore, timely to be asking ourselves and others about the priorities for our work and how we organise ourselves to best deliver on those priorities. We want to find ways to be more effective while being spread less thinly.



Lindsay Gow
Acting Chief Executive
to 30 June 2002



Barry Carbon
Chief Executive
from 1 July 2002

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 2001–2002

The Government's goal for the environment is to "treasure and nurture our environment with protection for ecosystems so that New Zealand maintains a clean, green environment and rebuilds our reputation as a world leader in environmental issues".

The priority environmental issues for the Minister are:

- climate change
- genetic modification
- hazard and waste reduction
- protecting biodiversity, air and water quality.

The Minister's key supporting actions for tackling environmental issues include:

- encouraging community engagement and education
- making the Resource Management Act work
- encouraging business environmental innovation
- measuring progress and performance.

The Minister has also asked for four strategic reviews, which cover:

- monitoring environmental results and performance of local and central government agencies
- promoting environmental awareness and action in the community
- approaches to creating business environmental innovation
- environmental legislation and institutions.

The Year in Review

Priority Issues

Genetic Modification

The Royal Commission on Genetic Modification, an independent body established by the Government to look into and report on the issues surrounding genetic modification in New Zealand, reported on 27 July 2001. Over the next few months, the Ministry played a major role in advising the Government on the implications of these recommendations and how they could be implemented.

Since the Government announced its decisions in October 2001, the Ministry has been leading the interdepartmental programme to implement the decisions. This included the work necessary to put in place a two-year constraint on general releases into the environment of genetically modified organisms. We have also produced information for the public about genetic modification in New Zealand, as both printed materials and a website – www.gm.govt.nz.

See Output 1.2 on page 19 for more information.

Biodiversity

The Ministry is working with other government agencies to implement the *New Zealand Biodiversity Strategy*, which aims to halt the loss of New Zealand's unique species. Our particular focus is on private land; the home of much of our valued biodiversity. We have developed and consulted on draft wording for a national policy statement on indigenous biodiversity. We have also been working on guidance for local government in their management of biodiversity.

Three pilot projects have been initiated under the Action Bio-Community project administered by Local Government New Zealand. These are in Northland, Tasman and the Kapiti Coast near Wellington. We also established three marine pilot projects, in Fiordland, Wellington Harbour and the Hauraki Gulf.

See Output 1.3 on page 23 for more information.

Water, Land and Air

Water quality in rivers, lakes, streams and at beaches is a major concern for New Zealanders. There are still major challenges in dealing with the effects of agricultural run-off and urban stormwater. Allocation of water among competing demands such as irrigation, recreational use and maintaining aquatic ecosystems is a growing issue in dry areas.

The Ministry's work to improve land and water management is extremely wide-ranging. It includes working with the dairy industry to reduce the environmental effects of dairy farming, with local government to provide guidance on monitoring and managing the risks associated with bathing at beaches and with local communities to deal with concerns about lakes such as Taupo and Omapere. We reviewed pressures on water allocation and worked with regional councils to find solutions.

This year we updated a set of handbooks to assist lake managers and provided training on managing waterways on farms. Supporting the 2002 theme of sustainable land management, we had a strong presence at the Mystery Creek Fielddays. We contributed to the Government's *Wood Processing Strategy*, particularly the development of guidance for land use planning.

The *National Ambient Air Quality Guidelines* were revised to incorporate eight new pollutants. We contributed to work led by other departments to review fuel specifications and reduce vehicle emissions.

See Output 1.2 on page 19 and Output 1.9 on page 32 for more information.

Wastes and Hazards Management

The completion and launch of the *New Zealand Waste Strategy* in partnership with Local Government New Zealand was a major highlight of our year. The strategy, which covers solid, liquid and gaseous wastes, provides a vision and action plan for reducing and better managing waste.

We are working with local government to improve the management of landfills, including providing guidance on managing cleanfills and on full price costing and charging for landfills. The first module of the *Guidelines for the Management of Hazardous Waste* is online and provides a consistent language for identifying and recording hazardous waste.

At the same time we are continuing our work to deal with the legacy of land contaminated in the past. We completed a stocktake of confirmed contaminated sites in New Zealand, based on a survey of all regional and district councils. This is the first national picture of known sites and an essential information base for our work to provide guidance on assessing, classifying and cleaning up these sites.

In October 2001 we released a *Dioxin Action Plan* for public consultation. This includes proposals for a national environmental standard covering dioxin emissions to air from waste incineration. It will ban landfill fires and the burning of certain wastes (such as plastics) in backyard fires.

See Output 1.2 on page 19 for more information.

Sustainable Development, Energy and Transport

The Ministry had a major involvement in New Zealand's preparations for the World Summit on Sustainable Development, held in South Africa in August/September 2002. This included involvement in international negotiations and in preparation of New Zealand's country report.

We completed the Rio+10 community programme, begun in 2001–2002 as part of New Zealand's preparations for the World Summit. In August 2001 we reported on the views of New Zealanders about progress in dealing with environmental issues and priorities for future action.

The Ministry was also closely involved in work to develop a sustainable development strategy and headline indicators of sustainable development. We were a major contributor to a report on *Monitoring Progress Towards a Sustainable New Zealand*, published by Statistics New Zealand in August 2002.

A national forum we organised in Wellington on innovation for urban sustainability and eco-efficiency drew 140 participants from a wide range of sectors. We also published a guide to urban design.

A key achievement was the development of the *National Energy Efficiency and Conservation Strategy*, which we prepared jointly with the Energy Efficiency and Conservation Authority. This establishes a long-term commitment to energy efficiency, energy conservation and renewable energy in New Zealand and sets out practical steps for improving New Zealand's energy performance.

As a further joint project, we developed and consulted on proposals to introduce *Minimum Energy Performance Standards* and mandatory energy performance labelling for some electrical products.

See Output 1.5 on page 26 for more information.

Climate Change

For a substantial part of the 2001–2002 year, most of the Ministry's climate change staff and the operational funding for their work were transferred to the Climate Change Project Team in the Department of Prime Minister and Cabinet. This project team is carrying out the work previously part of the Ministry's responsibility.

Throughout the year, Ministry staff worked closely with officials across the core departments of the New Zealand Climate Change Programme to undertake the work necessary for the Government to fulfil its intention to ratify the Kyoto Protocol. The work also included science coordination, ongoing development of national inventory and registry systems and compiling New Zealand's annual emissions inventory.

A major programme to implement the carbon monitoring system for indigenous forests and soils remains with the Ministry.

See Output 1.6 on page 28 for more information.

Promoting Environmental Awareness and Action

Awareness and Education

The 2002 Green Ribbon Awards attracted 93 nominations for a wide range of individuals and organisations. Nine awards were presented by the Minister for the Environment, Hon Marian Hobbs, at a function jointly hosted with the New Zealand Landcare Trust during the Mystery Creek field days.

We are working with the Auckland Regional Council on their Big Clean Up campaign to promote action on environmental issues in that region. In June 2002 we held a series of workshops with local government and others involved in environmental education to encourage sharing of information and development of regional networks.

We began a strategic review of approaches to promoting environmental awareness and action in the community, including seeking input from partner organisations.

See Output 1.4 on page 25 for more information.

Funding Community Participation

Almost \$1 million is available each year to groups involved in resource management proceedings to obtain expert and legal assistance. The Environmental Legal Assistance Fund was established by the Government some 18 months ago and nearly \$1.4 million has been allocated in support of 92 cases in the Environment Court and High Court.

We also administer funding for projects and services under the Resource Management Act Education and Advisory Fund. This supports both legal advice for communities on resource management issues and activities to increase public understanding of the Act. Over \$500,000 has been invested since the Fund was established in March 2001.

Supporting Environmental Initiatives

The Sustainable Management Fund was established by the Government to support the community, industry, iwi and local government in a wide range of practical environmental initiatives. Since 1994 the Fund has invested \$38 million in supporting 383 projects.

The Ministry also administers a new fund to help establish new environment centres or to assist with the general costs of running one. During the year we provided \$300,000 to support 11 environment centres.

See Output 2.1 on page 39 for more information.

The Foundations of Environmental Management

Resource Management

The Resource Management Act is New Zealand's key environmental management law. To be effective, the Act requires good quality district and regional plans, and efficient administrative processes. The Ministry is working to ensure that the Act is effective by:

- encouraging good practice by councils, iwi and resource users
- improving public participation in resource management processes
- monitoring how the Act is working and advising on amendments.

In August 2001, we and our partner organisations launched the new Quality Planning website, which provides practitioners with best practice information, discussion forums and access to key contacts. We have also been involved in a number of other best practice projects aimed at assisting practitioners in the implementation of the Resource Management Act.

We worked closely with the Ministry of Economic Development on the Government's response to the report of the Business Compliance Cost Panel. This work resulted in the approval of funding for nine new projects aimed at improving local government performance in resource consent processes.

We worked with partner organisations to provide training for new councillors and for journalists on New Zealand's environmental laws. We also ran seven workshops explaining the connections between the Resource Management and Hazardous Substances and New Organisms Acts. To assist business, we produced specific guidance on the Resource Management Act for pig and poultry farmers, and for quarry operators.

With the Department of Courts, we explored the options for improving the operation of the Environment Court to the point where it is able to dispose of cases in a reasonable time. We also assisted the department with a successful bid for funding to improve the operation of the Court.

Changes to the *Marine Pollution Regulations* were developed and introduced on 15 April 2002. These enable regional councils to restrict treated sewage discharges from small boats where this is needed to protect the environment and public health. The revised regulations also provide greater protection for marine farms, customary fishing reserves and marine reserves. Guidance and publicity material about the regulations was prepared and distributed.

At a strategic level, we began an investigation of ways to improve New Zealand's environmental legislation and institutions.

See Output 1.1 on page 15 for more information.

Treaty Claims and the Environment

The Ngai Tahu Deed of Settlement imposed specific duties on the Ministry to monitor the implementation of the Resource Management Act as it affects Ngai Tahu. We agreed with Ngai Tahu on an outline programme of work and a new monitoring process through which the Ministry will facilitate meetings between elected members of each council and Te Runanga.

We advised on several other proposed Treaty claim settlements and helped explain how resource management processes affecting claimant groups would work as part of these settlements. We also organised workshops for iwi resource managers to help them develop planning documents and management plans.

See Output 1.7 on page 30 for more information.

Hazardous Substances and New Organisms

We want to ensure that hazardous substances and new organisms are managed to protect the health and safety of people and the environment. A key element of this is ensuring that the Hazardous Substances and New Organisms Act is working effectively. We monitor the operation of the Act and those charged with responsibilities under it, including the Environmental Risk Management Authority, which undertakes the day-to-day business of assessing new hazardous substances and new organisms as required by the Act. We also carry out any work necessary to amend the Act.

A particular focus during the year has been on reducing the risks of pesticide use. This covers substances used to kill weeds, fungi, insects

and animals. Public consultation on a discussion paper which outlines areas of possible risk and what might be done about them was completed in June 2002. A Ministerial Advisory Committee has been considering the complementary issue of agrichemical trespass.

See Output 1.2 on page 19 for more information.

Reporting on the State of the Environment

Good reliable information about our environment is essential to measure how well our laws and policies are working to protect New Zealand's clean green image. We are working with local government to ensure that the monitoring they carry out to meet their Resource Management Act responsibilities can also contribute to national information. An important milestone was reached this year when we gained agreement from regional councils on a partnership approach to environmental monitoring, culminating in signing the first partnership agreements. This is a key step towards achieving consistent, reliable and comprehensive information about our environment.

Two national classification systems, one for the land surface and a second for rivers, have been completed and will soon be published. This is a key step in achieving consistency in monitoring frameworks across the country. The *Land Environments Classification System* developed by Landcare Research for the Ministry recently won two major international technical awards.

We also began work to encourage triple bottom line reporting (environmental, social and economic) by business, and started pilot projects with central and local government agencies. Highlights of our own first triple bottom line report can be found on page 66.

See Output 1.8 on page 31 for more information.

2 Statement of Service Performance for the Year Ended 30 June 2002

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 be 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 2001–2002 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 (United Nations Environment Programme, Commission on Sustainable Development), the Organisation for Economic Co-operation and Development, the South Pacific Regional Environmental Programme and the Asia-Pacific Economic Co-operation 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 2001–2002 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:

- administering the Resource Management Act, monitoring of practice under it and provision of information and advice on best practice that supports excellence in Resource Management Act implementation
- completing legislative amendments to the Resource Management Act through the parliamentary process and providing of advice in support of that implementation
- establishing and implementing of a national State of the Environment reporting system for measuring and reporting on environmental outcomes and policy performance
- participating in a *whole of government* climate change work programme, to (a) deliver the policy advice, communications and consultation process necessary to enable New Zealand to ratify the Kyoto Protocol and (b) meet other obligations and commitments under the United Nations Framework Convention on Climate Change and prepare for those under the Kyoto Protocol
- developing a framework for waste management including hazardous waste management, waste minimisation and waste data monitoring
- co-ordinating the Government's response to the Royal Commission on Genetic Modification
- further developing and implementing the Government's sustainable land management strategy
- completing regulations development under the Hazardous Substances and New Organisms Act and monitoring the Environmental Risk Management Authority's implementation of the Act
- providing advice on the environmental implications of transport reforms and the *National Energy Efficiency and Conservation Strategy*
- providing advice on fisheries and marine issues, particularly on sustainability issues under the amended Fisheries Act 1996
- providing advice on issues associated with biodiversity and input towards developing the New Zealand *Biodiversity Strategy* and a national policy statement on biodiversity
- developing policies that mutually support free trade and environmental protection
- providing advice on the liability for the clean-up of historic contaminated sites

- providing advice related to the settling of Treaty of Waitangi claims to natural resources
- representing the Minister in environmental legal proceedings
- the environmental implications of matters being considered by the Cabinet and its committees
- the implications of the Government's environmental policies for local government, iwi, business, interest groups and the public.

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 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
	Revenue:			
20,762	Crown	22,041	22,112	22,041
305	Departmental	19	5	20
15	Other	76	20	70
21,082	Total revenue	22,136	22,137	22,131
20,828	Total expenses	21,526	22,137	22,131
254	Net surplus	610	-	-

Service Performance

The 2001–2002 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 Administration

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

Achieved. The Select Committee reported back on the Resource Management Act Amendment Bill towards the end of the period, although it did not get to the House for debate. Ministry staff answered public enquiries about various aspects of the Bill, provided advice to the Minister on matters related to limited notification and redrafted associated amendments in the Supplementary Order Paper.

Work continued on preparing a communications strategy to explain the key changes in the Bill to the public and local authorities in anticipation of the Bill's debate and eventual passage into law.

Develop and support Resource Management Act regulations, including consequential regulations to the Resource Management Amendment Bill 1999 and the draft Resource Management forms, fees and Procedure Regulations 2000.

Achieved. The Ministry completed its review of the Resource Management (Forms) Regulations and redrafted the regulations into plain language. The Forms were checked and amended to ensure consistency with the Resource Management Act, its amendments in the Resource Management Act Amendment Bill and the Supplementary Orders Paper.

The Resource Management (Marine Pollution) Regulations were introduced on 15 April 2002 to improve protection for marine farms, marine reserves and mataitai from untreated sewage from vessels. These regulations will enable regional authorities to restrict treated sewage discharges from small boats where there is an environmental or public health reason for doing so. Guidance and publicity material was prepared and distributed.

Complete the designation review and provide advice on possible legislative changes.

Deferred. The project was excluded from the Purchase Agreement for 2001–2002. No further work was done on this review so no advice was required for possible legislative changes.

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

Achieved. The Ministry continues to put considerable effort into investigating and promoting public participation (including that of iwi), improving implementation and promulgating best practice. The major initiative completed was the launch of the Quality Planning website on 21 August 2001. This website provides access to best practice information for planning practitioners, forums for discussion and an extensive database of published information on the Resource Management Act. The site was updated during the year and new guides on consultation, rule writing and iwi consultation were added. By the end of the year, 680 users were registered and new guides were in production.

Other work included:

- projects to monitor the effectiveness of local authorities' plans in four councils: Buller, Grey, Westland and the West Coast Regional Council
- completing a policy and plan monitoring template of ten local authorities detailing current approaches and practices on policy and plan monitoring
- participating in a number of regional monitoring forums
- a workshop with the Institute of Geological and Nuclear Sciences, the Geological Society of New Zealand and the New Zealand Society for Earthquake Engineering to produce guidelines on the use and development of land close to active earthquake faults

- sponsoring the Performance Excellence Study Award and workshops that enabled participants from around the country to share experiences in performance improvement
- developing a number of publications, including:
 - a guideline on handling sewage safely on boats
 - an urban amenity guide with CD Rom
 - three industry user guides on managing the adverse effects of pig farming, poultry farming and quarrying.

We developed and held *nga taputapu kawē kaupapa* workshops to help local authorities work with iwi and to make best use of existing iwi management plans. We also held two supporting seminars on plan development and prepared Māori heritage management guidance for kaitiaki Māori, based on actual situations.

The Ministry also provided technical support for key Sustainable Management Fund projects, including training in Resource Management Act roles and responsibilities for councillors, practitioner workshops on managing rural amenity conflicts and training workshops on the Resource Management and Hazardous Substances and New Organisms Acts.

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

Achieved. During the year over 100 applications for funding under the Environmental Legal Assistance Fund were considered by the advisory panel, along with a substantial number of applications under the Resource Management Education and Advisory Fund. Environment Centre funding was also sought by 11 centres, bringing the total number of centres supported by the Ministry to 14. A monitoring framework for both the education and advisory services and the legal assistance funds was developed and reports were prepared for the Minister.

A broad assessment of the opportunities for public participation in Resource Management Act processes was undertaken and a briefing prepared for the Minister. *The RMA and You Guide: Getting in on the Act* continued to be popular and another publication *Thinking of Buying a Property?* was launched to positive responses.

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

Achieved. Staff in regional offices consulted with local government and other interested parties on resource management issues. *People + Places + Spaces*, an urban design guide, was prepared and launched during the year. A series of successful workshops concentrating on the guide's design principles were also held.

The completed report, *Streamlining RMA Approvals for Land Transport Projects: A study of delays in major roading projects* was presented to the Ministers for the Environment and Transport during the year.

Undertake collaborative work with local government and users on Resource Management Act best practice benchmarks and on local authority performance, in particular to streamline Resource Management Act processes while maintaining good environmental outcomes, and link Resource Management Act process performance to sustainability outcomes.

Achieved. The Ministry completed a review of the operations of the Environment Court, identified the type of delays experienced by those using the Court and made recommendations that could enable the Court to dispose of cases more quickly. A report, *The RMA 10 years on* was completed, with examples of many of the positive outcomes achieved since the enactment of the Resource Management Act. A second report provided a more critical analysis of performance under the Act – a key conclusion being that there controversies would always exist. From this, the Ministry identified priority projects for further investigation.

The biennial survey on local authority practices and performance under the Resource Management Act is now in electronic form for completion via Internet in the 01 July 2001 to 30 June 2002 survey period.

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

Achieved. The Ministry responded to the Business Compliance Cost Panel's report, which made implementation issues for small businesses and the cost of compliance with the Resource Management Act a key issue. Issues identified and considered included a new programme to assist business with the Resource Management Act and a new programme of National Environmental and National Policy Statements. We started work on nine projects to ensure effective implementation of the Resource Management Act resource consent procedures. We worked closely with Local Government New Zealand on the projects, which fall under three headings: addressing Māori obligations, improving consent procedures and the capacity of councils in resource management processes.

Process the Rangitata Conservation Order application including through the hearing stage.

Ongoing. The hearing phase of the Application was completed on 20 December 2001. The special tribunal met fortnightly to draft its report but was delayed because of illness. A new reporting date of the end of August 2002 was set. To ensure that the Ministry was impartial in the decision-making, we sought external legal advice.

Output 1.2: Waste and Hazards Management

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

Achieved. The Ministry co-ordinated a major interdepartmental programme, which resulted in six papers being presented to the Government. We also provided advice on changes to the proposals. The Government's decisions were announced on 30 October 2001 with more detailed decisions following on 14 November 2001.

We continue to co-ordinate the interdepartmental response to the Royal Commission and lead on several pieces of major work. The Genetically Modified Organisms and Restricted Biotechnical Procedures Bill was introduced in December 2001. We successfully led a bid to the Cross Departmental Research Pool for a research project on genetic modification and took over the lead role for establishing the Bioethics Council: Toi Te Taiao.

The Ministry co-ordinated core agencies including the Ministries of Agriculture and Forestry, Research Science and Technology, Foreign Affairs and Trade, Economic Development, Health, the Treasury, the State Services Commission and Te Puni Kōkiri in implementing the Government's decisions on response to the Royal Commission. We drafted amendments to the Hazardous Substances and New Organisms Act to restrict certain genetic modification activities, began to develop a biotechnology strategy, sought to increase Māori involvement in decision-making and updated regulations for low-risk genetic modification work, approved medical procedures and provisional conditional release.

Provide advice on the operation and implementation of the Hazardous Substances and New Organisms Act, including guidance for users, advice on regulations for transfer of substances, and amendments.

Achieved. The Ministry completed policy proposals to ensure the Hazardous Substances and New Organisms Act would be fully in force by 31 May 2002. Regulations, though behind schedule were approved during the last quarter of the year and drafting instructions will be completed in the first half of the 2002–2003 financial year.

We completed a major publicity and information programme on the commencement of the Act including a major mailout.

During the year we attended Hazardous Substances and New Organisms Enforcement Agency Liaison meetings and monitored reports on enforcement from the Environmental Risk Management Authority, working with enforcement agencies to ensure appropriate enforcement arrangements were in place. We also began a review of government funding for all aspects of hazardous substances, including those that fall outside the Hazardous Substances and New Organisms Act. This review should reveal the government's expectations of, and establish a firm financial base for local authorities in this area.

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

Achieved. The Ministry completed the *New Zealand Waste Strategy*, in partnership with Local Government New Zealand, which was approved by the Government and formally launched by the Minister. We briefed local authorities, industry and other interested parties on the strategy's detail. We also prepared a detailed plan to implement the strategy.

Develop, in partnership with local government, measures to reduce waste.

Ongoing. The Ministry worked closely with Local Government New Zealand to prepare the *New Zealand Waste Strategy* and also with individual councils on a number of projects. These included trialling a hazardous waste-record keeping system with the Marlborough District Council.

Develop and implement guidelines for managing landfills.

Achieved. The Ministry completed, launched and distributed the *Landfill Full Cost Accounting Guide*. To support the guide, we ran workshops for local authorities and interested parties where the *Solid Waste Analysis Protocol*, the *Guide to Managing Cleanfills* and the *New Zealand Waste Strategy* were introduced and discussed.

The Ministry also completed draft proposals on the form of used oil recovery networks. The paper was held over for presentation after the election.

Scoping for the *Sewage Treatment Handbook* was completed and the first two chapters drafted.

Develop a management plan for organochlorines and a national environmental standard for dioxins and Polychlorinated Biphenyls.

Achieved. The Ministry, in conjunction with stakeholders started work to address the risks of organochlorines and other contaminants on historic sheep dip sites and from pesticide residues on horticultural land. Work on polychlorinated biphenyl wastes was deferred due to a lack of resources.

The Ministry also released for public consultation a *Dioxin Action Plan* that proposed a National Environmental Standard for dioxin emissions to air from waste incineration. Consultation on the National Environmental Standard included developing a dedicated, interactive website www.dioxinplan.mfe.govt.nz that allowed direct on-line submissions to be made. Background material on the plan was released to over 6,000 individuals and agencies. 124 submissions were received which showed strong support for the proposal. Release of the findings was deferred until after the election.

Develop policy on contaminated sites, including the establishment of a fund to remediate orphan sites.

Achieved. The Ministry completed policy work for a draft amendment to the Resource Management Act to implement changes to the liability regime for contaminated sites. All regional and district councils were surveyed to confirm the number of contaminated sites and managed/ remediated sites in the country. This information was compiled into a national picture of contamination and was posted on the Environmental Indicators Programme website www.environment.govt.nz/contam. We continued to work with regional councils to develop educational material on contaminated sites and technical guidelines for assessing and classifying sites.

We completed the draft Orphan Sites Remediation Fund Administration Rules and prepared a Cabinet paper for the incoming government. Following additional funding, work was also started on three new projects:

- investigating dioxin levels in New Plymouth residential soils
- assessing dioxin emissions from metallurgical plants
- assessing dioxin contamination at sawmill sites.

Provide support for the Ministerial Advisory Committee on Agrichemical Trespass.

Achieved. Two reports were delivered to the Ministerial Advisory Committee, outlining both immediate actions to address problems identified and longer-term strategies to address the issues.

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

Achieved. After substantial work on summarising submissions, and consultation, revised *Ambient Air Quality Guidelines* incorporating eight new pollutants were published and distributed, accompanied by a media release.

Work started on an Action Plan to reduce particulate matter in the air, after consultation through the guidelines review process and a summary of submissions was received on National Environmental Standards.

We continued to work closely with local authorities on air quality issues, including a workshop on stack emissions in Christchurch and support for the Auckland Regional Council's *Big Clean Up* campaign targeting vehicle emissions. We also released a report on the *Health Effects of Vehicle Emissions on Human Health*, which created considerable public interest. We worked closely with the Ministry of Transport to develop

further measures to reduce vehicle emissions and participated in the fuel specifications review led by the Ministry of Economic Development.

Amend the Ozone Regulations to reflect international agreements.

There were no changes to international agreements that necessitated amendments to the New Zealand Ozone Regulations.

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

Achieved. New Zealand's report on consumption of ozone-depleting substances was submitted to the Secretariat for the Montreal Protocol on 24 September 2001.

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

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

Ongoing. The Ministry continued to contribute to the Chief Executives' group overseeing the implementation and monitoring of the Biodiversity Strategy and helped prepare its first Annual Report. The Ministry also contributed to work on the Government's key goals for a number of policy issues including:

- a Ministry of Foreign Affairs and Trade paper on involvement in Antarctica
- a Cabinet paper on the South Island Landless Natives Act land
- penalties and enforcement amendments to the Conservation Act.

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

Ongoing. The Ministry put considerable resources into the development of a National Policy Statement on Biodiversity. A Central and Local Government Leaders' Forum considered a preliminary form, followed by a series of ten workshops and six hui throughout the country. We prepared a companion document, a major speech, released all documents on the website and held meetings with interested groups. A reference group was established to consult on and help draft the final form of the National Policy Statement. The final establishment of two contestable funds was held over due to outside factors, but a paper recommending appointments to the allocation committee was sent to Cabinet. The Action Bio-Community project (a Sustainable Management Fund-funded project managed by Local Government New Zealand and supported by the Ministry) was launched which initiated three projects in Northland, Tasman and on the Kapiti Coast. These are designed to increase local government capacity for dealing with biodiversity issues.

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

Achieved. The Ministry contributed to and provided feedback on the *Marine Protected Areas Strategy*, a review of the Marine Reserves Act and the drafting of the Marine Reserves Bill introduced to Parliament. We also established case studies in marine management in the Wellington region, the Hauraki Gulf and Fiordland.

Comments and advice relating to the Ministry's statutory functions under the Fisheries Act were provided as required. This included a draft fisheries plan framework from the Ministry of Fisheries proposed amendments to the Fisheries (Registers) Regulations and the Quota Management System.

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

Achieved. The Ministry contributed to the development of the Biosecurity Strategy through the Biosecurity Council and the Biosecurity Technical Forum. We worked with the Ministry of Agriculture and Forestry to develop draft protocols that were provided to local authorities for comment. We also assisted with Resource Management Act issues arising from the Painted Apple Moth incursion and the Southern Salt Marsh Mosquito and worked with the Ministry of Agriculture and Forestry on the surveillance network to detect and respond to new established pests.

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 Auckland Regional Council's *Big Clean Up* campaign and continued to explore the potential to use this model as a national scheme. We also sought partnerships to promote long-term community awareness and action with partner organisations.

Develop and implement public awareness initiatives to enable community input to the New Zealand contribution to the World Summit on Sustainable Development.

Achieved. In August 2001 we reported on community perceptions of progress with environmental issues and priorities for the future. We produced a leaflet summarising the findings to give feedback to those who contributed to the programme and provided information towards New Zealand's country report.

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

Achieved. The Ministry produced five issues of *Environment Update*. Further information on a range of issues including genetic modification, the *New Zealand Waste Strategy*, Rio+10, and the Green Ribbon Awards was added to the Ministry's corporate website. Preparations are also well under way for the website upgrade and transfer to a newly designed site.

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

Achieved. Extensive publicity on the call for nominations for the Green Ribbon Awards resulted in 93 nominations being received. Nominations were assessed and the awards were made at a presentation with the Landcare Trust at the Mystery Creek Fieldays.

A Public Awareness Adviser was appointed during the year to review public awareness programmes in New Zealand and overseas to identify effective programmes to promote public awareness and action.

Implement priorities and actions of the Environmental Education Strategy.

Ongoing. We assisted with planning for the national environmental education conference in January 2002. We ran workshops in nine regions with local government and others involved in environmental education to encourage networking and sharing of information.

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

Ongoing. We participated in a very successful environmental education conference, provided advice and assistance to develop an education programme for climate change, started early planning for waste education work and held meetings with local government and others involved in environmental education in Northland, Auckland, Hawkes Bay, Taranaki, Palmerston North, Wellington, Southland, Otago and on the West Coast.

Output 1.5: Sustainable Development, Transport, Energy and Trade

Provide advice on transport policy issues, including public passenger transport proposals.

Achieved. The Ministry worked closely with the Ministry of Transport to develop the *New Zealand Transport Strategy*, along with input to papers on policy issues including transport funding and pricing, infrastructure and regulatory controls. We also jointly developed proposals on vehicle fuel efficiency labelling and fuel consumption. We suggested limits on sulphur levels in diesel and provided advice on developing a road-user regime, investigating surface transport costs and funding alternatives to roading.

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

Ongoing. The Ministry provided advice to the Ministry of Foreign Affairs and Trade on their Cabinet paper on integrating environmental issues into future negotiations on trade agreements for the fourth World Trade Organisation round and attended the Ministerial Meeting in Doha as part of the New Zealand delegation. New Zealand's objectives at the conference were largely achieved, including those for the environment. We later attended a symposium with other Asia Pacific Economic Co-operation nations to discuss the current World Trade Organisation trade round, and the World Trade Organisation meeting on the Committee on Trade and Environment.

We also advised the Ministry of Foreign Affairs and Trade on issues relating to trade and environment, participated in an interdepartmental working group on trade issues, advised on environmental issues for the proposed Hong Kong Closer Economic Partnership Agreement and advised the Ministry of Foreign Affairs and Trade on key issues such as labelling and multilateral environmental agreements.

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

Achieved. Lead responsibility within government for this work shifted to the Ministry of Foreign Affairs and Trade midyear [CAB Min (01)10/5] but we continued to work as a co-ordinator and major contributor. At 30 June 2002 the report for the Commission on Sustainable Development was complete and awaiting Cabinet approval before publication and submission to the United Nations.

Advise on sustainable development in the context of industry and regional development strategies and programmes.

Ongoing. Initial work on preparing draft goals and principles for the *New Zealand Sustainable Development Strategy* was partly set aside by the Department of Prime Minister and Cabinet, the lead agency in the interdepartmental group considering the issue. New priorities to promote growth and innovation were then taken up and the Ministry continued to contribute to the group's work to develop options for the strategy. This was deferred until after the World Summit.

The Ministry continued to work on developing sustainable development indicators through our Environmental Reporting group's work.

Advise on energy efficiency and conservation issues.

Achieved. The Ministry worked with the Energy Efficiency and Conservation Authority to prepare the final *National Energy Efficiency and Conservation Strategy*, action plans and associated materials. We also worked to refine the renewables target in the strategy and completed a Cabinet paper outlining our recommendations for targets and mechanisms to achieve the Government's preferred policy package for energy production.

We also contributed to ongoing work to achieve the Government's sustainability outcomes for the electricity sector. With the Energy Efficiency and Conservation Authority, we co-ordinated two demonstration projects on demand-side participation in electricity markets and prepared a project brief for a study of the barriers to increased use of gas.

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

Achieved. The Ministry organised a national forum, *Innovation for Urban Sustainability and Eco-Efficiency*, and was involved in the United Nations Environment Programme and EPA Victoria's discussions on *Creating Urban Ecosystems*. We were involved in the Auckland Regional Growth Forum to consider urban growth issues and continued our work on the joint Energy Efficiency and Conservation Authority/Ministry of Transport Sustainable Urban Form Project. We examined the relationship between urban form and transport for our energy, transport and urban design policies.

Develop tools and approaches for sustainability reporting.

Achieved. The Ministry commissioned a report on headline indicators of sustainability for New Zealand. The report was completed in March 2002 and was widely circulated to other agencies. It complements other Ministry work on environmental performance indicators and provides a useful basis for further work to develop measures of progress toward sustainability in New Zealand.

Output 1.6: Climate Change

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

Achieved. Ministry officials worked as part of the interdepartmental New Zealand Climate Change Programme to develop a plan that would enable the Government to fulfil its intention to ratify the Kyoto Protocol by September 2002. This included:

- holding over 60 meetings throughout the country
- analysing economic and socioeconomic impacts
- preparing a comprehensive discussion document on the Government's preferred policy package, followed by 49 consultation meetings
- working with other agencies to develop the legal/legislative framework
- continuing communications work, including:
 - publishing climate change newsletters
 - preparing a climate change consultation kit for distribution to all schools
 - developing the content and design for a new climate change website
 - preparing information for farmers at the Mystery Creek Fieldays.

Work continued on the less time-dependent elements such as developing estimation systems to assess the likely quantity of sink credits New Zealand might earn in the first commitment period, investigating a carbon monitoring system for indigenous soils and forests and developing methods to monitor emissions.

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

Achieved. Updating and improving the national greenhouse gas inventory is an annual and ongoing task. The year 2000 inventory was submitted to the United Nations Framework Convention on Climate Change on 15 April 2002 as required. Inventory good practice is being incorporated into inventory preparation and this year included an upgrade of the waste sector part of the inventory.

Details of emerging domestic emissions trading regimes, in particular in the European Union, were reviewed, including visiting a range of countries (United Kingdom, Brussels, The Netherlands and Norway) to speak with officials and business/industry representatives.

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. The Ministry completed and released three in-depth impact studies on the coastal zone, agriculture and health, and took the lead for a Cabinet paper on further impact and development work on an adaptation strategy. The Ministry participated in panel meetings, including one where one of its staff was elected to the Bureau of the Intergovernmental Panel on Climate Change Taskforce on Inventories.

We also attended the Framework Convention on Climate Change meetings in Australia, Morocco and Bonn, where progress was made on technical issues such as reporting and reviewing guidelines and on developing technical standards for registries.

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 provided advice as necessary on treaty claims to natural resources. This included co-ordinating a response to the tangata whenua section of the Oceans Policy, helping the Department of Conservation review marine reserves legislation, dealing with the Ngati Tuwharetoa ki Kawerau claim, the Ngati Tama settlement legislation the review of the Public Works Act and the Crown's response to the Waitangi 262 claim.

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

Achieved. The Ngai Tahu Deed of Settlement requires the Ministry to monitor the implementation of the Resource Management Act as it affects Ngai Tahu. The annual South Island hui successfully covered a wide range of Ministry initiatives including resource management activities in the Deed of Settlement. We held workshops for councils to help them take a structured approach to working with iwi. This is further outlined in Output 1.1.

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

Achieved. The Ministry provided ongoing advice to:

- the Sustainable Management Fund
- the Strategic Policy group on Māori input for Rio+10
- the Climate Change group through the Māori Task group
- the Ministry's Hazardous Substances and New Organisms Group
- the Land Transport Review
- the Hazardous Substances and New Organisms Act
- aquaculture law reform.

We also participated in an interdepartmental group reporting to the Chief Executive's forum on developing a heritage strategy.

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

See Outputs 1.1 and 1.8 for detail on this.

Output 1.8: State of the Environment Reporting and Indicators

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

Achieved. The Ministry designed a robust, practical environmental reporting system and developed a system that – both on paper and via the Internet www.environment.govt.nz presents indicator information in a report card format.

Trial indicators monitoring and reporting methods.

Ongoing. Regional monitoring groups were operating in Northland, Auckland, the Waikato, Bay of Plenty, Wellington and on the West Coast by the end of the financial year. The Ministry worked with regional councils to facilitate the formation of an environmental monitoring group with all local authorities to co-ordinate collecting and sharing indicators data. This sharing will take place in a national forum set up in the Partnership Agreement signed by all chief executives of regional councils. This agreement formalised our working relationship with the councils to develop the monitoring, reporting and collection of indicators. The partnership approach was also taken with central government agencies such as the Ministry of Fisheries.

Complete the development of a core set of environmental indicators.

Achieved. Development of draft discussion documents for proposed stage one indicators for pests, weeds and diseases was completed, but the release was delayed to enable the Ministry of Agriculture and Forestry to review it for biosecurity surveillance needs. Work on hazardous waste and toxic substance indicators continued, while the fisheries indicator was completed and awaiting Ministry of Agriculture and Forestry sign-off.

Evaluate and trial ecosystem classification methods for monitoring confirmed indicators.

Achieved. Both the river and terrestrial environment classification systems – along with accompanying user guides, technical guide and a table atlas – were completed and published during the year. Development of the marine environment classification system progressed well and will be completed in the 2003 calendar year. The lakes classification system was deferred until the marine, freshwater and terrestrial classifications are complete and implemented. The wetlands classification systems will be tested and is likely to need further development as it uses a different approach to the other systems.

Advise on indicators of urban environmental sustainability.

Achieved. See Output 1.5 for detail.

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

Achieved. The Ministry investigated triple bottom line reporting and sponsored a conference on Social Auditing in New Zealand. Two triple bottom line pilot groups were established – one for local authorities and one for central government agencies – to see if triple bottom line reporting would add value to their reporting processes. The finding was positive and most of the participants will now work towards producing an annual report in a triple bottom line format. See Section Five for more details.

Output 1.9: Sustainable Land and Water Management

Develop issues and options papers on water allocation, groundwater management and means for achieving conservation and protection of water resources.

Achieved. The Ministry participated in the work of the Water Allocation Steering group, comprising the Ministry of Agriculture and Forestry and regional councils, which formally agreed to a joint water allocation programme. This included developing a best practice guide to groundwater management, a review of case law on water allocation and alternatives to *first in, first served* allocation. We helped with the production of a comprehensive irrigation efficiency manual, initiated discussions with Environment Canterbury on the release of the draft of the Canterbury Natural Resources Regional Plan, hosted workshops on transferable water permits and helped the Ministry of Agriculture and Forestry organise a water allocation conference.

We started work on a National Policy Statement to promote efficient water allocation, consulted with other agencies and prepared potential policy packages and an issues-based report on the current status of water allocation in New Zealand.

Complete the data collection phase of the freshwater microbiological research programmes and provide guidance on the risks to human health of our fresh and coastal waters.

Achieved. The Ministry completed the marine bathing guidelines, incorporating a catchment-based risk assessment, after workshops were held to glean feedback on making the guidelines more effective. Some local authorities have already started using the guidelines.

We completed an overview of urban catchment management after meeting with staff from the Wellington and Auckland Regional Councils and Environment Waikato to identify roles in urban catchment management. Little knowledge of practices of how to avoid damage and the impacts of damage are the main contributors to poor urban catchment planning.

The Ministry completed its *Bad Bugs* analysis of freshwaters and completed drafting the *Freshwater Recreational Guidelines*.

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

Ongoing. After discussions with Fish and Game New Zealand, Forest and Bird, Fonterra, the Ministry of Agriculture and Forestry, Environment Waikato and regional councils, a draft *Dairy Environment Action Plan* was completed. We prepared a series of documents, including *Dairying and Clean Streams*, for the Chief Executives Steering group and broad agreement was reached on clean stream objectives.

We launched the publication *Managing Waterways on Farms: a guide to water and riparian management in rural New Zealand*, a practical manual targeted at farmers and their advisers. We helped fund workshops in Palmerston North and the Tasman District on riparian management and prepared training material in modules for a series of six workshops, the first of which was held during the year.

We worked closely with Environment Waikato to address the risks to Lake Taupo through their regional plan. We convened a group of regional planners to develop rules to control nitrogen losses from farms in the Lake Taupo catchment, investigated the costs of possible changes to the use of Crown land (which would affect nitrogen flows into the lake) and commented on Environment Waikato's draft *Lake and Catchment Management Strategy*. We suggested the best way forward was for all stakeholders to come together to discuss the issues, rather than the previous bilateral approaches.

We also worked with Environment Southland on the *Southland Freshwater Plan*, examining regulatory approaches to controlling stock access to streams.

Facilitate sustainable resource development.

Ongoing. The Ministry has contributed to the development of the *Wood Processing Strategy* through a steering group. A report on how the Resource Management Act affects the development and expansion of new and existing wood processing plants set out recommendations on how the industry and councils could work together more constructively. A second report compared examples of costs for resource consent applications, drawing on good and bad practice scenarios. The forest industry continued to develop a code of practice for forest processors, which we will support through workshops in the 2002–2003 financial year.

We also worked with the Landcare Trust to develop a major stand at the National Fieldays. Our new brochure, *Action for the Ground* was launched to inform people about our various work programmes.

We worked with the Gisborne District Council and the East Coast Forest Project to promote the sustainable use of erodible land. The Council completed consultation with farmers and agreed to accelerate the development of rules to control pastoral farming on severely erodible pastoral land. We took part in a cross-sectoral group on environment management systems and helped develop a Sustainable Farming Fund project that seeks to amalgamate all current and developing agricultural environmental management systems into one.

Output 1.10: General Ministerial and Environmental Advice

Speech notes were provided and general advice given as required by the Minister.

Ministerial Correspondence

	<i>Expected Performance</i>	<i>Actual Performance</i>	
		<i>Environment</i>	<i>Energy</i>
Quantity	925	1,637	368
Timeliness	Draft replies completed within 20 working days.	74.0% of draft replies were completed within 20 working days.	66.6% of draft replies were completed within 20 working days.
Quality	95% of first drafts accepted by the Minister.	96.5% of first drafts were accepted by the Minister.	97.8% of first drafts were accepted by the Minister.

Parliamentary Questions

	<i>Expected Performance</i>	<i>Actual Performance</i>	
		<i>Environment</i>	<i>Energy</i>
Quantity	160	118	27
Timeliness	By the stipulated deadline.	96.6% of the answers were provided by the stipulated deadline.	100% of the answers were provided by the stipulated deadline.
Quality	95% of replies 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' Reviews

The work programme for the year involved advising on the environmental and resource management law implications of other departments' policy and legislative reviews and reforms, including in the following areas.

Treaty Settlements

The Ministry has worked on advising on the Resource Management Act in the development of many treaty claim settlements, including Tuwharetoa ki Kawerau, Ngati Ruanui, Ngati Awa, Nga Rauru and the Wai 262 claim. We negotiated with the Office of Treaty Settlements on the draft deed of settlement which forms the basis for any Treaty settlement.

Review of the Local Government Act

The Ministry carried out a significant amount of work on this, including commenting on a large number of draft Cabinet papers. We finalised the minor amendments to the draft Bill and helped Local Government New Zealand with its implementation process. We took particular interest in the central/local government relationship and in the relationship between regulations under the Bill and the Resource Management Act.

Review of Environmental Impact Assessment Procedures in the Economic Exclusion Zone

The Ministry drafted interim procedures and held discussions with the Ministry of Economic Development, the Parliamentary Commissioner for the Environment and the Maritime Safety Authority. We have continued to work with other officials to progress the issues and options report prepared during the year.

Hull Scraping Regulations

The Ministry worked with the Ministry of Fisheries on their proposed hull scraping regulations to reduce biosecurity risks under the Biosecurity Act. If, after a literature review, we find that antifouling paints are a problem in marine environments, we will produce guidelines to accompany the Ministry of Fisheries' regulations.

Land-on-line Certification

We provided advice to Land Information New Zealand to help implement Land-on-line, providing feedback on draft Cabinet papers.

Heritage Review

Discussions with the Ministry for Culture and Heritage on heritage management under the Resource Management Act continued. A Government Co-ordinating group for Historic Heritage was established and work progressed on the development of a National Policy Statement on historic heritage.

Public Works Act Review

The Ministry participated in working groups to work through submissions on the review discussion document and to develop policy options for a revised Bill. We took part in the development of Cabinet papers outlining proposed changes to the legislation.

Antarctica: Strategic Interests and Review of the Ross Sea and Southern Oceans

We participated in meetings to develop the Strategy for Antarctica.

Trans-Tasman Mutual Recognition Arrangement Implementation

We finished developing the Energy Efficiency (Energy Using Products) Regulations 2001, aligning New Zealand and Australian requirements for energy labelling. Australian officials agreed to a report recommending that the existing exemptions for the trade of dangerous goods, hazardous substances and industrial chemicals be continued. We also prepared a progress report on energy labelling and Minimum Energy Performance Standards to help the Ministry of Economic Development complete its annual review of the arrangement.

Prostitution Reform Bill

We provided written advice to the Justice and Electoral Reform Committee on the implications of the Prostitution Reform Bill on the management of prostitution by local authorities through district plans prepared under the Resource Management Act.

Taxation Review

We provided information on environmental taxes, including a carbon charge and options for a levy on waste disposal to landfills for the review, which was completed during the year.

Output 1.12: Crown Entity Monitoring

Process budget approvals for the Environmental Risk Management Authority.

Achieved. The Ministry processed all budget approvals as required.

Advise Ministers on approvals of the Statement of Intent and Purchase Agreement.

Achieved. The Ministry advised the Ministers on the Environmental Risk Management Authority's Purchase Agreement and Statement of Intent as required.

Liaise with Crown entity boards and management, and advise Ministers on Crown entity performance and related matters.

Achieved. The Ministry liaised with the Environmental Risk Management Authority's Board and senior management team regularly. Quarterly reports were also provided to the relevant Minister on the Authority's performance.

Vote: Environment: Output Class 2: Administration of Sustainable Management Fund, Landcare Trust 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:

- developing and implementing 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 2001–2002 Sustainable Management Fund Guide for Applicants
- monitoring expenditure, including completion of technical audits
- payment of claims and reviews of milestones.

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 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
	Revenue:			
662	Crown	662	662	662
662	Total revenue	662	662	662
662	Total expenses	624	662	662
-	Net surplus	38	-	-

Service Performance

The 2001–2002 Estimates and the Purchase Agreement (and subsequent amendments approved by the Minister) contain one output in Output Class 2: Administration of Sustainable Management Fund, Landcare Trust and Residual Catchment Grants.

Review of Output Achievements

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

Assess Sustainable Management Fund applications from a range of providers and peer review applications (150 project outlines and 25 applications anticipated).

Achieved. 129 project outlines and 12 applications were received in the major funding round and 65 project outlines and nine applications in the minor funding round.

Advise the Minister on grant allocations to successful Sustainable Management Fund applicants for two funding rounds in October (for 2001–2002) and April (for 2002–2003).

Achieved. The Minister was advised of details of the 13 applicants granted funding in the two funding rounds, which made a total of 109 projects being managed during the year.

Complete 10 performance and financial audits of Sustainable Management Fund projects.

Achieved. Twelve audits were undertaken during the year.

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 for the Environment.

Achieved. We made payments as required to the Landcare Trust.

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.

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 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
	Revenue:			
250	Crown	297	297	297
250	Total revenue	297	297	297
250	Total expenses	241	297	297
-	Net surplus	56	-	-

Service Performance

The 2001–2002 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

Process budget approvals for the Energy Efficiency and Conservation Authority.

Achieved. Budget approvals were processed as required.

Advise the Minister on approval of the Statement of Intent and Purchase Agreement.

Achieved.

Monitor the Energy Efficiency and Conservation Authority and report to the Minister of Energy as required.

Achieved. The Ministry was involved in reviewing the Authority's accountability documents and regularly reported to the Minister.

3 Crown Revenue and Receipts

Crown Revenue and Receipts for the Year Ended 30 June 2002

(GST inclusive where applicable)

Actual 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
	Current revenue			
	Non-tax revenue			
37	Catchment Works Loans – interest	15	60	15
545	Coastal royalties	731	400	570
1	Resource Management Act fees and charges	–	11	–
583	Total non-tax revenue	746	471	585
	Capital receipts			
1,232	Catchment Works Loans – principal	1,369	1,233	1,369
1,232	Total capital receipts	1,369	1,233	1,369
1,815	Total Crown revenue and receipts	2,115	1,704	1,954

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 2002.

4 Financial Statements

Performance Indicators for the Year Ended 30 June 2002

	Unit	Actual 30/06/2002	Supp. estimates 30/06/2002
Operating results			
Revenue: Crown	\$000	23,000	23,000
Revenue: departments and other	\$000	95	90
Revenue: interest	\$000	17	17
Output expenses	\$000	22,391	23,090
Gain on sale of assets	\$000	5	5
Net surplus	\$000	726	22
Working capital			
Net current assets	\$000	(267)	(290)
Current ratio	%	94.7	91.3
Resource utilisation			
Fixed assets			
Total fixed assets at year-end	\$000	894	953
Value per employee	\$000	5.8	5.8
Additions as % of fixed assets	%	44.2	42.0
Fixed assets as % of total assets	%	15.9	23.8
Taxpayers' funds			
Level at year-end	\$000	343	343
Level per employee	\$000	2.2	2.1
Net cash flows			
Surplus from operating activities	\$000	2,648	1,223
Deficit from investing activities	\$000	(334)	(405)
Deficit from financing activities	\$000	(313)	(313)
Net increase/(decrease) in cash held	\$000	2,001	505
Human resources			
Staff turnover	%	17.7	17
Average length of service	Years	4.6	4
Total staff	No.	154	163

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

Statement of Financial Performance for the Year Ended 30 June 2002

Actual 30/06/2001 \$000		Notes	Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
	Revenue				
21,674	Crown		23,000	23,071	23,000
325	Other	1	100	48	95
54	Interest	2	17	34	17
22,053	Total revenue		23,117	23,153	23,112
	Expenditure				
7,493	Personnel	3	8,832	7,710	9,007
13,790	Operating	4	13,031	14,905	13,616
423	Depreciation	5	497	450	436
34	Capital charge	6	31	31	31
21,740	Total expenses		22,391	23,096	23,090
313	Net surplus from operations		726	57	22

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

Statement of Financial Position as at 30 June 2002

Actual 30/06/2001 \$000		Notes	Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
343	Taxpayers' funds		343	343	343
343	Total taxpayers' funds		343	343	343
	Represented by:				
	Current assets				
492	Bank		4,493	2,015	2,997
2,000	Short-term deposits	7	–	1,000	–
15	Prepayments		33	30	30
170	Debtors and receivables	8	211	20	18
2,677	Total current assets		4,737	3,065	3,045
	Non-current assets				
999	Fixed assets	9	894	942	953
3,676	Total assets		5,631	4,007	3,998
	Current liabilities				
2,417	Creditors and payables	10	3,840	2,708	2,893
362	Employee entitlements	11	438	337	420
313	Provision for repayment of surplus to the Crown	12	726	57	22
3,092	Total current liabilities		5,004	3,102	3,335
	Non-current liabilities				
241	Employee entitlements	11	284	562	320
3,333	Total liabilities		5,288	3,664	3,655
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 2002

Actual 30/06/2001 \$000		Note	Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
343	Taxpayers' funds brought forward as at 1 July		343	343	343
313	Net surplus from operations		726	57	22
313	Total recognised revenues and expenses for the year		726	57	22
(313)	Provision for repayment of surplus to the Crown	12	(726)	(57)	(22)
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 2002

Actual 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. Estimates 30/06/2002 \$000
	Cash flows from operating activities			
	Cash provided from:			
21,674	Supply of outputs to Crown	23,000	23,071	23,000
188	Supply of outputs to departments	24	5	170
17	Supply of outputs to others	28	20	55
54	Interest	17	34	17
	Cash disbursed to:			
(7,549)	Personnel expenses	(8,590)	(7,710)	(8,958)
(14,134)	Operating expenses	(11,800)	(14,901)	(13,030)
(34)	Capital charge	(31)	(31)	(31)
216	Net cash flows from operating activities	2,648	488	1,223
	Cash flows from investing activities			
	Cash provided from:			
5	Sale of fixed assets	6	29	(5)
	Cash disbursed to:			
(360)	Purchase of fixed assets	(340)	(400)	(400)
(355)	Net cash flows from investing activities	(334)	(371)	(405)
	Cash flows from financing activities			
	Cash disbursed to:			
(947)	Repayment of surplus to Crown	(313)	(157)	(313)
(947)	Net cash flows from financing activities	(313)	(157)	(313)
(1,086)	Net increase/(decrease) in cash held	2,001	(40)	505
3,578	Opening cash balance at 1 July	2,492	3,055	2,492
2,492	Closing cash and deposits as at 30 June	4,493	3,015	2,997
	Cash and deposits comprise:			
492	Cash	4,493	2,015	2,997
2,000	Short-term deposits	–	1,000	–
2,492	Closing cash and deposits as at 30 June 2002	4,493	3,015	2,997

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 2002

Actual		Actual	Main estimates	Supp. estimates
30/06/2001		30/06/2002	30/06/2002	30/06/2002
\$000		\$000	\$000	\$000
313	Net surplus from operations	726	57	22
	Add non-cash items			
423	Depreciation	497	450	436
	Add non-cash provision			
(219)	Increase/(decrease) in provisions for employee entitlements	119	–	137
	Add/(less) movements in working capital items			
25	Decrease/(increase) in prepayments	(18)	–	(15)
(115)	Decrease/(increase) in debtors and receivables	(43)	–	152
(206)	Increase/(decrease) in creditors and payables	1,370	–	476
	Add/(less) investing activity			
(5)	Net loss/(gain) on sale of fixed assets	(3)	(19)	15
216	Net cash flow from operating activities	2,648	488	1,223

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

Statement of Commitments as at 30 June 2002

The amounts disclosed below include amounts for both accommodation and operating leases in Wellington, Christchurch and Auckland.

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

	30/06/2002 \$000	30/06/2001 \$000
Operating and accommodation lease commitments (GST exclusive)		
Not later than 1 year	1,154	1,240
Later than 1 year but not later than 2 years	1,050	1,064
Later than 2 years but not later than 5 years	2,155	2,930
Later than 5 years	–	83
Total operating and lease commitments	4,359	5,317
Capital commitments	–	–
Total commitments	4,359	5,317

Statement of Contingencies as at 30 June 2002

At 30 June 2002 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.

	30/06/2002 \$000	30/06/2001 \$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 2002

Departmental Appropriations

Departmental output classes were produced within appropriation (30 June 2001: nil).

Non-Departmental Appropriations

Non-departmental output classes and other expenses to be incurred by the Crown were produced within appropriation.

For the year ended 30 June 2001 both non-departmental output classes and other expenses were, in total, produced within their appropriations. An item within the other expenses category (Marlborough Fires) did however exceed its 2001 appropriation by \$21,000.

Statement of Departmental Expenditure and Appropriations for the Year Ended 30 June 2002

(Figures are GST inclusive where applicable)

	Actual 30/06/2002 \$000	Appropriation* 30/06/2002 \$000
Vote: Environment		
Appropriations for classes of outputs		
D1 Environmental policy advice	24,199	24,898
D2 Administration of Sustainable Management Fund and Residual Catchment Grants	745	745
Total	24,944	25,643
Vote: Energy – Energy Efficiency and Conservation**		
Appropriation for departmental output class		
D1 Policy advice – Energy Efficiency and Conservation	334	334
Total	334	334

* 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 2001-2002 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 2002

(Figures are GST inclusive where applicable)

	Actual 30/06/2002 \$000	Appropriation* 30/06/2002 \$000
Vote: Environment		
Appropriations for non-departmental output classes		
O1 Clean up of Orphan Crown Contaminated Sites	3,178	3,178
O2 Development and implementation of sustainable management	3,575	3,874
O3 Hazardous Substances and New Organisms assessment and management	5,750	5,750
O4 Residual Catchment Works	200	200
O5 Sustainable land management: promotion and training	450	450
O6 Alexandra Flood Protection	6,760	7,154
Subtotal	19,913	20,606
Appropriations for other expenses to be incurred by the Crown		
Framework Convention on Climate Change	99	102
Montreal Protocol on Ozone Protection	20	20
Subscription to Basel Convention	14	14
United Nations Environment Programme	136	136
Legal and Environment Centre Grants	1,442	1,800
The Sir Peter Blake Memorial Trust	2,000	2,000
Subtotal	3,711	4,072
Total Appropriations for Vote: Environment	23,624	24,678

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

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 2002 (continued)

(Figures are GST inclusive where applicable)

	Actual 30/06/2002 \$000	Appropriation* 30/06/2002 \$000
Vote: Energy – Energy Efficiency and Conservation		
Appropriations for non-departmental output classes		
Energy Efficiency and Conservation Authority	8,010	8,010
Subtotal	8,010	8,010
Appropriations for other expenses to be incurred by the Crown		
Energy Efficiency & Renewable Energy Grants and Assistance	1,926	2,000
Subtotal	1,926	2,000
Capital investment in organisations other than departments		
Energy Efficiency and Conservation Authority	100	100
Crown Energy Efficiency	1,000	1,000
Subtotal	1,100	1,100
Total	11,036	11,110

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

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

Statement of Accounting Policies for the Year Ended 30 June 2002

Reporting Entity

The Ministry for the Environment is a Government department as defined in section 2 of the Public Finance Act 1989.

These are the financial statements of the Ministry for the Environment prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Ministry has reported the Crown activities it administered.

Measurement System

The financial statements have been prepared on the basis of historical cost.

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 derived 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. 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 2002, direct costs accounted for 72% of the Ministry's costs (2001: 74%).

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 2002, indirect costs accounted for 28% of the Ministry's costs (2001: 26%).

(iv) Debtors and Receivables

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

(v) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

(vi) Plant and Equipment

All fixed assets are recorded at cost less accumulated depreciation. Fixed assets are recognised as individual items costing \$2,000 (GST exclusive) or more, which have a useful life greater than one year. (2001: capitalisation rate was \$1,000)

(vii) Depreciation

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

The estimated useful lives of the assets are:

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

* Effective from 01 July 2001, the 10% residual value has been removed from furniture and fittings.

The cost of leasehold improvements (included in furniture and fittings) is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter. Items classified as furniture and fittings but not deemed to be part of leasehold improvements are depreciated over their useful lives.

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

(viii) Employee Entitlements

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

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

(ix) Statement of Cash Flows

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

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

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

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

(x) Financial Instruments

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

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

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

(xi) Goods and Services Tax (GST)

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

(xii) Taxation

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

(xiii) Commitments

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

(xiv) Contingencies

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

(xv) Taxpayers' Funds

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

(xvi) Changes in Accounting Policies

The Ministry has changed its accounting policy for the valuation of furniture and fittings by removing the 10% residual value, as a result of this change depreciation for the year increased by \$63,242. The capitalisation rate for recording fixed assets has also been increased from \$1,000 to \$2,000.

There have been no other 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 2002

1. Other Revenue

Actual 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
305	Departmental	19	5	20
15	Publication sales	76	20	70
5	Gain on sale of fixed assets	5	23	5
325	Total other revenue	100	48	95

2. Interest Revenue

During the year the Ministry invested surplus cash with the New Zealand Debt Management Office and earned interest at variable rates. This facility was terminated by the Minister of Finance on 02 October 2001.

3. Personnel Costs

Personnel costs include expenditure and provisions for salaries, wages, annual leave, retirement, long service and retention/refresher leave.

4. Operating Expenses

Actual 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
3,180	General and administration	3,516	3,051	3,484
1,763	Other operating costs	1,615	3,158	1,574
1,153	Rental and leasing	1,217	1,162	1,210
7,639	Consultancy	6,587	7,504	7,252
28	Audit fees for financial statements	26	26	26
27	Other services provided by Audit NZ	68	–	50
–	Loss on sale of fixed assets	2	4	20
13,790	Total operating expenditure	13,031	14,905	13,616

5. Depreciation

Actual 30/06/2001 \$000		Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Supp. estimates 30/06/2002 \$000
171	Furniture and fittings	259	186	188
–	Motor vehicles	–	–	–
40	Office equipment	28	30	29
8	Computer software	10	14	11
204	Computer hardware	200	220	208
423	Total depreciation charge	497	450	436

6. 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 2002 was 9% (2001: 10%).

7. Short-Term Deposits

On 30 June 2001 the Ministry had \$2 million invested on short term deposit with the New Zealand Debt Management Office (NZDMO). The ability to place money on deposit with the NZDMO was no longer available at 30 June 2002.

8. Debtors and Receivables

	Actual 30/06/2002 \$000	Actual 30/06/2001 \$000
Trade debtors	211	170
Less provision for doubtful debts	-	-
Total debtors and receivables	211	170

9. Fixed Assets

	Cost 30/06/2002 \$000	Accumulated depreciation 30/06/2002 \$000	Net book value 30/06/2002 \$000
Furniture and fittings	1,104	714	390
Motor vehicles	50	50	-
Office equipment	420	269	151
Computer software	244	218	26
Computer hardware	968	641	327
Total fixed assets	2,786	1,892	894

	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

10. Creditors and Payables

	Actual 30/06/2002 \$000	Actual 30/06/2001 \$000
Trade creditors and accruals	3,878	2,411
GST	(38)	6
Total creditors and payables	3,840	2,417

11. Employee Entitlements

	Actual 30/06/2002 \$000	Actual 30/06/2001 \$000
Current employee entitlements		
Annual leave	438	362
Total current employee entitlements	438	362
Non-current employee entitlements		
Retirement and retention/refresher leave	284	241
Total non-current employee entitlements	284	241
Total employee entitlements	722	603

12. 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.

13. 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.

The Ministry does not require collateral or other security to support financial instruments with credit risk, as the Ministry deals with financial institutions 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.

14. Contingencies

The Ministry does not have any contingent assets as at 30 June 2002 (2001: nil).

Contingent liabilities are disclosed separately in the Statement of Contingencies.

15. Major Budget Variations

The Ministry had very few significant variances. Listed below are the major variances measured against the Mains Estimates.

(i) Statement of Financial Performance

	Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Variance \$000
Operating expenditure	22,391	23,096	705

This variance is a result of the Ministry contracting out less work than initially anticipated. Work on genetic modification communications where instructions were received not to proceed, and an early election were contributing factors.

(ii) Statement of Financial Position

	Actual 30/06/2002 \$000	Main estimates 30/06/2002 \$000	Variance \$000
Bank	4,493	2,015	2,478
Creditors and accruals	3,840	2,708	1,132

The Ministry had a higher bank balance (than budgeted) for three reasons. Firstly, due to the lesser than budgeted operating expenditure, secondly because of the higher than budgeted creditors and accruals and thirdly with the facility for short term deposits no longer available these funds remain in the Ministry's bank account.

16. Subsequent Events

No significant events, which would materially affect the financial statements, occurred between 30 June 2002 and the date of signing the financial statements (2001: nil).

17. 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.

Statement of Responsibility

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

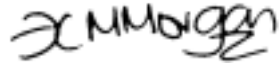
I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2002.



Barry Carbon
Chief Executive
31 August 2002

Countersigned by:



Fiona C M Morgan
Finance and Corporate Business Manager
31 August 2002

Report of the Auditor-General

To the Readers of the Financial Statements of the Ministry for the Environment for the Year Ended 30 June 2002

We have audited the financial statements on pages 10 to 62. 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 2002. This information is stated in accordance with the accounting policies set out on pages 53 to 57.

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 in New Zealand that fairly reflect the financial position of the Ministry for the Environment as at 30 June 2002, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed S J Lewis, 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 the Auditing Standards published by the Auditor-General, which incorporate 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. We have also assisted the Ministry with a pilot exercise for triple bottom line reporting by local authorities. Other than these assignments and in our capacity as auditor acting on behalf of the 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 62:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Ministry for the Environment’s financial position as at 30 June 2002;
 - the results of its operations and cash flows for the year ended on that date; and
 - its 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 27 September 2002 and our unqualified opinion is expressed as at that date.



S J Lewis
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

5 Triple Bottom Line Report

During the year we have undertaken our first triple bottom line reporting process. This section contains summary highlights of our own operational, environmental and social performance. Our full detailed report, *Towards a Triple Bottom Line*, will be available later in 2002.

Our Environmental Policies and Systems

Although a significant number of informal practices exist, we currently have neither an overarching environmental policy nor an environmental management system in place for monitoring and reporting on our office-based activities.

Key Commitments and Targets

- Overarching environmental policy and policies for purchasing, waste and energy to be published and embedded by June 2003.
- To drive responsible procurement for all of government.

Materials

Publications

During 2001–2002 we printed 126 different brochures, booklets, handbooks, information cards, posters and the like, some of which were new publications and some reprints. We estimate that these publications weighed 22.5 tonnes in total – a weight equivalent to about 383 trees. Our policy is that 100% of paper stock should be chlorine free, preferably with a minimum of 25% recycled content subject to performance and cost considerations. We estimate that 87% by number and 86% by weight of the publications were chlorine free and that the recycled paper content of all publications was 56% by weight. The key reason for failing to meet the 100% chlorine free standard was limited availability of paper stock meeting our required environmental and performance standards.

We will be looking at ways to reduce the amount of paper used in publishing by considering alternative methods of publishing and reducing the amount of publications produced.

Office Paper

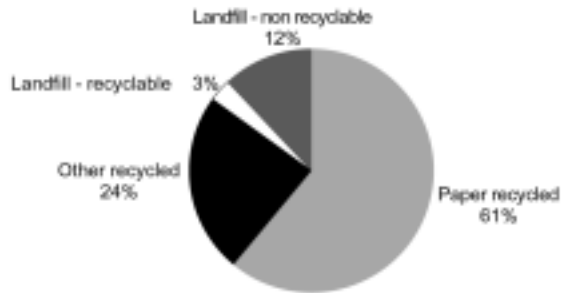
In the reporting period we used approximately 6.7 tonnes of A4 copier and headed paper, this is equivalent to 19 reams per staff member. This represents a 14% reduction in total tonnage or a 24% reduction in reams per staff member over the previous year. Currently due to sourcing and performance issues, none of our office paper has recycled content.

Key Commitments and Targets

- Investigate alternatives to printing large numbers of publications as a way of achieving our overall objectives.
- Review suitable sources of recycled office paper.
- A 10% reduction in reams of paper used to 17 reams per staff member.

Waste

Analysis of Ministry for the Environment waste stream for the year ended 30 June 2002



Waste audits of all of our premises indicate that we generated around 22 tonnes of solid waster (220 kg per staff member) in the last year. Of our total waste stream, 61% constituted paper that we recycled and 24% was made up of other recyclables (glass, metals, etc.). Of the remaining 15% (approximately 4 tonnes) that went to landfill, 33% could have been recyclable under our existing procedures. Although this percentage had reduced between the January and June 2002 waste audits, we still need to re-promote our own internal recycling practices.

Benchmarking our Performance – Solid Waste	<i>Kg per Staff Member P/A</i>
Good practice office benchmark ¹	200
Ministry performance – year ended 30 June 2002	220

¹ Per *Green Efficiency Guide* UK Environment Agency (2000).

Key Commitments and Targets

- Initiative *whole of government* pilot schemes for in-house waste minimisation programmes and promote their success.
- Reduce waste per staff member per year by 10%.

Energy

During 2001–2002 we used 206,590 kWh of electricity and had an overall Energy Usage Index of 64 kWh/m². This represents a 2% reduction in total and a 10% reduction per m² on 2000-2001 (266,496 kWh and 71 kWh/m²). The reduction was in our Grand Annexe and regional offices and has resulted from improved staff habits following awareness schemes introduced during the winter 2001 power shortages.

Benchmarking our Performance – Energy Usage Index	<i>Offices (tenant electricity only)</i>	<i>Offices (with heating and air conditioning)</i>
Energy Efficiency and Conservation Authority – low usage benchmarks	60	200
Ministry performance – year ended 30 June 2002	62	113

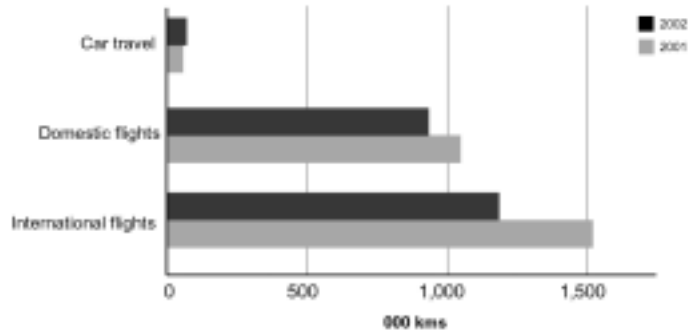
All of our offices performed below or close to the Energy Efficiency and Conservation Authority’s *energy guzzler low usage office benchmark*.

Key Commitments and Targets

- Maintain our offices’ energy performance close to the low Energy Efficiency and Conservation Authority benchmark.

Transport

Ministry for the Environment travel for the year ended 30 June 2002

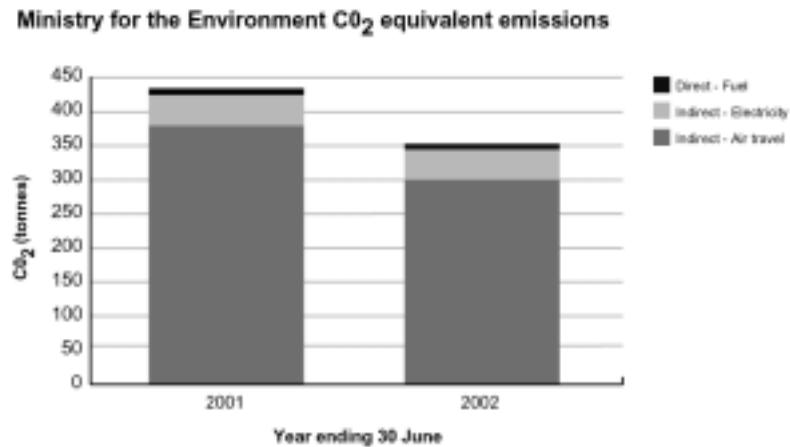


Travelling is important in enabling us to fulfil our mission. In 2001–2002 we flew 900,443 kilometres and drove 64,347 kilometres on Ministry business. Senior staff also flew a total of 1,191,455 kilometres on long haul international flights representing New Zealand concerns at various conferences. Air travel was significantly lower than in 2000–2001 mainly due to less travelling by the Climate Change and Environmental Reporting Groups.

Key Commitments and Targets

- Monitor our travel and understand and report back on the reasons for any fluctuation from 2001–2002 levels.

Carbon Footprint



Our direct use of fuel in our cars, plus our indirect use of electricity in our offices and fuel used in air travel, contributes to our CO₂ footprint. We calculate that we generated 352.1 tonnes of CO₂ equivalent emissions in 2001-2002. Due to lower air travel this was a 19% reduction on our 2000-2001 footprint (433.2 tonnes). Our footprint reduced from 3.5 to 2.5 tonnes per staff member.

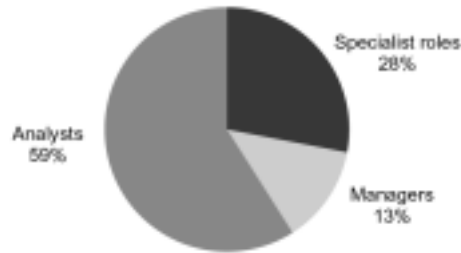
We have robust travel guidelines in place, but believe that a reduction in travel and emissions may not be sustainable or warranted in 2002-2003, given our continuing growth and need to engage with our stakeholders.

Key Commitments and Targets

- Monitor our CO₂ emissions and understand and report back on the reasons for any fluctuation from 2001-2002 levels.

Our Staff

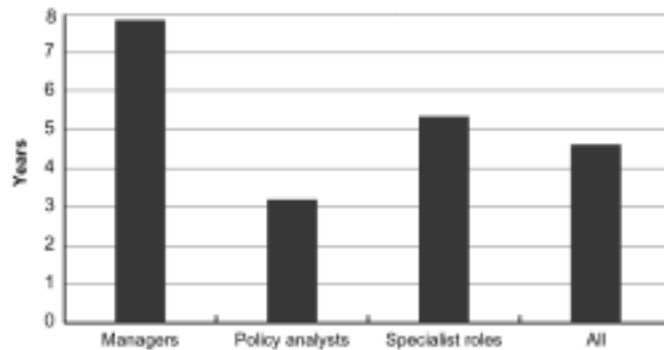
Profile of Ministry for the Environment at 30 June 2002



As a *knowledge based* organisation the people who work at the Ministry, their skills, knowledge, relationships and ability to influence are central to achieving our outcomes. Our aims for our staff are to:

- perceive the Ministry as a good place to work
- be a good employer – that works to keep staff healthy and safe
- invest in staff training and capability development
- recruit the right people
- develop staff so that they can eventually be employed across a range of sectors and have input and influence.

Average length of service at 30 June 2002



Our Culture

We have consulted extensively with our staff over the past two years, using a mix of qualitative surveys and focus groups. Overall, these processes painted a very positive picture of the organisation being on the right track. Most of the people surveyed were very positive about the Ministry being a great place to work. Issues raised by staff related to management; turnover and growth; workload; remuneration; and cross group cooperation and integration.

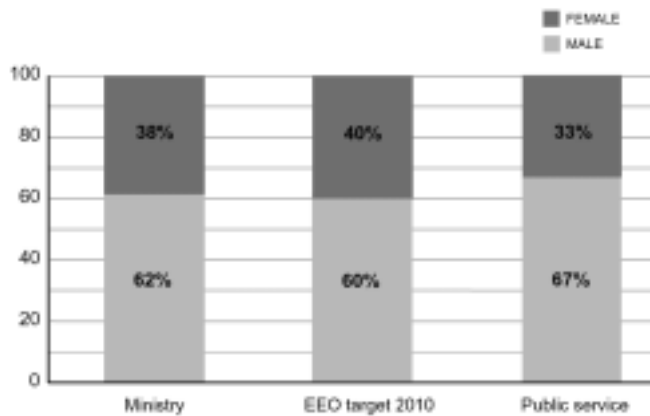
We intend to design and carry out a brief quantitative staff survey to enable us to establish some benchmarks for our cultural health and our staff's perception of us as a good employer that can then be tracked over time.

Key Commitments and Targets

- Issues raised by staff will be given priority consideration as part of the review of the Ministry by our new chief executive.
- To design and carry out a brief quantitative climate survey of all staff by June 2003.

The Ministry as a Good Employer

Representation of women in management at 30 June 2002



We have a higher proportion of women in management roles (38%) than the Public Service (33% per State Services Commission²). At 60% we also have a slightly higher proportion of women in all positions than the whole of the Public Service (57%³).

We have an Occupational Safety and Health policy and system in place. There were no recorded incidents during the year. There were quarterly staff surveys to identify any emerging Occupational Overuse Syndrome symptoms and issues.

We have a history of working closely with the Public Service Association including the development of our major human resource policies and employment conditions since 1995. We have a history of minimal

² *Human Resources Capability of Public Department*, State Services Commission, June 2001. *ibid.*

³ *ibid.*

industrial disputes or personal grievances. In the last year there were no disputes and there has not been a case or dispute since 1998.

Key Commitments and Targets

- To progress the consideration of a full Accident Compensation Corporation Audit and the wider review of Occupational Safety and Health provision and support to our staff by June 2003.

Staff Training and Capability Development

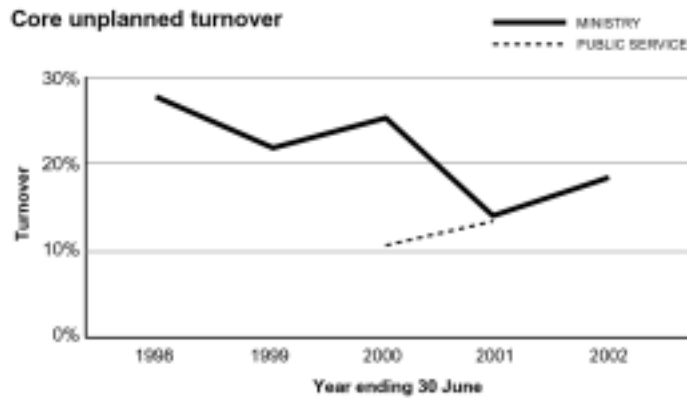
We spent 2.45% of our salary budget on training and development initiatives during 2001–2002. Significant training programmes undertaken included our leadership and policy analyst development programmes.

Over the last year we have organised 15 secondments, including both placements into the Ministry and of our staff into other organisations.

Key Commitments and Targets

- Project management is a training focus for the 2002–2003 year.

Recruitment and Retention



Recruiting the right staff is key to our ability to meet our objectives. Our staff are well qualified and have a lot of experience. The younger our staff are, the more likely overseas travel and career opportunities will attract them away from the Ministry. Our core unplanned turnover for 2002 was 17.7%, an increase on 2001’s 14.3% but still well down on the 20–26% range of previous years. Public Service turnover figures were only available for 2000 and 2001. They include all professions and are therefore not directly comparable to the Ministry with its policy analyst bias.

Key Commitments and Targets

- Instigate monitoring of time taken to fill vacancies in the recruitment process before June 2003.

For more information on Triple Bottom Line Reporting, please contact Penny Nelson or Jonathan King on 04 917 7400. For a copy of our detailed report, please contact the Publications team at the Ministry.

6 Management of the Ministry

Business Planning

During the financial year, we published our Strategic Plan for 2001–2006 after a review of the previous plan and a change in ministerial priorities. The new plan clearly identified climate change, genetic modification, hazard and waste reduction and protecting biodiversity, air and water quality as top priorities for action. It also anticipates the need for new central government planning processes to show external stakeholders how we will improve the outcomes focus in our accountability processes. This will be largely achieved by rolling out our first Statement of Intent to replace our Strategic Plan and Departmental Forecast Report in the 2003–2004 year. This statement will identify the actions we need to take to realise the Ministry's future capability needs.

Risk Management

As in previous years, the Ministry analysed its performance in identifying, assessing and managing strategic risks. Our risk management system continued to cover the quality of policy advice, policy credibility and responsiveness, funding levels and allocation, human resources capability, accountability, security and integrity and health and safety.

At the end of the year, the major risks identified were:

- **Hazardous substances:** not being able to transfer all hazardous substances to the core Hazardous Substances and New Organisms control regime because of slow progress by the Environmental Risk Management Authority and insufficient government funding.
- **Biodiversity:** progress on the biodiversity package being held up by:
 - slow progress on the Resource Management Act Amendment Bill, which contains clarification of local authority functions and changes to national policy statement provisions
 - decisions by some councils to halt work on indigenous biodiversity, including progress on plans, until the legislation is passed
 - the Department of Conservation's lack of progress in setting up the advisory and condition funds.

- **Legislative requirements for waste and hazardous waste:** not being able to proceed with an effective legislative programme to address waste, and in particular hazardous waste, by 2004 without amendments to the Waste Strategy and/or the Resource Management Act.
- **Recruitment issues:** not being able to compete for senior policy staff with a number of government policy agencies that pitched higher salary ranges.

Where possible, the Ministry addressed these risks by holding two formal performance analysis assessments in consultation with managers, which were followed up by Executive Management Group meetings. Other mechanisms for managing risk and performance included:

- holding weekly and monthly Executive Management Group meetings
- receiving feedback from risks raised in the status report from the Minister
- communicating with stakeholders and other government agencies.

Human Resources

During the 2001–2002 financial year, the Ministry started only a few new human resource initiatives though progress on other human resource strategies and projects was highly visible. The staff survey revealed that the Ministry felt very positive about the policy analyst development, leadership and induction programmes. There was a marked improvement in comments on how the performance management system was working and human resource indicators, such as moderate turnover, high morale and no personal grievances all tracked in the right direction.

Specific highlights were:

- **Staff survey** – this confirmed the Ministry as a *great place to work* and provided a useful focal point for further improvements.
- **New managers' induction** – this provided an excellent opportunity to develop strategies to induct and develop new managers.
- **Partnership for quality** – this year we used a more formal approach with the Public Service Association in line with the government's *partnership for quality* approach.
- **Development initiatives** – we received excellent feedback on our corporate training initiatives from managers and staff, which included the leadership, mentoring, policy analysis, te Reo language and induction programmes.

- **Human resources reporting** – we made a concerted effort to improve the quality of human resource reporting to the Executive Management Group and started a Staff Human Resources Health Report, which was well received.

Communications

Building partnerships with others to identify environmental problems and find solutions is an important element of our work. During the financial year, we lead a multi-agency team to implement the Government's decisions on the Royal Commission on Genetic Modification's findings. We also worked with other central government agencies to implement the biodiversity and energy efficiency strategies, and on issues such as sustainable development, biodiversity, and triple bottom line reporting.

We worked closely with local government at various levels, from chief executives, to resource managers, environmental educators and with Local Government New Zealand. Progress on projects such as the *New Zealand Waste Strategy*, water management and environmental reporting initiatives showed this co-operation. With local government and business, we also developed an action plan to reduce the environmental impacts of dairy farming and a code of practice for the wood processing industry.

We held a series of seminars on the Resource Management Act for councillors and on best practice information for plan development for local government and professional groups. With industry groups, we established a No-Loss campaign for ozone-depleting substances that are used in air-conditioning and refrigeration units. We also worked with the New Zealand Landcare Trust to establish a strong sustainable land management presence at the 2002 Mystery Creek Fieldays.

During the 2001–2002 financial year we held five regular liaison meetings with business organisations, and four meetings with both professional groups interested in resource management and environmental organisations. These meetings helped us keep these sectors in touch with our work and offered an opportunity for an exchange of views.

Public Information

To provide public information about how genetic modification is used and controlled in New Zealand, we established a website, www.gm.govt.nz and developed a range of printed materials. We also made substantial progress on our complete revamp of the Ministry's corporate website, www.mfe.govt.nz which we hope to have online by late 2002. This new site will make it easier for both key stakeholders and the general public to find information.

During the 2001–2002 year we published five issues of our newsletter *Environment Update*, our annual overview of achievements and plans, as well as a wide range of reports, guidelines, discussion papers and brochures. Printed copies of publications can be obtained from the Communications group at the Ministry's Head Office and on the Ministry's corporate website.

Information Management

During the year, the Ministry made significant advances in information management. One of the key initiatives was the formation of the Information Management group, which is dedicated to the management of the Ministry's information resources – and encompasses functions including: information technology, web maintenance and development, library services, records management, mail services, ministerial liaison and e-government. The bringing together of these functions under the one team raised the profile of information management and increased staff awareness of its importance.

An Information Management strategy was developed for the newly formed group, which provided a work plan and timeframes for a number of strategic information management initiatives for the next three years.

A new information classification structure was implemented for every business group at the Ministry. This structure will be further added to when we implement an electronic document management system in the next financial year.

We significantly boosted our resources in the web area – to take account of escalating internal needs from the business groups and to reflect our ongoing commitment to the e-government programme.

A number of information management policies and guidelines were either established or updated/revamped during the year, particularly with respect to web maintenance and development, staff internet use and records management.

Crown Entity Monitoring

The Environmental Risk Management Authority

During the 2001–2002 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 Acting Chief Executive of the Ministry also maintained regular contact with the Chief Executive of ERMA to ensure any key issues were addressed quickly and effectively. Additional meetings were held as and when required.

The Energy Efficiency and Conservation Authority

During the 2001–2002 financial year we continued 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 Acting Deputy Chief Executive of the Ministry also maintained regular contact with the Chief Executive of EECA and held additional meetings as and when required.

Effectiveness in Reducing Inequalities

During the financial year, Maruwhenua, the Ministry's Māori Policy group advised internally on how to address Treaty and Māori environmental issues by providing strategic advice, support and a focal point for engagements with tangata whenua. A Treaty strategy also guided our work to ensure that Māori issues are considered in all our work areas.

We continued to establish key contacts with iwi and hapu, build the profile of the Ministry and ensure that the Ministry was responsive to the tangata whenua and their priorities.

We were involved in several key areas of work including waste, biodiversity, water, oceans, resource management and local government processes. Work also continued on building the capacity of iwi to develop iwi planning documents and on developing Māori environmental performance indicators.

Improved Iwi Participation

During the financial year, we provided advice to both iwi and local government on how best to interact with each other through the Resource Management Act. We funded nationwide workshops focusing on the skills necessary to develop iwi management plans and documents, and were involved with other agencies, such as the Ministry and Foundation for Research, Science and Technology in promoting iwi access to research funding. We also worked, with others, on a national heritage plan, with a particular focus on Māori heritage.

Ongoing obligations arising from the Ngai Tahu deed of settlement continued to be fulfilled and annual hui were held with their environmental management staff. Continued Treaty settlements will also provide vital resources and capacity to iwi to enable them to participate effectively in the management of their natural resources.

Environmental Performance Indicators

We continued to develop Māori Environmental Performance Indicators, which are based around traditional indicators of environmental health used by the tangata whenua. These indicators will be important tool for empowering Māori to exercise their kaitiakitanga and monitor environmental values and the health of their natural resources. Work will continue to develop indicators for river/instream values, marine environment, and kaimoana resources.

Management Structure

Please refer to the Ministry's corporate website – www.mfe.govt.nz

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.

<i>Location</i>	<i>Date lease commenced</i>	<i>Term of lease</i>	<i>Area leased (m²)</i>
Wellington			
– Site 1	August 1985	21 years	2,610.42
– Site 2	October 2000	2 years	969.50
Auckland	October 2000	2 years	265.15
Christchurch	January 1998	4.5 years	212.00

Area Occupied

Occupancy and m² space allocation as at 30 June 2002.

<i>Location</i>	<i>Area leased (m²)</i>	<i>Number of occupants</i>	<i>M² per occupant</i>
Wellington			
– Site 1	2,609.42	96	27.18
– Site 2	969.50	39	24.86
Auckland	265.15	7	37.88
Christchurch	212.00	12	17.67

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

Cost of Leases

Contractual operating expenses cover cleaning, power, security and rates when they are not paid by the lessor.

Property Statistics

<i>Location</i>	<i>Operational expenses</i>			<i>Total</i>
	<i>Rent office</i>	<i>Landlord</i>	<i>Contracts</i>	
Wellington				
– Site 1	740,478	224,404	107,374	1,072,257
– Site 2	158,370	–	17,259	175,629
Auckland	51,373	–	6,456	57,829
Christchurch	28,099	10,822	7,983	46,906
Total	978,322	235,227	139,073	1,352,622

<i>Location</i>	<i>Analysis of data</i>			
	<i>Rental (\$ per m2)</i>	<i>Rental (\$ per occupant)</i>	<i>Utility cost (\$ per occupant)</i>	<i>Total costs (\$ per occupant)</i>
Wellington				
– Site 1	283	7,713	213	11,257
– Site 2	128	3,189	188	3,632
Auckland	193	7,339	514	9,004
Christchurch	132	2,341	294	4,017

Energy Information

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

<i>Year</i>	<i>Location</i>	<i>Units</i>
1999–2000	Wellington (only)	174,367
2000–2001	Wellington	202,358
	Regions	64,137
2001–2002	Wellington	206,590
	Regions	53,927

7 Contact Information

Head Office

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

Northern Regions Office

Level One
8-10 Whitaker Place
Symonds Street
Box 8270
Auckland
New Zealand
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, this unit is responsible for liaison in the areas covered by the Horizons.MW and the Taranaki, Hawke's Bay and Wellington Regional Councils.

South Island Office, Christchurch

Level Four
Price Waterhouse Centre
119 Armagh Street
Box 1345
Christchurch
New Zealand
Phone (03) 963 0940, Fax (03) 963 2050

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