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1 Overview

Chief Executive's overview

The 2002/2003 financial year was a time of change for the Ministry. Since the Ministry was established more than 16 years ago, there have been major changes within central and local government, and the community. Over that time there has been a shift in emphasis from environment protection to sustainable development. Many parts of government now include environment and sustainable development among their objectives. The time was right to take a close look at the Ministry's work programme and approach.

During the year, with the support of the Minister for the Environment, we went through a major review of our priorities and our organisational structure. Through discussions with our Ministers and a wide range of stakeholders, we identified three clear priorities for the Ministry's activities:

- leadership on environment across central and local government
- partnerships for action on environment
- fixing problems in the environment and in current processes.

We believe that we are now well placed to take action on these priorities. Our restructured organisation is focused on building partnerships with others and influencing behaviour. We have recruited excellent senior staff to lead us in new directions. Our new work programmes are in place and we are starting to deliver on them.

The major exercise of restructuring had an impact on the Ministry's work programme for 2002/2003. The Ministry has in the past been thinly stretched over a large number of work areas. To address this and to reorganise ourselves for the future, we had to make some choices about what we could deliver. This meant that the Ministry reduced or ceased work in some areas. However, despite the major effort that went into restructuring, we continued to deliver on important existing activities, as this report shows.



Barry Carbon
Chief Executive

Statement of objectives

The Ministry's **vision** is:

- a healthy environment which sustains nature and people.

We see our **mission** as:

- making a difference through environmental leadership.

The Ministry's **role** is:

- to lead on environment across central and local government
- to work in partnership with others to achieve a good environment for all New Zealanders
- to ensure purposeful and consistent environmental governance at all levels.

Minister's priorities for 2002/2003

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 builds our reputation as a world leader in environmental issues".

The priority environmental issues for the Minister are:

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

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

- refocusing the Ministry's activities so that we can efficiently deliver on the environmental expectations of Ministers, the Government and the wider community
- improving legislation where there are inefficiencies
- encouraging community engagement and education
- building strong relationships, especially with local government and industry
- fixing issues where central government leadership is required.

The year in review

Priority issues

Transformation project and corporate management

With the agreement of our Minister, we made the review of the Ministry's work priorities and structure our primary focus in 2002/2003. It was clear that we had far too many activities and too few people to deliver on them all. So that we could deliver on the major expectations of our Ministers and the Government, we did a major prioritising exercise after consultation with a wide range of interested people and organisations. Inevitably, some important areas have had to be set aside while we make progress on fewer topics.

We have changed the structure of the organisation to focus our efforts on working with others to achieve nationwide environmental objectives. Where appropriate we will lead; where appropriate we will partner. We have increased the proportion of senior people who can be expected to operate at senior levels, and we have tried to 'model' our new image in the way we have run our appointments process.

As preparation and lead-up to the change, all staff were invited to attend half-day workshops where they had the opportunity to provide input into discussions on such issues as what changes were required and ongoing priorities for the Ministry. By encouraging staff input into the change process we were aiming to gain greater commitment to, and ownership of, the changes coming up.

The transformation process resulted in a large number of new vacancies at all levels of the organisation. The recruitment process was centralised in Human Resources to ensure an efficient, effective service to managers and to streamline the process. We have received very positive feedback.

Leadership development sessions for all staff, led by our Chief Executive, Barry Carbon, were held during April, May and June 2003. Staff attended five half-day sessions at two-week intervals. The aim was to focus staff thinking on leadership and influence. External speakers, including the Minister for the Environment, Hon Marian Hobbs, provided high-interest input.

We conducted a survey of staff in July with a 64% participation rate. Overall, results were good. Workshops are underway, facilitated by group leaders and Human Resources, to present results and get staff input into actions we should take to make the Ministry a better place to work and a more effective organisation.

A new remuneration system was introduced smoothly on 1 January 2003 and has the acceptance of staff.

We have also put a considerable effort into building relationships with other government agencies which have interests in common with us, and with regional councils. This includes meeting regularly with chief executives and establishing working groups that involve senior managers. New joint activities with these other agencies include implementation of the water, energy and sustainable cities programmes under the Sustainable Development Programme of Action, and development of national environmental standards.

Our first Statement of Intent, covering the period 2003–2006, was completed in April 2003. It notes that the Ministry was well advanced in a process of change but it was not yet possible to be very specific about what we would do over the next three years. Instead the Statement of Intent concentrates on the changes to be faced over the next year and ‘cutting our cloth’ to a deliverable and useful package.

Genetic modification

The Ministry co-ordinates the whole of government response to the Royal Commission on Genetic Modification. A whole of government steering group meets every three to four weeks. This group has overseen the outputs of various departments in relation to genetic modification and acts as a forum for sharing information about domestic and international issues.

We developed eight major submissions for the Minister to take to Cabinet and we achieved sign-off from all portfolios. Other significant achievements this year include:

- Establishment of the Bioethics Council: Toi te Taiao in December 2002.
- The New Organisms and Other Matters Bill: This package of legislative changes was introduced to Parliament in April 2003 to enhance the regulation of genetically modified organisms.
- ‘Coexistence’ decisions made by Ministers and announced in April 2003.
- A Biotechnology Strategy for New Zealand, launched on 26 May 2003. The Ministry of Research, Science and Technology led this work.

- Consultation on a proposal for a voluntary GM-free labelling scheme for food, concluded on 30 May 2003. The Ministry of Consumer Affairs and the New Zealand Food Safety Authority will report to Cabinet in August 2003 on whether facilitation of the scheme can currently be resourced and whether it will result in the development of a labelling system.
- A review by the Ministry of Research Science and Technology of research identified by the Royal Commission as needing further work. Research programmes funded through the 2002/03 Budget began in April 2003. This review will be completed by the end of August 2003.

See Output 1.2 on page 17 for more information.

Biodiversity

A National Policy Statement on Indigenous Biodiversity has been substantially drafted and preparatory work for appointing a Board of Inquiry was completed.

The Ministry has worked with the Department of Conservation to complete two funding rounds of the Biodiversity Condition and Advice Funds. Over 100 projects were approved, including individual projects of partnership arrangement, with funding of over \$3.8 million funding (including multi-year projects).

The Ministry worked with other government agencies to put in place a Biotechnology Strategy for New Zealand, which was launched on 26 May 2003. The Ministry of Research, Science and Technology led this work.

See Output 1.3 on page 22 for more information.

Water, land and air

Among our recent products is an outstanding package of atlas, technical manual and CDs on a land environment classification system for New Zealand. We have shared with others the development of a groundbreaking initiative with Fonterra that will help to protect New Zealand streams from dairy farm effluent.

The Ministry also completed and published draft guidelines for the quality of freshwater that is used for recreation.

The Ministry's work includes working 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.

See Output 1.2 on page 17 and Output 1.9 on page 33 for more information.

Wastes and hazards management

Our progress in implementing the *New Zealand Waste Strategy* includes a high-profile public campaign, Reduce Your Rubbish, run jointly with regional councils. Regional workshops were held throughout the country to disseminate information about the Waste Strategy. A review of waste management in most territorial local authority annual plans and annual reports showed that a majority had either adopted or were in the process of adopting the Strategy.

The Ministry also produced three sets of guidelines – for managing cleanfills, safe application of biosolids and wastewater monitoring – during the 2002/2003 year, along with the 2002 *Landfill Review and Audit 2002* report.

We continue to work 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.

See Output 1.2 on page 17 for more information.

Sustainable development, energy and transport

We have completed our own first triple bottom line report, which will provide a template for public sector agencies, as well as publishing reports on pilot projects in the public sector.

We drove a useful package on resource management processes as part of the wood processing strategy, which will help when the ‘wall of wood’ hits in a few years. Projects related to business compliance costs are on track.

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.

The Ministry played a major role in the development of the Sustainable Development Programme of Action 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.

See Output 1.5 on page 26 for more information.

Climate change

The Climate Change Office was integrated into the Ministry for the Environment in late January 2003. A Director, management team, and additional staff were recruited. The work programme and the administrative systems for the Office have been integrated with the wider Ministry activities.

The greenhouse gas inventory report was submitted to the Secretariat of United Nations Framework Convention on Climate Change by the due date of 15 April 2003. The National Inventory Report, as submitted under the United Nations Framework Convention on Climate Change in April 2003, was prepared for publication.

See Output 1.6 on page 28 for more information.

Promoting environmental awareness and action

Awareness and education

The 2003 Green Ribbon Awards attracted a record number of entries and increased media coverage. A highly successful event was held at Parliament on World Environment Day with extensive coverage of the winners.

The Ministry's website – www.mfe.govt.nz – was given a new look and a wider range of content during the year. At the same time it was brought into line with government web guidelines.

We worked with the Auckland Regional Council on their Big Clean Up campaign to promote action on environmental issues in that region and built on this work with the Reduce Your Rubbish campaign in April-July 2003, which featured extensive consultation and co-operation with local government.

See Output 1.4 on page 25 for more information.

Funding community participation

Thirty-three applications to the Environmental Legal Assistance Fund were approved for funding totalling \$516,687. Of the \$1,000,000 available for this scheme, \$775,685 was allocated to enable community groups to participate in environmental action through the legal system.

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. Five applications were approved this year with funding of \$297,000.

Supporting environmental initiatives

We administer and have improved accountabilities for the Sustainable Management Fund, Environmental Legal Assistance Fund and Environment Centre Grants. The Biodiversity fund was slowly getting underway but, with others, we have not only got it started but are already into second allocations.

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. In the 2002/2003 year the fund administered a total of 110 projects (including 19 approved during the year out of 22 applications), with a total of \$3,869,972 being allocated to environmental initiatives.

The Ministry also administers a fund to help establish new environment centres or to assist with the general costs of running one. During the year 12 out of 25 applications for environment centre funding were approved, with the \$300,000 available being totally allocated. Two new centres were funded and a contribution to 10 existing centres was approved to assist with running costs.

See Output 2.1 on page 41 for more information.

The foundations of environmental management

Resource management

Proposed amendments to the Resource Management Act were repackaged into another Bill and passed by Parliament. The Minister has released for us two critical analyses of coping with delays in the Resource Management Act.

A background research report and a Cabinet paper outlining the proposed new Resource Management Act process for major projects have also been prepared.

See Output 1.1 on page 15 for more information.

Hazardous substances and new organisms

We have delivered proposals to the Government on making the administration of the Hazardous Substances and New Organisms Act more workable. We have supported the Minister for Environment with a successful campaign on recovering halon fire extinguishers.

See Output 1.2 on page 17 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. The website www.environment.govt.nz reports environmental performance indicators for a wide range of issues.

The Ministry published the *Land Environments of New Zealand Technical Guide* during the year.

See Output 1.8 on page 30 for more information.

2 Statement of Service Performance for the Year Ended 30 June 2003

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, 2 and 3 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 2002–2003 Estimates and Output Statement (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 Output Statement, 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% 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 Output Statement

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

Changes to performance standards in the 2002/2003 Output Statement 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 RMA, monitoring of practice under it, and providing information and advice on best practice that supports excellence in RMA implementation
- completing legislative amendments to the RMA through the parliamentary process and providing advice in support of implementation
- establishing and implementing 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 enable New Zealand to ratify the Kyoto Protocol, to develop and implement domestic policies and to meet other obligations and commitments under the United Nations Framework Convention on Climate Change
- implementing the *New Zealand Waste Strategy*
- implementing the Government’s decision on the recommendations from the Royal Commission on Genetic Modification
- monitoring ERMA implementation of the HSNO Act and advising on regulations for the transfer of hazardous substances into the HSNO framework
- providing advice on the environmental implications of transport reforms
- providing advice on fisheries and marine issues, including sustainability issues under the amended Fisheries Act 1996 and also participating in Oceans Policy development
- providing advice on issues associated with biodiversity, and input towards developing a biodiversity strategy for New Zealand, as well as the developing of a National Policy Statement on Biodiversity
- providing advice to develop a New Zealand position for negotiations at the World Trade Organization, including multilateral environment agreements and environmental labelling

- developing legislative proposals to address liability for the clean-up of historic contaminated sites
- providing advice related to the settling of Treaty of Waitangi claims to natural resources
- administering the orphan site clean up fund, including advising on the clean-up of the Mapua and Tui Mine contaminated sites
- statutory responsibilities under environmental statutes
- representing the Minister in environmental legal proceedings.

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 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Revenue:			
22,041	Crown	28,107	24,977	28,107
19	Departmental	0	5	0
76	Other	7	20	10
22,136	Total revenue	28,114	25,002	28,117
21,526	Total expenses	25,977	25,002	28,117
610	Net surplus	2,137	-	-

Service performance

The 2002/2003 Estimates and the Output Statement contain the following 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, 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

Maintain, support and develop the Quality Planning Website to share best practice information

Achieved. We completed all the core guidance on the Quality Planning website, using all the funds allocated by the Sustainable Management Fund.

Ensure that the sustainable management of the environment is recognised in any legislation or reviews that may affect the environment

Achieved. The Ministry, with the Climate Change Office, had discussions with local government on changes to the Resource Management Act (RMA) that would aid recognition of the national benefits of renewable energy and energy efficiency. Amendments to the RMA were developed and introductory speeches completed. Outstanding matters, however, relating to the definition of 'renewable energy' and the implications for any future standards on landfill emissions, meant that changes to the Bill were required. A paper identifying necessary changes was prepared.

A report, commissioned to assess whether regional and district RMA plans were 'friendly' towards energy efficiency measures and renewable energy proposals, did not provide conclusive evidence on the need for directive measures (e.g. for a national policy statement). Discussions occurred with EECA on the need for updated non-statutory guidance for councils on the renewable energy sources. Due to higher priority work around the time of the power situation, the report to Cabinet was held back.

Administer the Environmental Legal Assistance Scheme and Grants for Environment Centres, and produce a progress report

Achieved. The Environmental Legal Assistance scheme received 77 applications in 2002/2003, of which 33 (43%) were approved funding to a total \$516,687. Of the \$1,000,000 available for this scheme, \$775,685 was allocated to enable community groups to participate in environmental action through the legal system.

A total of 12 out of 25 applications for environment centre funding were approved in the March 2003 round with the \$300,000 available being totally allocated. Two new centres were funded with a contribution to 10 existing centres being approved to assist with running costs. These centres exist to promote environmental awareness.

Six applications were received for the Resource Management Act Education and Advisory scheme and five were approved funding of \$297,000. This scheme funds projects that provide community-based legal advice on resource management processes and increase information and education opportunities to enable the community to participate more effectively in resource management processes.

Complete nine best-practice projects with Local Government New Zealand in response to the Business Cost Compliance Panel's recommendations

Amended. Four contracts were let for projects relating to Business Compliance Costs and the projects are progressing well.

Work with local authorities to help improve resource management practice and to convey the Ministry's policies

Achieved. Regulations and processes requiring authority applications related to Project Aqua were completed in March 2003. A study on delays on major roading projects was also published.

Ensure that the Resource Management Act (RMA) is an effective piece of legislation that reflects current resource management practice and environmental priorities

Achieved. The Resource Management Amendment Bill was redrafted as the RM Bill No. 2. It successfully went through the parliamentary process and was given royal assent on 19 May and commenced on 1 August 2003.

Report back on the Biennial Local Government Survey

Achieved. The Biennial Local Government Survey was released in June 2003.

Review key environmental management institutions and legislation and develop options to improve or alter arrangements.

Ongoing. A background research report and a Cabinet paper outlining the proposed new RMA process for major projects (those of significance to the Government) have been prepared. The cabinet paper is yet to be considered by Cabinet.

We have also been working closely with the Department for Courts all year and have regular meetings with Environment Unit staff and the judiciary. As a result the backlog at the Court has reduced significantly and we continue to monitor progress.

Output 1.2: Waste and Hazards Management

Create a multi-year programme to implement the *New Zealand Waste Strategy* that clarifies responsibilities for all levels of government and other affected parties and achieves the targets set out in the *New Zealand Waste Strategy*

Ongoing. Thirteen regional workshops were held throughout New Zealand during July to November 2002 to disseminate information about the *New Zealand Waste Strategy* to 295 local recycling industry participants. Evaluation from workshops indicated participants came away with a better understanding of the Waste Strategy, how it can impact on their business practice, and the role they could play in achieving the targets (often in partnership with other industry or local authorities). These successful workshops established the need for a national database of the tools and resources available for recycling operators.

We reviewed waste management aspects in most territorial local authority Annual Plans and Annual Reports and created a database of work being carried out throughout the country. We found that:

- 37 local authorities had either formally adopted the Strategy or were using it as the basis of their programmes and projects
- 16 were in the process of adoption
- only 21 had made little or no reference to the *New Zealand Waste Strategy*.

Develop and implement tools and techniques to reduce waste generation and maximise re-use, recycling and recovery by all sectors

Achieved. The Ministry produced three sets of guidelines: *Guide to Managing Cleanfills* outlines the regulatory framework for cleanfills in New Zealand, provides a definition of clean fill for use throughout New Zealand and outlines siting, design and operation considerations for cleanfill sites. It also defines cleanfill material and presents three lists of acceptable, conditionally acceptable and unacceptable materials to assist in the assessment process.

Guidelines for the Safe Application of Biosolids to Land in New Zealand were completed in June 2003 and will be published by New Zealand Water and Wastes Association by September 2003. The Guidelines describe best practice for the application of biosolids to land. They provide a framework for biosolids management that enables land application in a way that maximizes the benefits and minimises the risk of adverse effects on human health, the environment and the economy.

The *Wastewater Monitoring Guidelines* present a risk analysis methodology to assist in developing a monitoring programme for wastewater discharges appropriate to the environmental and public health risks presented by the discharge.

The *Community Sewerage Information New Zealand (CoSINZ) Report* was completed and is available to Ministry staff as a background information report on the state of wastewater treatment plants throughout the country. It will not be published.

Enhance community understanding of waste generation issues and management and encourage individuals to minimise waste

Achieved. The two-month Reduce Your Rubbish public awareness campaign was designed to raise awareness of New Zealand's growing waste problem and to provide householders with simple actions they can take to reduce their rubbish. The campaign was developed in partnership with regional councils and employed a range of advertising tools, such as television, print, radio, and the internet, between April and June 2003.

Independent research shows that 28% of New Zealanders were influenced in a positive way by the campaign. Figures collected from kerbside recycling operators also suggest that there was a 10% increase in materials collected during the months of May and June. This would equate to a diversion of 6000 tonnes of material per month from our landfills.

The success of the campaign has shown that the Ministry can work together with local government, in a cost-effective way, to promote environmental awareness and action in the community.

Work with those responsible for waste treatment and disposal to achieve consistently high environmental performance standards

Achieved. The *Landfill Review and Audit 2002* report was published. It records that most substandard landfills will be upgraded or closed by 2010. The number of landfills in New Zealand has reduced by two-thirds since 1995, dropping from over 300 in 1995 to 116 in 2002. Numbers are expected to drop further to 78 in 2005 and 43 in 2010.

We have also instituted a Solid Waste Analysis Protocol (SWAP) baseline programme to provide solid waste composition information at four indicator sites from around New Zealand. Surveys began in December and are scheduled over two years at:

- Silverstream Landfill – Hutt City Council
- Green Island Landfill – Dunedin City Council
- Matamata Transfer Station – Matamata Piako District Council
- Kaikoura Landfill – Innovative Waste Kaikoura/Kaikoura District Council.

We are also working with local authorities and the waste management industry in the Waikato and Bay of Plenty to develop some practical tools and systems for collecting and using waste data.

The Waste Data Pilot group has compiled an inventory of waste data in the Waikato and Bay of Plenty Regions, agreed on a working draft for standardised monitoring methodologies, and started to share waste data for the purposes of testing the methodologies.

The New Zealand Waste List was developed to provide guidance on identifying wastes in a consistent manner. It was adapted from international lists, and has been modified to reflect typical waste streams in New Zealand. It is available on the Ministry's website.

A draft guide on landfill waste acceptance criteria and classification was released on our website in July 2003. A risk-based model has been developed to determine the actual limits. The Guidelines also include details of a proposed landfill classification system, as well as a list of prohibited wastes. *Class A* landfills have higher levels of environmental protection, while *Class B* landfills would be subject to stricter controls on the materials that can be disposed of.

The Ministry has also prepared a draft Contaminated Site Management Guideline *Risk Screening System*. This guideline provides a rapid screening system of assessing the risk at sites contaminated with hazardous substances. It comprises an MS Excel template and manual on template use. This guideline has been field tested by councils and consultants. A final version will be published and distributed in October 2003.

Advise the Government on policy responses to the Royal Commission on Genetic Modification

Achieved. ‘Coexistence’ decisions were made by Ministers and announced in April 2003. The Government’s working assumption is that effective coexistence of GM and non-GM production can be achieved by proceeding carefully and rigorously examining each use of GMO on a case-by-case basis within the context of New Zealand’s comprehensive regulatory framework. Follow up working is progressing, scheduled for report back in October 2004.

Economic Risks and Opportunities from the Release of Genetically Modified Organisms in New Zealand was released on 17 May 2003. The Ministry and Treasury commissioned this research, carried out by Business and Economic Research Limited. Three release scenarios, and one no-release scenario, were tested using two economic models. A survey of international consumers, including visitors to New Zealand, was also undertaken as part of the research. The research tested the hypothetical impact of various GMO releases on New Zealand’s clean green image and international trade.

Advise on and implement any institutional changes required from the Government’s decision on the report of the Royal Commission on Genetic Modification, including the Bioethics Council – Toi Te Taiao

Achieved. The Ministry helped establish the Bioethics Council (December 2002) and supported it in getting its programme underway. The Council advises, guides and promotes dialogue on cultural, ethical and spiritual issues associated with biotechnology.

Ensure that the HSNO Act is fully in force for hazardous substances, including the balance of regulations not required for commencement

Achieved. The *Hazardous Substances Strategy* was formally announced by the Minister for the Environment on 25 June 2003. It was very well received, particularly from industry. The strategy includes short term and long term actions that will significantly improve how the hazardous substances part of HSNO works.

Good progress has been made to complete the HSNO Regulations, with the low risk regulations for new organisms coming into force on 31 July 2003. Tank wagon, stationary container and compressed gas regulations are still outstanding but will be completed during the 2003/2004 year.

Amendments to improve the operation of the Act for hazardous substances form part of the Hazardous Substances Strategy and Government's response to the Royal Commission on Genetic Modification. Nine policy cabinet papers were written providing policy advice to Cabinet. In April 2003, the Ministry provided Parliamentary Council Office with drafting instructions for an omnibus amendment bill – the New Organisms and Other Matters Bill. It was introduced to the House of Representatives on 29 April 2003. This Bill amends the HSNO, Medicines, Agricultural Compounds and Veterinary Medicines and Biosecurity Acts.

Release the National Environmental Standard (NES) on dioxins to air and provide councils with guidance on the NES

Amended. This work was exited due to the changed priorities of the Ministry. Instead of an NES specific to the discharge of dioxin to air, we intend to develop NESs that ban certain activities that otherwise give rise to dioxin emissions. The policy objective of reducing dioxin emissions is then achieved through bans that have as their primary effect the improvement of ambient air quality.

Develop further National Environmental Standards and guidance on organochlorines including discharges to land, clean-up criteria for soil contamination and ambient air guidelines

Ongoing. Preparatory work on soil clean-up criteria for organochlorines (which encompasses discharge to land) was undertaken this year; the work will be completed in 2003/2004.

Develop and implement Resource Management Act amendments to address liability and council functions for contaminated sites

Achieved. A guideline on classification and information management protocols for contaminated sites was completed in June 2003. This guideline has a number of legal issues to resolve before it can be circulated for comment. These legal issues are around public access to information on private (and contaminated) land which local government has classified and recorded. We expect the legal issues will be clarified in August and a final draft circulated for comment in September.

Work continues on cleaning up the Mapua contaminated site. The Tasman District Council was funded by the Government to undertake preparatory work up to the point where resource consents are granted for the clean-up of the Mapua site. Although contracts were not finalised by 30 June 2003, significant progress was made during the year:

- site characterisation work completed and remedial action plan drafted
- clean-up technology test work completed, affected parties consulted, and technology assembly underway
- RMA consents application lodged for works and hearing date set
- a draft contract prepared between the Principal and Tasman District Council.

Complete Tui Mine investigations and clean-up costings

Achieved. A report on the options, feasibility and costings for the remediation of Tui Mine was prepared by Environment Waikato and peer reviewed by the Ministry.

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

Complete the development of a proposed National Policy Statement (NPS) on Indigenous Biodiversity, managing and supporting the statutory Board of Inquiry process and produce ongoing best practice guidance tools

Ongoing. Appointment of a Board of Inquiry for the National Policy Statement on Biodiversity was held back pending notification of the National Policy Statement, but preparatory work was completed, including, briefing the Minister for the Environment on a shortlist of candidates, nominations from government departments and external organisations. Once the preferred appointments have been chosen, a paper will be prepared for the Cabinet Appointments and Honours Committee.

Notification of the National Policy Statement was held back, but text of the National Policy Statement has been substantially drafted. Most of the analysis for the Section 32 report has been completed. The draft of the report is being refined so that it can be published at the same time as the notification of the National Policy Statement.

Support local councils to address the sustainable management of South Island Landless Natives Act (1906) forests in district plans and related processes

Achieved. The Ministry has outlined the new policy to council staff and councillors from Clutha and Southland Districts. The discussions covered the role of the RMA in addressing sustainable management and improving the sharing of information and assessments between RMA and Forests Act processes.

Southland and Clutha are working on a project to collate and improve information on significant natural areas in their districts, to improve decision making on consents and to provide a basis for a review of parts of their District Plans. We are assisting with this project by providing advice and some financial assistance.

We also keep in contact with councils, the Department of Conservation and Ministry of Agriculture and Forestry so that we are alerted to any actions that may require enforcement proceedings under the Resource Management Act.

Contribute to the development of a New Zealand Biosecurity Strategy

Achieved. The *Biotechnology Strategy for New Zealand* was launched on 26 May 2003. The Ministry of Research Science and Technology led this work.

Contribute to inter-departmental work on aquaculture reform and provide ongoing implementation support and guidance to regional councils

Achieved. The Ministry held 13 roadshow meetings at regional councils around the country in October and November 2002. The meetings gave good background on the aquaculture reforms and clarified the coastal planning task facing councils. A number of councils, including Northland, Marlborough, Canterbury and Southland used part of the roadshow meeting in their region to inform their public and stakeholders of the reform and the planning exercises flowing from it.

We contributed to departmental processes to develop the Aquaculture Reform Bill. This included drafting Cabinet Papers and providing input into the Crown's position on the WAI 953 claim and to subsequent policy papers. We also participated during March and April 2003 in 13 regional hui on the reform and issues around it following the Waitangi Tribunals report on WAI 953.

Draft legislation for aquaculture reform is currently in the advanced stages of drafting. Timing has been affected by Waitangi Tribunal Claims and related issues.

Contribute to Stage Two of the Oceans Policy process in accordance with roles and responsibilities of the Oceans Policy Secretariat

Achieved. We completed a stocktake report on current management of the oceans and 11 issues papers exploring the issues in different areas of oceans management. We also completed a report on economic opportunities in the oceans and on local government issues. These reports were done in partnership with the Centre for Advanced Engineering and Business Groups, and with local government practitioners. In both cases they added materially to the policy and were seen positively by the respective sector groups.

In total we held 35 meetings, including two national hui, on the issues and options for the Oceans Policy. The policy development was assisted by very productive partnerships with local government and a Maori Working Group.

Stakeholders (business, especially maritime business groups, environmental NGOs, local government and Maori) welcomed the opportunity to participate in an open process of policy formation, and provided valuable assistance to the Secretariat. As a result there is a high level of buy-in from all different groups of stakeholders, including Maori.

A discussion document and Cabinet paper were prepared and will be delivered to the Ad Hoc Ministerial Group on Oceans Policy by the end of July 2003. The policy as proposed is a significant one with total agreement from all 25 government agencies consulted. The practice of developing the policy proposals using staff from other agencies as part of the policy team was most successful and efficient. This, together with the programme being overseen by an interdepartmental Steering Group where big issues were debated and buy-in was confirmed, resulted in an efficient and thorough process.

We employed a strategic communications advisor and initial preparation for consultation has been completed.

Output 1.4: Promoting Environmental Awareness and Action

Provide a scoping report on effective long-term options to promote community awareness and action, develop a programme and set it in motion.

Achieved. A scoping report on options to promote community awareness and action was drafted, but further work was put on hold during the restructuring of the Ministry. The draft report indicated that a joint programme with regional councils would be a cost-effective option. The Reduce Your Rubbish campaign in April–July 2003 implemented this suggestion.

Support and contribute to the Auckland Regional Council's public education campaign, including assessing its usefulness as a pilot for other regions

Achieved. The Ministry contributed \$200,000 in sponsorship funding during 2002/2003 to the Auckland Regional Council's public education campaign, The Big Clean Up. This campaign was evaluated in preparing the scoping report on community awareness and action. The Big Clean Up provided the starting point for the national Reduce Your Rubbish campaign, which was evaluated as a pilot for joint Ministry-regional council campaigns.

Assist sectoral groups and regional networks involved in environmental education to come together to develop co-operative programmes and partnerships

Ongoing. Substantial background work has been done to develop the process, focus and project plan for the Youth Environment Forum.

Four issues of the *environz* newsletter were published, with each edition distributed to over 8000 stakeholders, providing information on the development of environmental policy and Ministry activities.

Administer, further develop and promote the Green Ribbon environmental awards

Achieved. The 2003 Green Ribbon Awards saw a record number of entries and increased media coverage. Close co-operation with councils, media releases and advertising assisted promotion of the awards. A highly successful event was held at Parliament on World Environment Day and extensive coverage of the winners resulted.

Further develop the public information on the Ministry's website, including simple information on environmental issues and practical action for small businesses, young people and the public

Achieved. A revamp of the Ministry's main website was undertaken during 2002/2003 and the revised site was launched in December 2002. A major part of the revamp was to reflect the change in our direction following the Transformation Project and to comply with the New Zealand Government Web Guidelines. Since its launch, we have received very positive feedback on our new-look website.

Seek opportunities to promote the Ministry's connections with business.

Achieved. Among a number of initiatives that included regular industry meetings with key businesses and breakfast meetings with industry leaders to find out what they would value from us, the Ministry:

- negotiated and signed the Clean Steams Accord with Fonterra and regional councils
- partnered with the oil industry to solve used oil issues
- seconded industry personnel into the Sustainable Industry Group
- worked in partnership with the waste sector to find practical solutions to long-term waste disposal issues
- held discussions with the packaging industry sector on extended producer responsibility.

Output 1.5: Sustainable Development, Transport, Energy and Trade

Follow up on the World Summit on Sustainable Development (WSSD) in Johannesburg, and review and implement the *New Zealand Sustainable Development Strategy*

Achieved. The WSSD was highly significant for the Ministry. It was an opportunity for New Zealand to report on progress made toward the goals of Agenda 21 set down at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992. We had a major input to this report. The conference also set a new agenda for the next 10 years, focused around sustainable development. Actions are set out in detail in the Johannesburg Plan of Implementation (JPOI).

The World Summit raised awareness of the concept of sustainable development as a coherent approach to environmental, economic and social policy. The Prime Minister and the Minister for the Environment

both attended, and their active participation ensured a good profile for New Zealand.

There was progress on all areas of priority interest for New Zealand, and in particular for the Ministry on energy, oceans, sustainable patterns of production and consumption, and the use and production of chemicals. Partnerships for development were also launched.

We worked actively to go beyond the JPOI in the area of renewable energy, with the result that New Zealand joined an EU-sponsored *Declaration on the way forward on renewable energy* and a UK-sponsored initiative *Implementing the Renewable Energy and Energy Efficiency Partnership*. Final arrangements for this have now been negotiated.

We have played a major role in the follow-up to the Summit to produce the Sustainable Development for New Zealand Programme of Action (released in January 2003). We lead work on sustainable cities and have a major contribution to water and energy programmes of action. We are also working with other departments to further develop indicators of sustainable development to better enable New Zealand to report on progress toward the goals of the JPOI.

Contribute to trade and environment negotiations for the Doha Development Round

Achieved. Since the Fourth WTO Ministerial Conference at Doha in November 2001 that launched the Doha Development Round of trade negotiations, the Ministry has been actively involved in the work of the WTO Committee on Trade and Environment (CTE) where the negotiations on environmental issues take place. Our representative attended two meetings of the CTE in Geneva in 2002 and contributed to the Ministry for Foreign Affairs and Trade's work on three core trade and environment issues – the relationship between WTO rules and specific trade obligations in multilateral environmental agreements, environmental goods and services, and labelling for environmental purposes. We have also undertaken work to identify New Zealand's interests in environmental labelling including current practices and the implications of these.

We have also worked actively with MFAT and the Ministry of Agriculture and Forestry to prepare for the Fifth WTO Ministerial Conference to be held in Mexico in September 2003.

Investigate strategic environmental issues as required

Achieved. Ten case studies of small to medium enterprises of sustainable business practices have been completed jointly with Sustainable Business Network (SBN), and are available on the SBN website. They profile how 10 businesses committed to sustainability are achieving improved financial, environmental and social performance.

The Ministry ran a workshop with the Northland tourism industry association and its key stakeholders to identify sustainability issues for their sector. Over the next 12 months we will work closely with Northland tourism operators to assist them in addressing some of the issues arising.

A research paper on market-based instruments was prepared by a secondee to the Sustainable Industry Group.

Output 1.6: Climate Change

Participate in a whole of government climate change work programme to enable New Zealand to ratify the Kyoto Protocol

Achieved. The Climate Change Office was integrated into the Ministry for the Environment in late January 2003. Since then, we have concentrated on structuring the work programme and the team so that it can effectively implement government policy on climate change. We have recruited a Director and management team, as well as additional staff resources. The work programme and the administrative systems for the Office have been integrated with the wider Ministry activities.

Detailed adaptation guidance notes for local government were produced, summarising current scientific evidence of climate change effects, methods for evaluating risks, and providing guidance on when and how to undertake risk assessments and make risk management decisions. Four case studies on climate change impacts and risk assessment were also undertaken with selected local authorities, and a resource to disseminate emerging best practice to local government planners developed.

Develop and implement domestic policies to meet obligations and commitments under the United Nations Framework Convention on Climate Change

Achieved. The greenhouse gas inventory report containing data for the year 2001 was submitted to the secretariat of United Nations Framework Convention on Climate Change by the due date of 15 April 2003. This *National Inventory Report* provides documentation on the methods used to calculate New Zealand's greenhouse gas emissions and removals, and provides the data in the Common Reporting Format, including time-series data for 1990 to 2001.

The *National Inventory Report*, as submitted under the United Nations Framework Convention on Climate Change in April 2003, was prepared for publication.

Output 1.7: Treaty Claims and the Environment

Advise on HSNO Act amendments to improve the recognition and protection of Maori values

Achieved. The Maori Reference Group (MRG) was established in December 2002 to advise Ministers on how to change the Hazardous Substances and New Organisms Act to better reflect the Treaty of Waitangi relationship between Maori and the Crown. The Ministry supported their work by setting up and facilitating meetings. The MRG reported on its work in March 2003. This report informed officials developing legislative and non-legislative proposals for the regulation and decision-making process for genetically modified organisms and wider HSNO Act activities.

Provide guidance to assist councils incorporate iwi management plans into their plans/policy development and consent processes

Achieved. *Whakamau Ki Nga Kaupapa – Making the Best of Iwi Management Plans under the RMA 1991* was released in June 2003. This guide provides a practical summary of ideas to help local authorities make the most of iwi management plans and other iwi planning documents.

Implement a Treaty policy framework so the Ministry can assess and provide advice on Treaty issues across all policy areas

Ongoing. A Treaty policy for the Ministry was developed in 2001. Work started on updating this and will be completed shortly. We have continued to assess and provide advice on Treaty issues across all policy areas with the support of the Ministry's Maori policy team (Maruwhenua) and a draft Maruwhenua Strategic Plan was developed in June 2003.

Promote and facilitate Maori research projects across the Ministry work programme, local and central government and research funding agencies

Achieved. Maruwhenua has worked closely with Crown Research Institutes and research funding agencies to identify and promote Maori research projects. Maruwhenua has participated in Foundation for Research, Science and Technology reference groups, assisted Maori to develop applications to the Sustainable Management Fund and participated in Sustainable Management Fund assessment panels.

Provide advice and support to develop and implement a Maori Environmental Performance Indicator Strategy, including an integrated monitoring and reporting system and policy interventions

Ongoing. Work continues in a number of areas to support this, including publication of a kaimoana monitoring kit and supporting development of a Cultural Health Index for streams and waterways. The Ministry is also a project partner in a Cross Departmental Research Pool project – Maori Monitoring Methods and Indicators for Marine Protection – with the Department of Conservation and two hapu.

Output 1.8: State of the Environment Reporting and Indicators

Confirm outstanding core indicators and continue their development

Achieved. The website www.environment.govt.nz reports environmental performance indicators for a number of environmental issues including air quality, beach water quality, biodiversity, transport and climate change.

We also contributed to natural resource accounts for forestry, fisheries, energy and freshwater, a joint initiative between the Ministry and Statistics New Zealand (SNZ). Stock and flow accounts for forestry, fisheries and energy have been completed and published on the SNZ website.

Review core indicators against the pressure–state–response framework to identify a priority set for implementation and consider indicator requirements to report on RMA performance

Amended. This work was not undertaken due to changed Ministry priorities.

Test and produce a case study report on the application of Land Environment New Zealand and the river environments classification systems at a regional level

Target revised. The full-colour atlas *Land Environments of New Zealand Nga Taiao o Aotearoa* was published by Bateman Ltd, and the Ministry has published the *Land Environments of New Zealand Technical Guide*. All councils and relevant government departments received a complimentary copy of each of these books. Two CDs with the databases that make up the classification will be distributed by Landcare Research for use in Geographic Information Systems (GIS) by conservation and resource managers.

Complete the development of the Lakes Classification System

Amended. Due to changed Ministry priorities, this work is being undertaken by the Department of Conservation.

Develop an Information Management Strategy to support the needs of the indicators programme

Amended. This work was exited due to changed Ministry priorities.

Draft an Environmental Reporting Strategy that sets out key reporting outputs and a production timeline

Amended. This work was not undertaken due to changed Ministry priorities.

Promote the use of triple bottom line reporting in central and local government and the private sector and analysing the results of their findings

Achieved. Reports on the findings of the public sector Triple Bottom Line Report pilot groups have been published. Both pilot groups concluded that TBLR has the potential to add value to existing public sector reporting. Central and local government agency participants provided positive feedback on the pilot group process and are continuing to progress TBLR within their agencies.

Joint agencies have agreed on the way forward for triple bottom line reporting in the public sector and a report back paper is scheduled on the Cabinet Policy Committee agenda.

The Ministry (jointly with Sustainable Business Network) published guidelines on triple bottom line reporting for small to medium-sized enterprises. They were trialled by a group of small to medium-sized enterprises before publication.

We published our own first Triple Bottom Line Report to positive feedback from stakeholders. This year's results are published later in this report.

Confirm a small set of Environmental Sustainability Indicators and agree to an appropriate ongoing reporting framework

Amended. *The Ecological Footprint of New Zealand and its Regions* is complete and will be released in early 2003–2004. The report assesses New Zealand's sustainability performance against two criteria – the amount of land each person needs to support their consumption (ecological footprint per capita) and whether we are living within the carrying capacity of the land we have available.

Assist the Ministry of Transport's review of the effectiveness of the *Vehicle Fleet Emissions Control Strategy* (VFECS) initiatives and consider other options

Achieved. Although the Ministry of Transport did not undertake a review of the *Vehicle Fleet Emissions Control Strategy*, we did provide input to the development of vehicle emissions policies.

Initiate a strategic natural freshwater framework and strategy to help bring together and advance the work areas outlined above

Ongoing. River Environment Classification products include the user guide, the classification databases and two geographic information system (GIS) software tools, *Tracer* and *Grouper*. All products will be published on CD and made available to central and local government in 2003/2004.

A technical report on the Cultural Health Index has been released. This is a tool for assessing stream health from a cultural perspective in a way that can be incorporated into resource management processes. It has been sent to people who have registered an interest in development of Maori indicators, and is now being trialled in two sites, one in the North Island and one in the South.

Draft technical reports on water quality, water quantity, and air quality as prelude to issue-based state of the environment reports are complete and are providing input to the Water Programme of Action and the development of national environmental standards on air quality.

Output 1.9: Sustainable Land and Water Management

Provide guidance to regional councils on water allocation planning, including implementing minimum flows, the River Environment Management Framework, managing small streams and promoting efficient water use

Achieved. The Ministry worked with Southland Regional Council and others to develop information and procedures that have been included in the work programme for the Water Plan of Action (which is part of the Government's National Strategic Sustainability Programme).

As part of our work on managing the consequences of natural hazards, the Ministry prepared a Cabinet paper setting out agreement for removal of businesses from the south bank of the Waiho River (Franz Josef). Over \$800,000 in Government funding for this is secured by an agreement between the Westland District Council and the Ministry. The businesses relocation plans are now underway and we anticipate that most of these businesses will be relocated by the end of winter 2004.

Finalise the draft guidelines for the recreational use of freshwaters

Achieved. This work was completed and published.

Further develop and implement the Dairy and Water Environment Action Plan with the dairy industry, regional councils and other stakeholders

Achieved. The Ministry released the report *Rules for Managing Stock Access to Waterways* in March.

Cabinet considered the rationale for central government interventions to protect Lake Taupo and underpin sustainable development in its catchment in July 2003. Cabinet agreed to a joint fund that would be governed by an agreement between the Crown, Environment Waikato, Taupo District Council and Tuwharetoa. The fund will have the primary objective of reducing nitrogen inputs to Lake Taupo at the lowest cost. The Minister of Agriculture and Minister for the Environment will negotiate a policy package based on partnership with local government and Tuwharetoa, subject to final Cabinet approval.

Scope the role of a NPSs and NESs to address the impacts of agriculture on aquatic systems

Amended. This work programme was exited and is now included within the Water Programme of Action.

Promote good practice in integrated urban catchment management, such as that adopted by the Auckland Regional and City Councils

Amended. This work programme was exited because of changed priorities.

Scope the state of, and the pressures on New Zealand lakes as preparatory work for a response strategy in 2003/04

Achieved. The Ministry worked with Environment Waikato to assist with the development of a programme to deal with the impact of nitrogen in Lake Taupo.

Assist the Gisborne District Council to develop and implement its district plan and Ministry of Agriculture and Forestry implement the East Coast Forestry Project

Achieved. The Ministry continued to work with the Ministry of Agriculture and Forestry and the Gisborne District Council to develop a regulatory framework to manage erosion in the hill country.

Assist regional councils and others implement the Australian and New Zealand Environment Conservation Council Water Quality Guidelines

Achieved. The Ministry worked with Environment Canterbury to incorporate the ANZECC guidelines into regional planning processes.

Assist the implementation of the Wood Processing Strategy

Achieved. Workshops were held around the country with local authorities to facilitate the development of a better regulatory framework for the management of this industry and its environmental impacts.

Commission a review of the Landcover Database to assess its accuracy and pilot a test to improve methodology

Achieved. The review was completed and findings and recommendations incorporated into the contract and processes to finalise LCDB stage 2.

Initiate a strategic natural freshwater framework and strategy to bring together and help advance the work areas outlined above

Amended. This work was not completed and staff were moved to work on potential National Environmental Standards. The Group Leaders' meeting decided on 30 June 2003 to exit detailed work in this area while keeping a watching brief on the Australian and New Zealand Environment Conservation Council Guidelines.

Output 1.10: General Ministerial and Environmental Advice

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

A new intranet-based Ministerial Tracking System was implemented across the Ministry in July 2002. The system has been enhanced since the implementation to now track and report on Ministerials, Official Information Act Requests, Briefing Notes, Cabinet Papers and Parliamentary Questions. The introduction of this new system has helped to facilitate a marked improvement in the administration of Ministerial documentation/correspondence; as well as providing a high-quality, effective reporting framework for Ministry staff.

Ministerial correspondence

	<i>Expected performance</i>	<i>Actual performance</i>	
		<i>Environment</i>	<i>Energy</i>
Quantity	1700	1110	158
Timeliness	Draft replies completed within 20 working days.	82.2% of draft replies were completed within 20 working days.	53.8% of draft replies were completed within 15 working days.
Quality	95% of first drafts accepted by the Minister.	94.1% of first drafts were accepted by the Minister.	98.7% 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		200	181	3
Timeliness	By the stipulated deadline.		90.6% 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 had input into various Treaty of Waitangi settlement negotiations. The Ministry is represented on the Crown negotiating teams for the Whanganui River and the Te Arawa Lakes claims. Our focus in these negotiations was to develop management arrangements that provide for the claimants increased participation that are consistent with Government policy and that are within the existing regulatory regime. We also provided substantial advice on a Cabinet paper on redress for the settlement of Treaty claims in relation to rivers and lakes.

Our input into other negotiations was generally confined to ensuring that redress was consistent with the Resource Management Act. Such negotiations included those for the settlement of the Ngati Awa, Tuwharetoa (Bay of Plenty), Ngati Tama, Nga Rauru, and Te Rarawa claims. We also ran a workshop for local authorities affected by the Te Uri o Hau settlement to assist them meet their obligations under that settlement. Overall we have developed an effective working relationship with the Office of Treaty Settlements.

Review of the Local Government Act

We provided significant input into this. We provided advice for Department of Internal Affairs for their input into a departmental report and for their advice to select committee, including commenting on Cabinet Papers. We addressed issues relating to the central/local government relationship and the relationship between the Local Government Bill and the Resource Management Act.

Review of environmental impact assessment procedures in the Economic Exclusion Zone

The need for a standard, formal process for assessing the environmental effects of proposed new activities beyond the territorial sea (i.e. in the Exclusive Economic Zone) was considered as part of Oceans Policy development and a policy package drafted for Ministers. This included a proposal to streamline approval processes for activities in the Economic Exclusion Zone, with a focus on Assessment of Environmental Effects requirements. Further work on this will be carried out under Oceans Policy work plans for 2003/2004.

Heritage review

The Ministry continued to participate in Government Co-ordinating Group of Chief Executives. A work programme was developed for the government departments to progress.

Public Works Act and Land Act reviews

The Ministry provided input into a series of 10 Cabinet papers relating to the review of the Public Works Act and the Land Act. We continue to work with officials from Land Information New Zealand to ensure consistency with the Resource Management Act 1991 primarily with respect to designation, compulsory acquisition and subdivision and amalgamation matters.

Health (Drinking Water) Amendment Bill

The Ministry had extensive input into the draft bill to amend the Health Act 1956. The Bill seeks to provide a legislative framework for the management of drinking water sources, abstraction, storage, treatment and distribution. We have continued to work with officials. At our suggestion, the Ministry of Health has agreed to the preparation of a national environmental standard under the Resource Management Act that would specify standards for different classes of sources of water intended for drinking water purposes.

Social Development Bill

The Ministry provided input to the Social Development Bill on developing environmental indicators and the policy implications drawn from environmental indicators.

Prostitution Reform Bill

We provided advice to the Parliamentary Counsel Office on the implications of the Prostitution Reform Bill on the management of brothels by local authorities through bylaws under the Local Government Act 2002 and through resource consent processes under the Resource Management Act.

Regulatory impact statements and business compliance cost statement

The Ministry provided input into a cabinet paper from the Business Compliance Cost Unit of the Ministry of Economic Development on means of improving the statements.

Building Act review

We provided advice to the Department of Internal Affairs and the Ministry of Economic Development on issues around dam safety and the interplay between requirements for resource consents and building consents. The Ministry addressed issues of sustainable development in the new Building Bill.

Land Transport Management Bill

The Ministry worked with the Ministry of Transport on the provisions of the Land Transport Management Bill for its report back to Select Committee.

Supreme Court Judicial Matters Bill

The Ministry provided advice to the Ministry of Justice on the implications for the Environment Court functions under the Resource Management Act.

Public health review

The public health review was put on hold by Ministry of Health in their pursuit of an amendment to the Health Act to establish a regime for drinking water.

Land-on-line certification

No advice required.

Output 1.12: Crown Entity Monitoring

Provide advice on ownership and purchase funding issues for the Environmental Risk Management Authority

Achieved. The Ministry administered an independent review of ERMA's operation and assisted implementation. We provided assistance to the reviewers during the review by arranging interviews, travel, and other administrative matters. After the review report was submitted to the Minister, the Ministry developed a cabinet paper with proposals to implement the recommendations from the review [CAB Min (03) 21/3]. We also prepared publicity material related to the review, and put the review report and cabinet papers on the Ministry website. We worked with the Environmental Risk Management Authority to determine the funding requirements for implementing the review recommendations, and put forward a funding proposal to Cabinet for their consideration on 11 August 2003.

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

Achieved. The Ministry monitored ERMA's accountability documents (Purchase Agreement, Statement of Intent, Quarterly Reports, and Annual Report) and other issue-based reports to check ERMA's progress towards the performance measures specified in the 2002/2004 Purchase Agreement. We provided briefings to the Minister for the Environment on ERMA's accountability documents, highlighting key areas where further action was needed. We co-ordinated the appointments process for the re-appointment of three Authority members and two new members.

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

Achieved. The Ministry worked closely with ERMA staff on several policy and legal issues related to the effective implementation of the HSNO Act. ERMA was closely involved in the development of the hazardous substances strategy to improve the workability of the HSNO Act for hazardous substances. Staff from the Ministry and ERMA had monthly liaison meetings to discuss various policy and legal issues. Ministry staff participated in ERMA's annual conference, and several seminars and events hosted by ERMA throughout the year. 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 2002/2003 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		Actual	Main estimates	Supplementary estimates
30/06/2002		30/06/2003	30/06/2003	30/06/2003
\$000		\$000	\$000	\$000
	Revenue:			
662	Crown	662	662	662
662	Total revenue	662	662	662
624	Total expenses	599	662	662
38	Net surplus	63	-	-

Service performance

As part of the Ministry's refocusing, funding schemes were integrated under the aegis of a single team (Funding Community Initiatives) in April 2003. The Funds Manager led a review of the entire suite of funds, considering their individual and collective efficiency and effectiveness, and the options around their future strategic management as a portfolio.

As a result of the completed review, a business model aiming to maximise the performance of the funds was developed and implemented. The model is an agreed mechanism for capturing stakeholder expectations, translating these into delivery processes, and safeguarding their performance with an assurance and reporting regime.

Further work identifying the most appropriate strategic context for the portfolio is well underway at both a high and detailed level. The Ministry expects that implementation of any strategic and/or operational enhancements will take place as part of a continual process. However, key advances building in the model are expected to be cemented in place during the 2003–2004 year.

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. The Sustainable Management Fund assessed 121 project outlines and 22 applications. A total of 110 projects (including 19 approved during the year out of 22 applications) were administered by the Sustainable Management Fund in the 2002/2003 financial year. Out of a budget of \$3,874,000, a total of \$3,869,972 was allocated to environmental initiatives that provide environmental education; promote community awareness; encourage best practice by business, local government, iwi, and the community; improve understanding of environmental legislation; provide guidance (based on existing information); and provide for environmental monitoring and reporting.

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

Achieved. The Minister was advised of details of the 13 applicants granted funding in the two funding rounds, which made a total of 110 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.

Promote wider use of the products of Sustainable Management Fund projects

Achieved. Dissemination of the end-product by contractors is a requirement of all SMF projects. All products have been published on the SMF website and are downloadable. Stream health monitoring kits were distributed to several community groups and schools.

Manage projects tendered by the Sustainable Management Fund

Achieved. The SMF successfully managed six tendered projects during 2002/2003.

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: Environment: Output Class 3: Bioethics Council

This output class will enable the effective operation of the Bioethics Council. The Bioethics Council is a ministerial advisory committee. Its role is to:

- provide independent advice to government on biotechnological issues involving significant cultural, ethical and spiritual dimensions
- promote and participate in public dialogue on cultural, ethical and spiritual aspects of biotechnology, and enable public participation in the Council's activities.
- provide public information on the cultural, ethical and spiritual aspects of biotechnology.

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 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Revenue:			
0	Crown	1,333	1,333	1,333
0	Total revenue	1,333	1,333	1,333
0	Total expenses	551	1,333	1,333
-	Net surplus	782	-	-

Review of output achievements

Provide independent advice to the Government on biotechnological issues involving significant cultural, ethical and spiritual dimensions

To date the Council has made two submissions: one on the NOOM Bill (New Organisms and Other Matters Bill) and the other on the HART Bill (Human Assisted Reproduction Technology Bill).

Promote and participate in public dialogue on cultural, ethical and spiritual aspects of biotechnology, and enable public participation in the Council's activities

The Council is currently in the middle of a public dialogue process involving the issue of human genes and other organisms.

Provide public information on the cultural, ethical and spiritual aspects of biotechnology

The Council has developed and established a website providing detailed information on biotechnology and the work of the Council.

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 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Revenue:			
297	Crown	297	297	297
297	Total revenue	297	297	297
241	Total expenses	213	297	297
56	Net surplus	84	-	-

Service performance

The 2002/2003 Estimates contain one output in Output Class D1: Policy Advice: Energy Efficiency and Conservation.

Review of output achievements

Output D1: Policy Advice – Energy Efficiency and Conservation

Provide advice on ownership and purchase funding issues

Achieved. Budget approvals were processed as required.

Continue to work on the National Energy Efficiency and Conservation Strategy (NEECS)

Achieved. In response to the NEECS requirement to look at RMA processes for renewable energy and energy efficiency we worked with councils and government departments to identify barriers. This work resulted in the recently introduced RM (Energy and Climate Change) Amendment Bill. We continued to work with EECA on non-statutory guidance.

Work on the National Energy Efficiency and Conservation Strategy Action Plans

Achieved. Energy efficiency regulations on minimum energy performance standards (MEPS) were introduced for fluorescent lighting ballasts and electric water storage heaters. The Ministry confirmed the Government's renewable energy target and preferred mechanisms.

Advise Ministers on approval of the Statement of Intent and Purchase Agreement

Achieved. Advice was provided as required.

Liaison with Crown Entity Boards and management, and advice to Ministers on Crown Entity performance and related matters

Achieved. The Ministry was involved in reviewing the Authority's accountability documents and regularly reported to the Minister. The Ministry, working closely with EECA, undertook analysis and consultation around the target range of 25–55 petajoules of consumer energy by 2012 that had been set in late 2001. The Ministry led the provision of advice that resulted in Government, in September 2002, adopting a target of an additional 30 petajoules of consumer energy by 2012 over and above the consumer energy that came from renewable sources in 2000.

3 Financial Statements and Schedules: Non-Departmental

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry manages on behalf of the Crown. The Ministry for the Environment administered \$25.640 million of non-departmental payments, \$1.719 million of non-departmental revenue and receipts, \$10.229 million of assets and \$7.011 million of liabilities on behalf of the Crown for the year ended 30 June 2003.

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2002/03.

Statement of accounting policies

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

Land holdings

With the disestablishment of the Ministry of Works and Development in 1988, the Ministry for the Environment inherited a large number of land holdings consisting of:

- reserves that have been taken for flood protection purposes, and
- soil conservation reserves.

These land holdings have not been included in the Crown Asset Schedule as at 30 June 2003 as there is uncertainty regarding ownership and values of the land. As at 30 June 2003, land recorded in the Ministry's name had a government valuation of \$10.3 million. The Ministry is currently confirming legal status of the land held, number of holdings and any liabilities associated with the land.

Crown revenue and receipts as at 30 June 2003

(GST inclusive where applicable)

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Current revenue			
	Non-tax revenue			
	Catchment Works Loans			
15	– interest	8	8	8
731	Coastal royalties	478	400	400
746	Total non-tax revenue	486	408	408
	Capital receipts			
	Catchment Works Loans			
1,369	– principal	1,233	1,235	1,235
1,369	Total capital receipts	1,233	1,235	1,235
2,115	Total Crown revenue and receipts	1,719	1,643	1,643
	Vote: Energy – Energy Efficiency and Conservation			
	Capital receipts			
	Crown Energy Efficiency Loans			
766		758	826	826
766	Total capital receipts	758	826	826
766	Total Crown revenue and receipts for Vote Environment	758	826	826

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

Schedule of expenses as at 30 June 2003

The schedule of expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on page 59.

(GST inclusive where applicable)

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Vote : Environment			
19,913	Non-departmental output classes	10,422	13,599	10,599
3,711	Other expenses to be incurred by the Crown	3,017	4,122	3,184
23,624	Total Non-Departmental Expenses : Vote Environment	13,439	17,721	13,783
	Vote : Energy – Efficiency and Conservation			
8,010	Non-departmental output classes	9,481	9,481	9,481
1,926	Other expenses to be incurred by the Crown	1,720	2,000	2,000
1,100	Capital investment in organisations other than departments	1,000	1,000	1,000
11,036	Total non-departmental expenses: Vote : Energy – Efficiency and Conservation	12,201	12,481	12,481

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

Schedule of assets as at 30 June 2003

The schedule of assets summarises the assets that the Ministry administers on behalf of the Crown.

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
Current assets				
3,346	Cash	4,493	2,132	714
1,995	Accounts receivable	1,487	2,187	2,187
6	Prepayments	83	–	–
Non-current assets				
4,651	Term receivables and advances	4,166	3,410	3,410
9,998	Total non-departmental assets	10,229	7,729	6,311

In addition, the Ministry monitors two Crown Entities. These are the Environmental Risk Management Authority and the Energy Efficiency and Conservation Authority. The investment in these entities is recorded within the Crown Financial Statements on a line by line basis. No disclosure is made in this schedule.

Schedule of liabilities as at 30 June 2003

The schedule of liabilities summarises the liabilities that the Ministry administers on behalf of the Crown.

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
Current liabilities				
5,133	Creditors and payables	6,984	3,000	3,000
27	GST	27	0	0
5,160	Total non-departmental liabilities	7,011	3,000	3,000

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

Statement of commitments as at 30 June 2003

At 30 June 2003 there were no operating or capital commitments in relation to the activities undertaken by the Ministry on behalf of the Crown.

Statement of contingencies as at 30 June 2003

At 30 June 2003 there was no known contingent liabilities or assets, no indemnities or guarantees were given under section 59 of the Public Finance Act 1989 in relation to the activities undertaken by the Ministry on behalf of the Crown.

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

4 Financial Statements

Performance indicators for the year ended 30 June 2003

	Unit	Actual 30/06/2003	Supplementary estimates 30/06/2003
Operating results			
Revenue: Crown	\$000	30,399	30,399
Revenue: departments and other	\$000	7	10
Revenue: interest	\$000	0	0
Output expenses	\$000	27,340	30,409
Gain on sale of assets	\$000	13	5
Net surplus	\$000	3,079	5
Working capital			
Net current assets	\$000	48	(166)
Current ratio	%	1.0	95.9
Resource utilisation			
Fixed assets			
Total fixed assets at year-end	\$000	723	834
Value per employee	\$000	4.0	4.8
Additions as % of fixed assets	%	52.5	48.0
Fixed assets as % of total assets	%	8.4	17.6
Taxpayers' funds			
Level at year-end	\$000	343	343
Level per employee	\$000	1.9	2.0
Net cash flows			
Surplus / (Deficit) from operating activities	\$000	4,454	(208)
Surplus / (Deficit) from investing activities	\$000	(427)	(405)
Surplus / (Deficit) from financing activities	\$000	(726)	(22)
Net increase/ (decrease) in cash held	\$000	3,301	(635)
Human resources			
Staff turnover	%	11	8
Average length of service	Years	4.7	4
Total staff	No.	180	174

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

Statement of financial performance for the year ended 30 June 2003

Actual		Notes	Actual	Main	Supplementary
30/06/2002			30/06/2003	estimates	estimates
\$000			\$000	30/06/2003	30/06/2003
				\$000	\$000
	Revenue				
23,000	Crown		30,399	27,269	30,399
100	Other	1	20	30	15
17	Interest	2	0	0	0
23,117	Total revenue		30,419	27,299	30,414
	Expenditure				
8,832	Personnel	3	11,547	9,171	12,171
13,031	Operating	4	15,214	17,644	17,759
497	Depreciation	5	550	450	450
31	Capital charge	6	29	29	29
22,391	Total expenses		27,340	27,294	30,409
726	Net surplus from operations		3,079	5	5

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

Statement of financial position as at 30 June 2003

Actual		Notes	Actual	Main	Supplementary
30/06/2002			30/06/2003	estimates	estimates
\$000			\$000	30/06/2003	30/06/2003
				\$000	\$000
343	Taxpayers' funds		343	343	343
343	Total taxpayers' funds		343	343	343
	Represented by:				
	Current assets				
4,493	Bank		7,794	3,040	3,858
33	Prepayments		48	32	32
211	Debtors and receivables	7	24	18	18
4,737	Total current assets		7,866	3,090	3,908
	Non-current assets				
894	Fixed assets	8	723	893	834
5,631	Total assets		8,589	3,983	4,742
	Current liabilities				
3,840	Creditors and payables	9	4,129	2,890	2,890
438	Employee entitlements	10	610	420	420
726	Provision for repayment of surplus to the Crown	11	3,079	5	764
5,004	Total current liabilities		7,818	3,315	4,074
	Non-current liabilities				
284	Employee entitlements	10	428	325	325
5,288	Total liabilities		8,246	3,640	4,399
343	Net assets		343	343	343

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

Statement of movements in taxpayers' funds for the year ended 30 June 2003

Actual	Note	Actual	Main	Supplementary
30/06/2002		30/06/2003	estimates	estimates
\$000		\$000	30/06/2003	30/06/2003
		\$000	\$000	\$000
343	Taxpayers' funds brought forward as at 1 July	343	343	343
726	Net surplus from operations	3,079	5	5
726	Total recognised revenues and expenses for the year	3,079	5	5
(726)	Provision for repayment of surplus to the Crown	11 (3,079)	(5)	(5)
343	Taxpayers' funds as at 30 June	343	343	343

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

Statement of cash flows for the year ended 30 June 2003

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
	Cash flows from operating activities			
	Cash provided from:			
23,000	Supply of outputs to Crown	30,399	27,269	30,399
24	Supply of outputs to departments	144	5	160
28	Supply of outputs to others	56	20	43
17	Interest	0	(2)	(2)
	Cash disbursed to:			
(8,590)	Personnel expenses	(11,164)	(9,100)	(12,100)
(11,800)	Operating expenses	(14,952)	(17,693)	(18,679)
(31)	Capital charge	(29)	(29)	(29)
2,648	Net cash flows from operating activities	4,454	470	(208)
	Cash flows from investing activities			
	Cash provided from:			
6	Sale of fixed assets	13	(5)	(5)
	Cash disbursed to:			
(340)	Purchase of fixed assets	(440)	(400)	(400)
(334)	Net cash flows from investing activities	(427)	(405)	(405)
	Cash flows from financing activities			
	Cash disbursed to:			
(313)	Repayment of surplus to Crown	(726)	(22)	(22)
(313)	Net cash flows from financing activities	(726)	(22)	(22)
2,001	Net increase/(decrease) in cash held	3,301	43	(635)
2,492	Opening cash balance at 1 July	4,493	2,997	4,493
4,493	Closing cash balance as at 30 June	7,794	3,040	3,858

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

Reconciliation of net operating surplus to net cash flow from operating activities for the year ended 30 June 2003

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
726	Net surplus from operations	3,079	5	5
	Add non-cash items			
497	Depreciation	550	450	450
	Add non-cash provision			
119	Increase/(decrease) in provisions for employee entitlements	316	5	23
	Add/(less) movements in working capital items			
(18)	Decrease/(increase) in prepayments	(15)	(2)	1
(43)	Decrease/(increase) in debtors and receivables	193	–	193
1,370	Increase/(decrease) in creditors and payables	344	(3)	(895)
	Add/(less) investing activity			
(3)	Net loss/(gain) on sale of fixed assets	(13)	15	15
2,648	Net cash flow from operating activities	4,454	470	(208)

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

Statement of commitments as at 30 June 2003

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.

	30/06/2003 \$000	30/06/2002 \$000
Operating and accommodation lease commitments (GST exclusive)		
Not later than one year	1,323	1,154
Later than one year but not later than two years	1,085	1,050
Later than two years but not later than five years	1,102	2,155
Later than five years	–	–
Total operating and lease commitments	3,510	4,359
Capital commitments	–	–
Total commitments	3,510	4,359

Statement of contingencies as at 30 June 2003

At 30 June 2003 there was one known quantifiable contingent liability, two non-quantifiable indemnities and no contingent assets or guarantees given under section 59 of the Public Finance Act 1989 in relation to the activities of the Ministry.

	30/06/2003 \$000	30/06/2002 \$000
Legal proceedings	50	50
Total contingent liabilities	50	50

Indemnities

The confidentiality agreement between the Crown and New Zealand Refining Company Limited (NZRC) includes an indemnity from the Crown to NZRC for actual loss or damage (including reasonable costs) suffered by NZRC as a result of unauthorised disclosure of information or any other breach of the confidentiality agreement. This indemnity applies to information disclosed as part of, or in the course of, the negotiations for the NZRC negotiated greenhouse agreement (NGA). The treatment of such information is now addressed by the NZRC NGA.

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

The NZRC NGA provides for the Crown to hold NZRC harmless from certain amounts resulting from the imposition of an emissions charge or certain other climate change initiatives.

Statement of unappropriated expenditure for the year ended 30 June 2003

Departmental appropriations

Departmental output classes were produced within appropriation (30 June 2002: no unappropriated expenditure).

Non-departmental appropriations

Non-departmental output classes and other expenses to be incurred by the Crown were produced within appropriation (30 June 2002: no unappropriated expenditure).

Statement of departmental expenditure and appropriations for the year ended 30 June 2003

(Figures are GST inclusive where applicable)

	Actual 30/06/2003 \$000	Appropriation* 30/06/2003 \$000
Vote: Environment		
Appropriations for classes of outputs		
D1 Environmental policy advice	29,224	31,632
D2 Administration of The Sustainable Management Fund and Residual Catchment Grants	674	745
D3 Bioethics Council	620	1,500
Total	30,518	33,877
Vote: Energy – Energy Efficiency and Conservation		
Appropriation for departmental output class		
D1 Policy advice – Energy Efficiency and Conservation	240	334
Total	240	334

* This includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act 1989.

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

Statement of non-departmental expenditure and appropriations for the year ended 30 June 2003

(Figures are GST inclusive where applicable)

	Actual 30/06/2003 \$000	Appropriation* 30/06/2003 \$000
Vote: Environment		
Appropriations for non-departmental output classes		
O1 Clean up of orphan crown contaminated sites	100	100
O2 Development and implementation of sustainable management	3,697	3,874
O3 Hazardous substances and new organisms assessment and management	5,975	5,975
O4 Residual catchment works	200	200
O5 Sustainable land management: promotion and training	450	450
Subtotal	10,422	10,599
Appropriations for other expenses to be incurred by the Crown		
Framework Convention on Climate Change	102	102
Montreal Protocol on Ozone Protection	8	20
Subscription to Basel Convention	13	16
United Nations Environment Programme	311	334
Legal and Environment Centre Grants	1,721	1,850
Franz Josef Risk Mitigation	862	862
Subtotal	3,017	3,184
Total Appropriations for Vote: Environment	13,439	13,783
Vote: Energy – Energy Efficiency and Conservation		
Appropriations for non-departmental output classes		
Energy Efficiency and Conservation Authority	9,481	9,481
Subtotal	9,481	9,481
Appropriations for other expenses to be incurred by the Crown		
Energy efficiency and renewable energy grants and assistance	1,720	2,000
Subtotal	1,720	2,000
Capital investment in organisations other than departments		
Crown energy efficiency	1,000	1,000
Subtotal	1,000	1,000
Total	12,201	12,481

* This includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act 1989.

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

Statement of accounting policies for the year ended 30 June 2003

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 and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

(iii) Cost allocation

The Ministry 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 a primary cost driver of salaried full time equivalents.

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

All direct operating costs are charged directly to outputs. Direct personnel costs are charged on the basis of the full time equivalents that are directly attributable to an output. For the year ended 30 June 2003, direct costs accounted for 69% of the Ministry's costs (2002: 72%).

Indirect costs assigned to outputs

All indirect costs are assigned to outputs on a percentage basis calculated on the number of full time equivalents per output. For the year ended 30 June 2003, indirect costs accounted for 31% of the Ministry's costs (2002: 28%).

(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.

(vii) Depreciation

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

The estimated useful lives of the assets are:

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

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

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

(viii) Employee entitlements

Provision is made in respect of the Ministry's liability for annual leave, retention/refresher leave, long-service leave and retirement leave. Annual leave 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 and cash held in bank accounts.

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

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

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

(x) Financial instruments

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

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

- accounts receivable are recorded at expected realisable value
- all other financial instruments including cash and bank 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 allocation of direct and indirect costs. A primary cost driver of salaried full time equivalents has been used. As 99% of Ministry staff can be directly attributed to an output class by using full time equivalents, the simplification of the cost allocation policy has not had a significant effect in dollar terms.

The Ministry has also changed its accounting policy for the valuation of office equipment by removing the 20% residual value, as a result of this change depreciation for the year increased by \$62,535.

There have been no other changes in 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 2003

1. Other revenue

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
19	Departmental	0	5	0
76	Publication sales	7	20	10
5	Gain on sale of fixed assets	13	5	5
100	Total other revenue	20	30	15

2. Interest revenue

During the 2001/02 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 2 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 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
3,516	General and administration	4,266	3,500	3,500
1,615	Other operating costs	1,783	4,410	4,325
1,217	Rental and leasing	1,389	1,160	1,360
6,587	Consultancy	7,745	8,500	8,500
26	Audit fees for financial statements	26	26	26
68	Other services provided by Audit NZ	5	28	28
2	Loss on sale of fixed assets	0	20	20
13,031	Total operating expenditure	15,214	17,644	17,759

5. Depreciation

Actual 30/06/2002 \$000		Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Supplementary estimates 30/06/2003 \$000
259	Furniture and fittings	227	174	174
–	Motor vehicles	–	–	–
28	Office equipment	86	66	66
10	Computer software	13	53	53
200	Computer hardware	224	157	157
497	Total depreciation charge	550	450	450

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 2003 was 8.5% (2002: 9%).

7. Debtors and receivables

	Actual 30/06/2003 \$000	Actual 30/06/2002 \$000
Trade debtors	24	211
Less provision for doubtful debts	–	–
Total debtors and receivables	24	211

8. Fixed assets

	Cost	Accumulated depreciation	Net book value
	30/06/2003	30/06/2003	30/06/2003
	\$000	\$000	\$000
Furniture and fittings	1,118	941	177
Motor vehicles	50	50	–
Office equipment	453	355	98
Computer software	253	231	22
Computer hardware	1,117	691	426
Total fixed assets	2,991	2,268	723

	Cost	Accumulated depreciation	Net book value
	30/06/2002	30/06/2002	30/06/2002
	\$000	\$000	\$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

9. Creditors and payables

	Actual	Actual
	30/06/2003	30/06/2002
	\$000	\$000
Trade creditors and accruals	3,359	3,878
GST	770	(38)
Total creditors and payables	4,129	3,840

10. Employee entitlements

	Actual	Actual
	30/06/2003	30/06/2002
	\$000	\$000
Current employee entitlements		
Annual leave	610	438
Total current employee entitlements	610	438
Non-current employee entitlements		
Retirement, long service and retention/refresher leave	428	284
Total non-current employee entitlements	428	284
Total employee entitlements	1,038	722

11. 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 gain on sale of fixed assets and surplus from operations.

12. Financial instruments

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

Credit risk

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

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.

13. Contingencies

The Ministry does not have any contingent assets as at 30 June 2003 (2002: nil).

Contingent liabilities are disclosed separately in the Statement of Contingencies.

14. 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

The Ministry received crown revenue to 30 June 2003 of \$3.1 million more than the Mains Estimates due to the transfer of the Climate Change Office from Vote: Prime Minister and Cabinet.

(ii) Statement of financial position

	Actual 30/06/2003 \$000	Main estimates 30/06/2003 \$000	Variance \$000
Bank	7,794	3,040	4,754
Creditors and accruals	4,129	2,890	1,239

The Ministry had a higher bank balance (than budgeted) for two reasons. Firstly, due to the lesser than budgeted operating expenditure and secondly because of the higher than budgeted creditors and accruals.

15. Subsequent events

No significant events, which would materially affect the financial statements, occurred between 30 June 2003 and the date of signing the financial statements (2002: nil).

16. 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 2003.



Barry Carbon
Chief Executive
31 August 2003

Countersigned by:



Fiona CM Morgan
Finance and Corporate Business Manager
31 August 2003

Report of the Auditor-General

To the readers of the financial statements of the Ministry for the Environment for the year ended 30 June 2003

We have audited the financial statements on pages 11 to 69. 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 2003. This information is stated in accordance with the accounting policies set out on pages 60 to 64 and page 46.

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 2003, 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 Ajay Sharma, 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. Other than this assignment 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.

Qualified opinion

As stated on page 46 under Land Holdings, the Ministry for the Environment has not recognised certain land holdings and any associated liabilities, in the non-departmental schedules. Non-recognition of the land holdings is a departure from Financial Reporting Standard No. 3: *Accounting for Property, Plant & Equipment*, which requires the items that meet the asset recognition criteria must be recognised. In addition, the Ministry for the Environment has not provided for any obligations that have arisen from the ownership of these land holdings. This is a departure from Financial Reporting Standard No. 15: *Provisions, Contingent Liabilities and Contingent Assets*, which requires that such obligations must be recognised. The effect of these departures is to misstate the schedules of non-departmental assets and liabilities. Any adjustment to these schedules would have a consequential effect on the schedules of non-departmental revenue and expenditure.

In respect of the above items alone we have not obtained all the information and explanation that we have required.

In our opinion except for the effect of not recognising value of land holdings and any associated obligations in the non-departmental schedules, as outlined above, the financial statements of the Ministry for the Environment on pages 11 to 69:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Ministry for the Environment’s financial position as at 30 June 2003;
 - 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 30 September 2003 and our qualified opinion is expressed as at that date.



Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Ministry for the Environment for the year ended 30 June 2003 included on the Ministry for the Environment’s website. The Chief Executive is responsible for the maintenance and integrity of the Ministry for the Environment’s website. We have not been engaged to report on the integrity of the Ministry for the Environment’s web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Except for the HTML version, we have not been engaged to report on any other electronic versions of the Ministry for the Environment’s financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data

communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30th September 2003 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5 Triple Bottom Line Progress

In March 2003 the Ministry published *Towards a Triple Bottom Line – A Report on our Environmental, Economic and Social Performance*. This section updates the operational environmental and social performance of our offices and staff in 2002/2003.

In April 2003 we published our first Statement of Intent, which sets out the wider environmental and economic outcomes that we are working towards during 2003–2006. Our next Annual Report will discuss our progress in relation to these outcomes. A stand-alone Triple Bottom Line Report will not be produced for 2002/03.

Highlights of this year's office environmental and social performance include:

- agreement in principle of an overarching Operational Environmental Policy Statement
- the launch of the Ministry's 'Govt³' project, focusing in its first year on assisting government agencies assess their environmental impacts and encouraging eco-efficient procurement
- a concerted effort to reduce the weight of our publications from 22 to seven tonnes in paper content
- signing an Energy-Wise Government Agreement with EECA and appointing an Energy Manager
- carrying out the first quantitative survey of staff attitudes.

Two commitments have been postponed to next year and some commitments are ongoing.

Office environmental policies and systems

Towards the end of 2002/2003 work began on drafting operational environmental policies. An overarching Environmental Policy Statement was agreed in principle by management in August 2003. Supporting policies for procurement and resource use, energy, travel and waste are expected to be signed off by December 2003.

Environmental policy statement¹

Our environmental principles: what is important to us?

Through its Environmental Policy Statement (EPS) the Ministry for the Environment will strive to:

1. Meet, and where appropriate exceed, the requirements of all relevant environmental legislation and government policies and initiatives.
2. Continually improve our operational environmental performance by meeting our targets and goals.
3. Use materials efficiently.
4. Proactively manage waste and divert recyclables from our waste stream.
5. Favour the purchasing of more sustainable goods and services.
6. Reduce emissions associated with our activities.
7. Use energy efficiently.
8. Monitor progress and publish results on our environmental performance through our Annual Report.
9. Inform staff about our environmental policy and procedures.
10. Demonstrate environmental leadership and encourage other organisations to improve their environmental performance.
11. Action what is important to us, as outlined in points 1–10 above, through supporting guidance on procurement and resource use, energy, and waste.

¹ The full Environmental Policy can be viewed on our website www.mfe.govt.nz.

Key targets and commitments	Progress at 30 June 2003
Overarching environmental policy, and policies for purchasing, waste and energy to be published and embedded by June 2003.	Ongoing: Over-arching Environmental Policy Statement to be agreed in principle by group leaders by August 2003. Supporting policies are due to be signed off by December 2003. Embedding of policies will continue in 2003/04.
Drive responsible procurement for all of government.	Achieved: The Ministry commenced its 'Govt ³ ' project in July 2003. An initial focus of this project is eco-efficient procurement in government.

Materials

Publications: During 2002/2003 we published 108 different reports, brochures, booklets, cards, etc. The paper content of publications fell by 69% to 7.0 tonnes compared to 22.5 tonnes for the 126 items in 2001/2002. Three things contributed to this change: senior management review has meant fewer documents are published; fewer copies are printed of each publication; and we have increased the number of web-only publications.

We estimate that 91% [86% 2001/2002] by weight of publications were chlorine-free and that recycled paper content by weight was 20% [56% 2001/2002]. The lower recycled content this year was due to the current paper purchasing policy not being followed for three major publications. The revision of the paper purchasing policy has been postponed, so as to incorporate it within a general review of procurement policies in 2003/2004.

Office paper: During the period we used 7.9 tonnes of A4 copier and headed paper or 18.8 reams per staff member. While this 3% decrease in reams per staff member is less than targeted (10%), planned promotions to staff on ways of reducing paper usage has been postponed until 2003/2004, as part of the promotion of office environmental policies. We will now undertake an audit of typical office paper usage and promote paper reduction to staff by June 2004.

During the year we also sourced a recycled content office paper, so 58% of paper used was 100% recycled and chlorine free [0% 2001/2002].

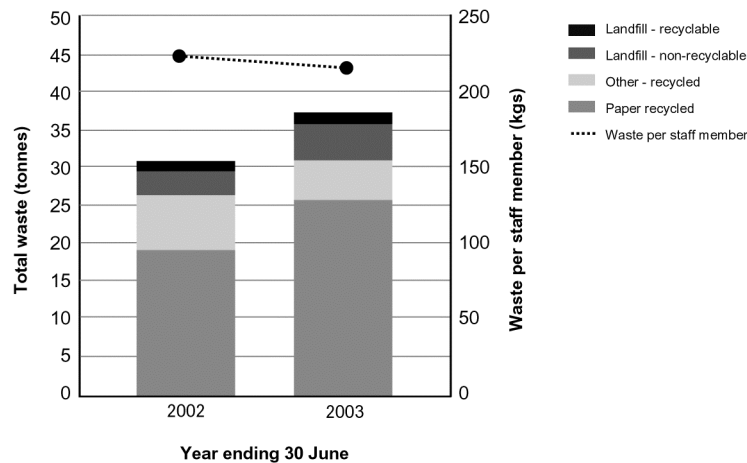
Our performance over time

	Actual 2002/03	Actual 2001/02
Weight of publications per staff member (kg)	41 kg	162 kg
Reams of copier paper per staff member (number)	18.8	19.4

Key targets and commitments	Progress at 30 June 2003
Investigate alternatives to printing large numbers of publications as a way of achieving our overall objectives.	Ongoing: Senior management reviewed proposed publications in 2002/2003. Management and senior staff are to improve systems for ensuring publications contribute to achieving our objectives.
Review and update our paper purchasing policy, including the issues around recycled content.	Revised commitment: The review will now be incorporated in the development of procurement policies due by December 2004.
A 10% reduction in reams of paper used to 17 reams per staff member.	Ongoing: A 3% reduction was achieved. We will now undertake an audit of typical office paper usage and promote paper reduction to staff by June 2004.

Waste

Ministry for the Environment analysis of waste streams



The Ministry continues to recycle over 80% of the solid waste it generates (37 tonnes or 238 kg per staff member). There has been a 3% reduction in waste per staff member, which is less than the targeted reduction (10%) due to an increase in paper/cardboard waste recycling, as relocating staff cleaned out desks during the Transformation Process.

While it is good that we recycle a high percentage of waste, it is desirable to focus on reducing paper waste generated by the staff. Opportunities in this area will be investigated in the audit of office paper usage in 2004.

Of the remaining 20% of waste going to landfill, 4% could have been recycled under existing procedures. During October 2003 we plan to re-promote our internal recycling practices to all existing and new staff. We will also be exploring our options for organic waste, which makes up 44% of the waste to landfill.

Benchmarking our performance

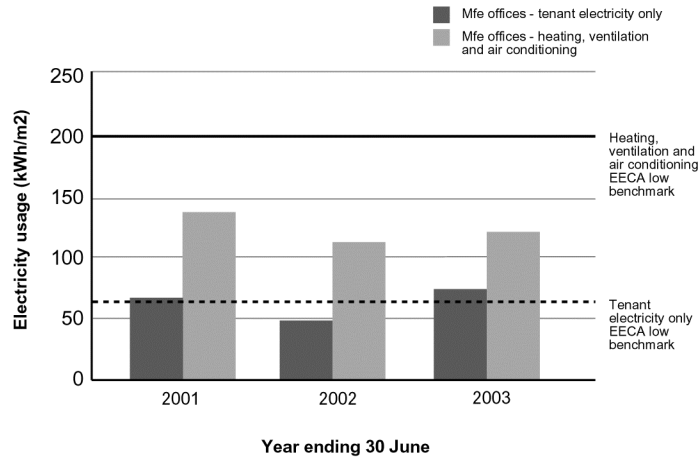
	Actual 2002/03	Actual 2001/02	Benchmark*
Total waste generated per staff member (kg)	215	220	200
Waste to landfill per staff member (kg)	32	32	–

*UK Environmental Agency good practice benchmark

Key targets and commitments	Progress at 30 June 2003
Reduce waste per staff member per year by 10%.	Ongoing: A 3% decrease has been achieved. We will seek opportunities for a further reduction in waste generation per staff member through a review of paper usage and options for organic waste.

Energy

Ministry for the Environment electricity usage per m2



Growth in staff numbers means we have rented additional office space in Wellington and Christchurch during the year, so overall electricity usage has increased 43% to 373,460 kWh. However, electricity usage per m² increased by only 6% for offices with ‘tenant-only electricity’ (i.e. excluding heating, ventilation and air conditioning (HVAC)) and by 24% for offices with HVAC. As the above graph shows, our offices continued to perform close to or well below their respective EECA low-usage benchmarks.

Benchmarking our performance

	Actual 2002/03	Actual 2001/02	Low-typical usage benchmark*
Offices – tenant electricity only (kWh/m ²)	61	58	60–150
Offices – with HVAC (kWh/m ²)	140	113	200–280

* Per Energy Efficiency and Conservation Authority (EECA)

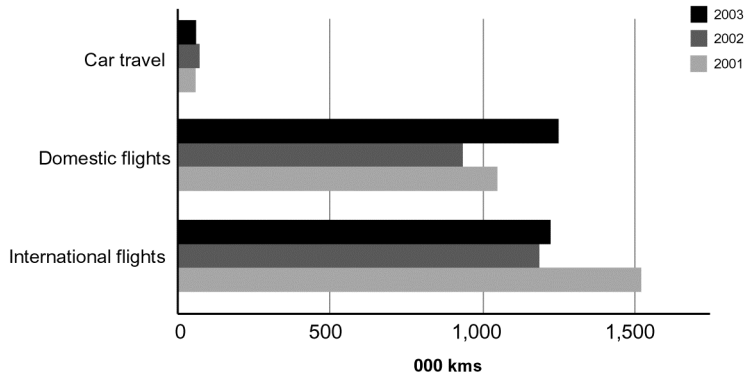
The increase in ‘Offices – tenant electricity’ is because of the utilisation of one floor which was previously partially vacant. The increase for ‘Offices – with HVAC’ is due to slightly lower efficiency in our new Wellington office space, however this temporary office space still performs well below the low EECA benchmark.

In June 2003 we signed an Energy-Wise Government Agreement with EECA and appointed an Energy Manager. Our policies and the management of our energy use will be further developed in 2003/04 as part of our commitments under the agreement.

Key targets and commitments	Progress at 30 June 2003
Maintain our office’s energy performance close to the low EECA benchmark.	Achieved: Continue with this target pending the joint review with EECA of any further possible savings.
To have signed up to the EECA Energy-Wise government scheme.	Achieved: Senior management signed off the agreement in June 2003. Energy Manager appointed.

Transport

Ministry for the Environment travel analysis



In 2002/2003 staff flew 1,262,532 km domestically and drove 61,345 km on Ministry business. Senior staff also flew a total of 1,229,950 km on long haul international flights presenting or representing New Zealand concerns. Domestic air travel was 15% higher per staff member kms than in 2001/2002, but still well down on 2000/2001. Factors behind the increase were general staff growth (including the reintegration into the Ministry of the Climate Change Office), the regional aquaculture road shows and iwi consultations, the Oceans Policy stakeholder meetings and hui (March 2003) and the September 2002 series of stakeholder breakfast meetings on the Ministry's strategic direction.

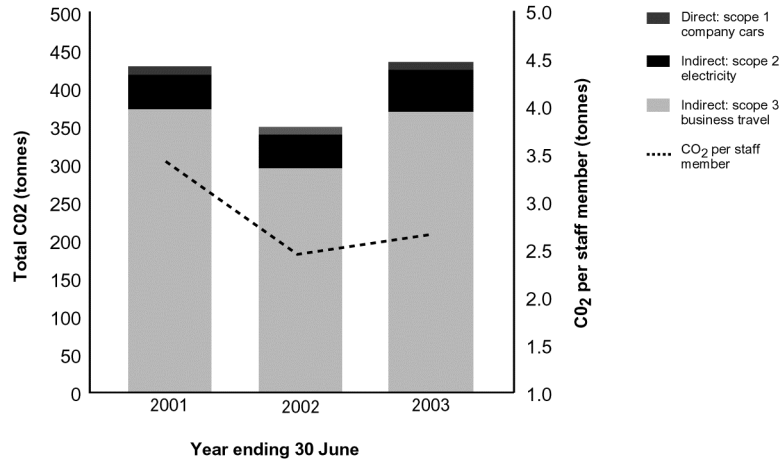
Our performance over time

	Actual 2002/03	Actual 2001/02	Actual 2000/01
Domestic air travel per staff member (km)	7,449	6,499	9,367
International air travel per staff member (km)	7,256	8,600	12,326
Ministry and hire car travel per staff member (km)	362	476	525

Key targets and commitments	Progress at 30 June 2003
Monitor our travel and understand and report back on the reasons for any fluctuation from 2001/02 levels.	Achieved: We will continue to monitor our travel throughout 2003/04 as we embed our revised travel policy.
Consult staff on appropriateness of a voluntary survey of commuting methods.	Revised commitment: This survey will now be carried out by July 2004.

Carbon footprint

Ministry for the Environment CO₂ equivalent emissions



Our use of fuel in company cars, our use of electricity and the fuel used in air travel and hire cars all contribute to our CO₂ emissions. In 2002/2003 we generated a minimum of 439.5 tonnes of CO₂ equivalent emissions, a 25% increase on 2001/02: 75% of the increase is due to increased domestic flights (as discussed in Transport above) and 22% relates to increased electricity usage (as discussed in Energy above). However, the Ministry footprint per staff member increased by only 2% from 2.5 to 2.6 tonnes and remains well below the 2000/2001 (3.5 tonnes).

Our travel policies are being reconsidered as part of our environmental policies review. However, given our continuing staff growth and need to engage with our stakeholders, we anticipate that overall electricity usage, travel and, hence, total CO₂ emissions may continue to rise in 2003/04.

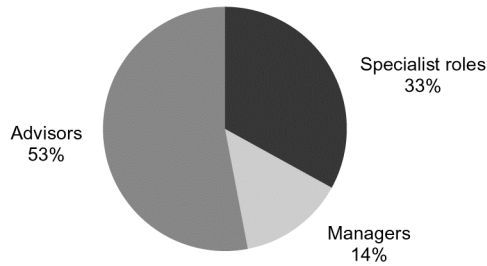
Note that while calculated in accordance with international Green House Gas (GHG) accounting protocols,² in common with many organisations reporting on their CO₂ impact, our CO₂ figure represents a minimum only. For example, the electricity usage for air-conditioning/heating/shared areas for two of our Wellington offices is currently not included because of difficulties in obtaining data.

² See *The Challenge of Greenhouse Gas Emissions*. New Zealand Business Council for Sustainable Development. 2002.

Key targets and commitments	Progress at 30 June 2003
Monitor our CO ₂ emissions to understand and report back on the reasons for any fluctuation from 2001/02 levels.	Achieved: We will continue to monitor our CO ₂ throughout 2003/04 as we embed our new supporting policies.

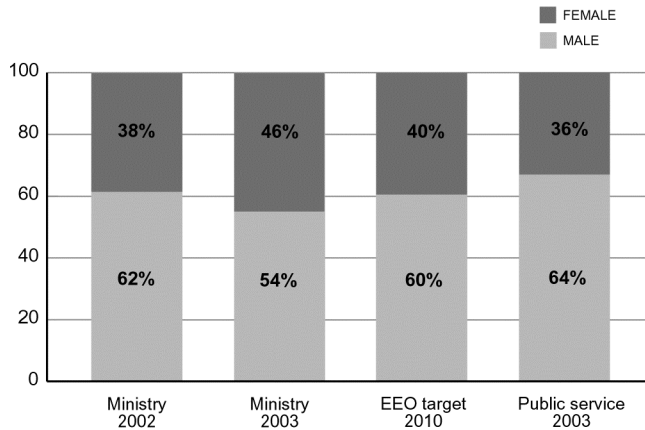
Our staff

Profile of the Ministry for the Environment at 30 June 2003



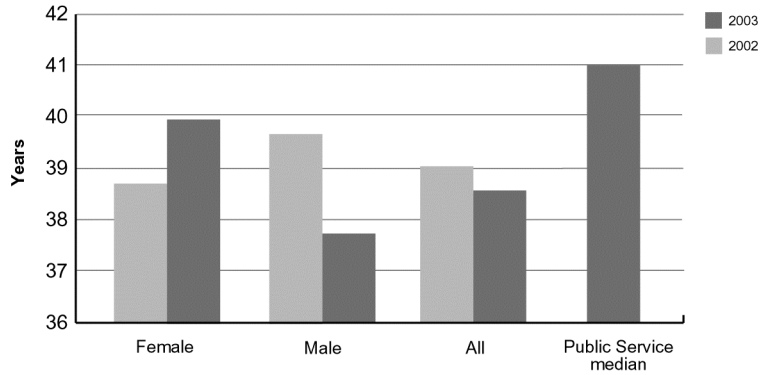
We have seen a steady increase in the number of staff over the last year. Despite this increase the profile of the Ministry remains much the same as the previous year. Over half the staff are advisors (53%), with specialist roles (33%), and managers (14%).

Representation of women in management at 30 June 2003



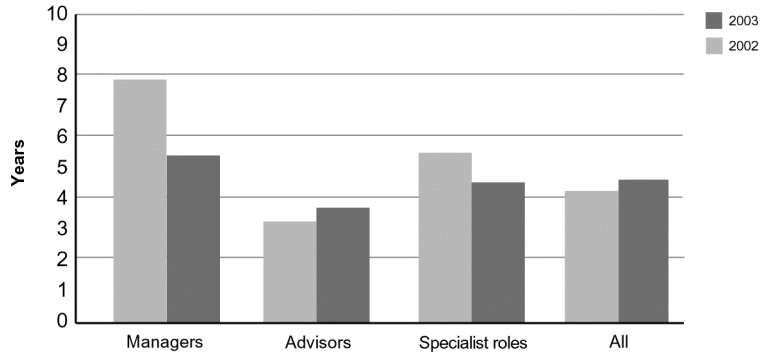
With the increase in the number of managers has come an increase in the number of women managers. We have achieved our EEO target.

Average age of Ministry for the Environment staff at 30 June 2003



Overall we have seen a slight decrease in the average age from 39.02 to 38.59. Though the female average age has increased 38.83 to 39.91, the male average age has decreased from 39.69 to 37.71.

Average length of service at 30 June 2003



The average length of service with the Ministry is now 4.21 years – a slight decrease from the previous year. The most noticeable change has been a decrease of years for managers from 7.86 to 5.26 years.

Core unplanned turnover



Despite a period of significant change, the turnover at the Ministry has been the lowest for five years: 11%.

Our culture

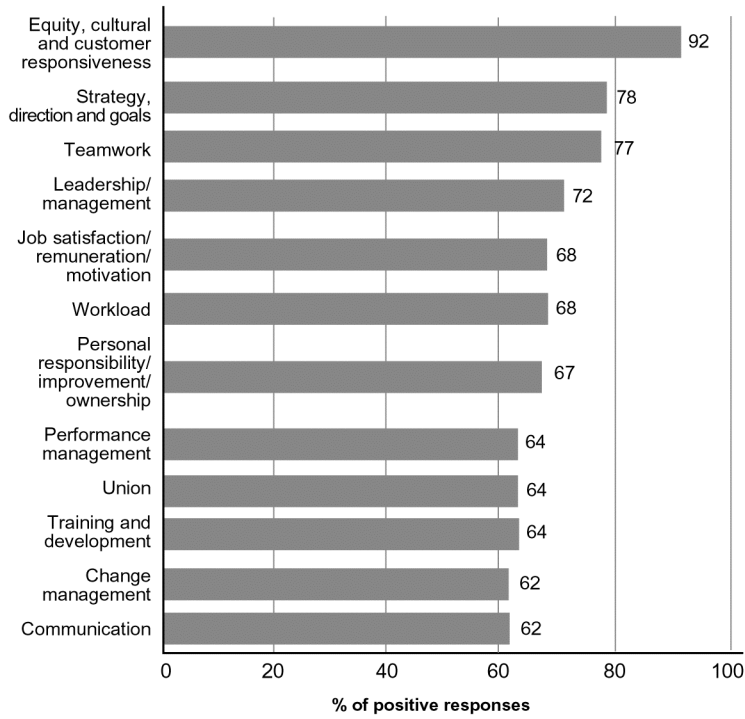
The Ministry undertook a climate survey in June 2003.

Key findings

Overall the findings are very positive.

- All 12 factors surveyed scored above 60% on the positive scale.
- 'Equity, Cultural and Customer Responsiveness' scored the highest at 92%.
- On the whole there were no significant differences on factors in relation to job type, and gender.
- Length of service did feature for many factors – e.g. people with less than six months on the whole were more positive than other groups.

Summary results of 12 factors



The Ministry will be repeating this survey next year to gauge what improvements have been made.

Key priorities for 2003/04

- Leadership Programme.
- Introduction of Graduate Recruitment Programme.
- Implementation of new Competency Pay System.

6 Management of the Ministry

Human resources

During the 2002/2003 financial year, the human resource focus was on the Transformation Project. The other key focus was a huge recruitment exercise – approximately 50 new staff came on board during this period.

Specific highlights were:

- staff survey – this confirmed that the Ministry was making good progress through the Transformation Project and provided a useful focal point for further improvements
- Leadership Programme – this was run by the Chief Executive for all staff, and was highly successful in presenting the key values and desired behaviours to staff
- introduction of new competencies in line with the new organisation
- introduction of new pay rates
- streamlining recruitment processes.

Communications

Communicating the work of the Ministry and building relationships with others is fundamental to our work. Partnerships with other government departments were a key feature for the Ministry in 2002–2003. We led whole of government work in oceans, climate change and genetic modification. We had a strong role in biodiversity, sustainable development and aquaculture work.

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.

The successful Reduce Your Rubbish campaign (April–July 2003) was developed in partnership with regional councils. The campaign used a range of advertising tools to effectively communicate the objectives of the *New Zealand Waste Strategy* to a much wider public. Research showed that the campaign raised awareness of the waste issue, and encouraged many thousands of New Zealand householders to take simple, positive, actions to reduce their rubbish.

We also promoted environmental action through the Green Ribbon Awards, with a record level of participation and awareness.

Between 31 July 2002 and 30 June 2003 we held four stakeholder liaison meetings with NGOs, three with industry representatives and three with professional association representatives.

Public information

We revamped the Ministry's corporate website, www.mfe.govt.nz, to make it more focused and user-friendly, and to bring it in line with government web guidelines.

In August 2002 we published the last issue of our newsletter, *Environment Update*. We launched a new full colour newsletter, *environz* in November 2002 and published three issues. During the 2002–2003 year we also published our first Statement of Intent, as well as a wide range of reports, guidelines, discussion papers and brochures. Printed copies of publications can be obtained from the Community Relations team at the Ministry's Head Office and on the Ministry's corporate website.

Information management

The Ministry continued to build on the significant advances in information management it made during the previous year. In particular, the resourcing of the Information Management team – which centrally manages functions including information technology, web maintenance and development, library services, records management, mail services, ministerial liaison and e-government – was further increased. This increased resourcing enabled us to provide more effective information services for Ministry staff.

Due to the potentially significant implications of the Transformation Project on the Ministry's future information requirements, a number of key information-related initiatives planned for the year were postponed until after the transformation was completed and 'bedded-down'. Now that this is the case, initiatives such as the development of an information strategy and the revamp of the Ministry's intranet are now under way.

A number of major information initiatives were completed during 2002/2003, including:

- a 'whole of Ministry' contacts database was developed and implemented
- a new Ministerial Tracking System (recording all Ministerials, Official Information Act requests, Parliamentary Questions, Briefing Notes and Cabinet Papers) was developed and implemented.

Crown entity monitoring

The Environmental Risk Management Authority

During the 2002/2003 financial year the Ministry held monthly 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. Senior management 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, both with the Chair of the Authority and with staff. The Ministry also received and reviewed quarterly reports from the Authority and, during this year, has overseen a major review of ERMA's capabilities known as the Nahkies Review.

The Energy Efficiency and Conservation Authority

During the 2002/2003 financial year we continued to monitor the Energy Efficiency and Conservation Authority (EECA). As with ERMA, we held monthly or bi-monthly liaison meetings with the executive of EECA to discuss emerging issues, potential risks and progress on matters of relevance to EECA. We also hold more regular informal meetings with senior EECA staff. The Chief Executive of the Ministry also maintains regular contact with the Chief Executive of EECA and holds additional meetings as and when required.

Effectiveness in reducing inequalities

During the 2002/2003 year, Maruwhenua, the Ministry's Maori Policy team, advised internally on how to address Treaty of Waitangi and Maori 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 Maori 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.

Our Maori staff were involved in several key areas of work, including aquaculture, 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 Maori environmental performance indicators.

Of particular importance and significance has been the ongoing work with Ngati Tuwharetoa and other partners in addressing the water quality issues facing Lake Taupo.

Maruwhenua also contracted the Indigenous Development Group to deliver a series of 20 workshops on developing Tangata Whenua Management Plans based on the guide Te Raranga A Mahi. There has been significant positive feedback on these workshops and several iwi groups have arranged for further workshops based on this concept both with the support of Maruwhenua and independently. Maruwhenua is looking to build on the success of these workshops in the next financial year.

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. Improving the effectiveness of Maori participation in the management and use of natural resources has been identified as a key issue for the Ministry in the coming financial year.

Continued Treaty of Waitangi settlements will also provide vital resources and capacity to iwi to enable them to participate effectively in the management of their natural resources but a more proactive approach has been identified as critical to achieving sustainable outcomes in this area.

Environmental performance indicators

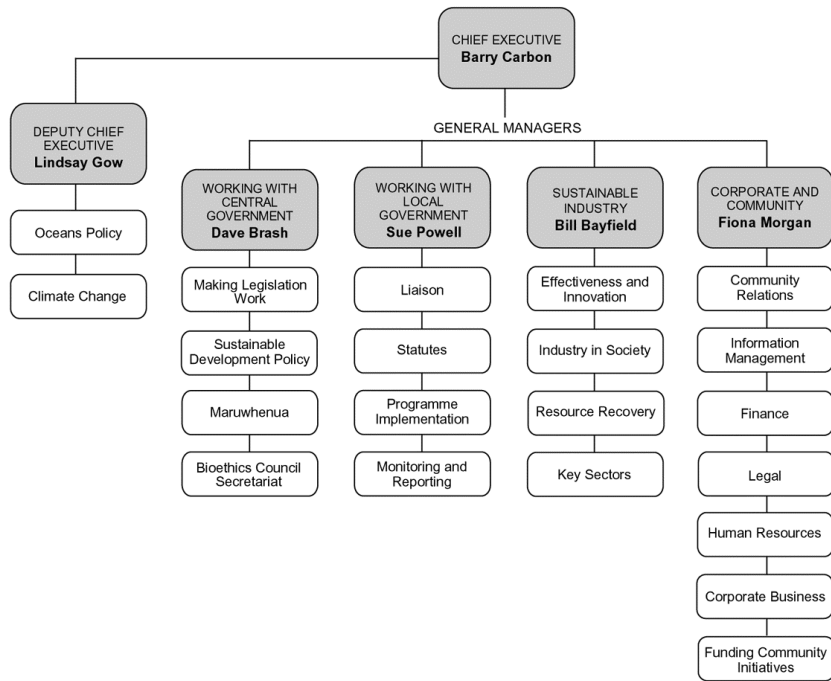
We continued to develop Maori Environmental Performance Indicators, which are based around traditional indicators of environmental health used by the tangata whenua. These indicators will be an important tool for empowering Maori to exercise their kaitiakitanga and monitor environmental values and the health of their natural resources. Draft indicators have been developed for river/instream values and these are being trialed in varying catchments to test their adaptability. Work is also progressing on developing indicators for the marine environment, and kaimoana resources.

Management structure

During the Transformation Project, the management structure of the Ministry was changed to better reflect the Ministry's priorities.

The new structure, based on five main business groups, is intended to promote an approach focussed on relationships and partnerships.

Ministry for the Environment Organisational Chart



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
- Climate Change Response Act 2002

Property administration

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

Location	Date lease commenced	Term of lease	Area leased (m ²)
Wellington			
– Site 1	August 1985	21 years	2,610.42
– Site 2	October 2000	2 years	969.50
– Site 3	November 2002	1 year	1141.24
Auckland	October 2000	2 years	265.15
Christchurch	June 2002	4 years	369.79

Area occupied

Occupancy and m² space allocation as at 30 June 2003.

Location	Area leased (m ²)	Number of occupants	M ² per occupant
Wellington			
– Site 1	2,609.42	80	32.62
– Site 2	969.50	32	30.30
– Site 3	1141.24	51	22.38
Auckland	265.15	5	53.03
Christchurch	369.13	12	30.82

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

Location	Operational expenses			Total
	Rent office	Landlord	Contracts	
Wellington				
– Site 1	740,478	224,404	115,586	1,080,470
– Site 2	158,370	–	20,742	184,348
– Site 3	100,937	–	15,727	116,663
Auckland	51,373	–	7,268	58,642
Christchurch	51,771	20,580	20,874	93,225
Total	1,108,164	244,984	180,198	1,533,347

Location	Analysis of data			
	Rental (\$ per m ²)	Rental (\$ per occupant)	Utility cost (\$ per occupant)	Total costs (\$ per occupant)
Wellington				
– Site 1	284	9,256	283	13,506
– Site 2	169	5,113	250	5,761
– Site 3	88	1,979	93	2,287
Auckland	194	10,275	727	11,728
Christchurch	140	4,314	2543	7,769

Energy information

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

Year	Location	Units
2000/2001	Wellington	202,358
	Regions	64,137
2001/2002	Wellington	206,590
	Regions	53,927
2002/2003	Wellington	229,121
	Regions	75,659

7 Contact Information

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