



*Ministry for the*  
**Environment**  
*Manatū Mō Te Taiao*

# **Report of the Ministry for the Environment**

**For the year ended 30 June 2004**

C.11 Presented to the House of Representatives  
pursuant to section 39 of the Public Finance Act 1989

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# 1 Overview

## Chief Executive's overview

This has been a year of some significant 'firsts' for the Ministry.

We held the first meeting of our new Chief Executives' Environment Forum, which brings together the chief executives of all regional councils and seven government departments with interests in environment and resource management. We expect the forum to provide leadership in areas of mutual interest and to initiate joint programmes of action.

By way of contrast, we hosted the first national Youth Environment Forum. Bringing together 49 lively and interested young people from around the country – selected by their regional councils – made for a stimulating and challenging four days.

And, to make sure that our activities are firmly connected with the community, we held our first 'Talk Environment' roadshow in 16 regions. More than 1000 people from business, local government and the community came along to tell us what they thought of us and our work.

Another first was our package of 14 national environmental standards (which was signed off by Cabinet in July 2004). While these are the first national environmental standards under the Resource Management Act – now 13 years old – they will not be the last.

Some substantial work programmes that were not among our planned commitments for 2003/04 came our way during the year. We responded by refocusing our priorities and our resources to do what the Government asked of us. Both work programmes (Waitaki catchment and the Resource Management Act review) are continuing into 2004/05.

In September 2003 the Government announced that it would call in applications for water use in the Waitaki River catchment, including Project Aqua, and would introduce special legislation to ensure that the best decisions are made about water use in the absence of a water allocation plan. We rapidly established a local office and a newsletter to help the community have a say.

In May 2004 the Environment Ministers announced a review of the Resource Management Act (1991), intended to improve both the legislation and the way it operates in practice. The Ministry has led a whole of government approach to providing advice and seeking input from interested parties within a short timeframe.

Finally, we were able to celebrate the completion of a major work programme resulting from the Royal Commission on Genetic Modification. The necessary legislation to amend the Hazardous Substances and New Organisms Act was passed shortly before the end of the moratorium on applications to release genetically modified organisms in October 2003.

Overall, the year under review has been a successful one for the Ministry for the Environment.



Barry Carbon  
Chief Executive

## Statement of objectives

The Ministry's **vision** is:

- A healthy environment which sustains people and nature.

We see our **mission** as:

- Delivering the environment that New Zealanders expect and deserve.

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 2003/2004

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 in 2003/04 were:

- air quality
- aquaculture reform
- freshwater quality and allocation, especially:
  - water quality in Lake Taupo and the Rotorua lakes
  - allocation in the Waitaki catchment
- implementing the New Zealand Waste Strategy, especially:
  - finalising the Packaging Accord
  - extended producer responsibility
  - disposal of special wastes
- contaminated sites, especially Mapua
- climate change
- genetic modification.

The key supporting actions for tackling environmental issues in 2003/04 included:

- improving the operation of the Resource Management Act (1991), including
  - reducing delays in the Environment Court
  - dealing with large infrastructure projects
- improving the operation of the hazardous substances provisions of the Hazardous Substances and New Organisms Act (1996)
- building strong relationships, especially with local government and industry.

## The year in review

### Priority issues

#### National environmental standards

During the year under review, the Ministry developed the first suite of national environmental standards under the Resource Management Act (1991). These are mandatory 'bottom line' regulations that apply nationally and so bring greater certainty and consistency in resource management. The focus of this set of standards was on air quality.

Fourteen standards were developed and proposed including:

- seven standards banning activities that discharge significant quantities of dioxins and other toxics into the air
- five standards for ambient (outdoor) air quality
- a design standard for new wood burners installed in urban areas
- a requirement for landfills over one million tonnes of refuse to collect greenhouse gas emissions.

As at 30 June 2004, the standards are currently being drafted. It is hoped that they will be introduced on 1 October 2004. Alongside these, the Ministry is developing a 'Users Guide' which will provide a plain English outline of what the regulations mean and how they should be implemented.

#### Aquaculture reform

The Ministry for the Environment worked with the Ministry of Fisheries, Department of Conservation, Te Puni Kokiri and Treasury to develop key policy elements of the aquaculture reform. Our focus was on the general reform, in particular the development of amendments to the Resource Management Act (1991) necessary to transfer the existing aquaculture regime into the Act planning and consenting regime.

The Ministry co-convened a regional government working group to assess the effectiveness of the reforms and report back to the Minister of Fisheries (chair of the Ad Hoc Ministerial Group) on proposed changes, and met regularly with industry representatives to ensure their concerns were properly taken into account.

The three key policy adjustments from the Ministry-led process of engagement with regional councils and industry are:

- A Resource Management Act provision to allow existing marine farming consent holders who meet strict criteria to become the effective first applicant for the next consent over the site they are already farming. This provides more certainty for existing industry.
- A Resource Management Act provision to allow for a private plan change to create aquaculture management areas, where industry would have a preferential right to an agreed allocation of space within that aquaculture management area. This will provide more flexibility for industry growth and innovation.
- Deeming virtually all existing consent and permit holders to be in aquaculture management areas. This will lower compliance and planning costs to industry and councils respectively.

## **Water Programme of Action**

The Water Programme of Action is a cross-government project coordinated by us and the Ministry of Agriculture and Forestry. It is one strand of the Government's Sustainable Development Programme of Action.

The Water Programme of Action involves examining the cultural, economic, environmental and social aspects of water bodies of national importance. The focus is on the following three areas:

- water allocation and use
- water quality
- water bodies of national importance.

Within these three areas, the following projects have been undertaken and completed:

- looking at how to manage water allocation and factors affecting water quality and how to get the best balance
- determining the national interest in water use and how to get the best results from this
- identifying the water bodies of national importance
- developing ways to get sustainable and fair results
- achieving consensus with Environment Waikato, Taupo District Council and Ngati Tuwharetoa for appropriate action on Lake Taupo's environmental issues.

A Maori Reference Group and a Stakeholder Reference Group have been established to feed into these work areas and projects. Three studies have also been commissioned and released as part of the programme.

## **Waitaki River and catchment**

During the year, the Government developed an improved process for determining water allocation and resource consent applications for the Waitaki River and catchment. The Ministry was given the task of project managing the Waitaki process. This new process is contained in the Resource Management (Waitaki Catchment) Amendment Bill.

The Minister for the Environment has invited suggestions and expressions of interest from the public for possible members of the Waitaki Catchment Water Allocation Board. The process of appointing the Board will begin once the Bill is passed.

## **Contaminated sites – remediation**

A major priority for the Ministry this year was to ensure that the clean up of the former Fruitgrowers Chemical Site near Mapua got underway. Significant progress had previously been made in assessing the level of contamination on the site and on identifying a technology solution. During May 2004 we completed discussions with Tasman District Council, agreeing a 70/30 cost sharing arrangement for the clean up. The technology underwent extensive proof of performance testing, with results proving that it can definitely do the job. Remediation of the site is expected to take up to 18 months and will start early in the 2004/05 financial year. The agreement we have reached with Tasman District Council on the remediation of this 'orphan' site sets a good precedent for future cost sharing arrangements for the remediation of orphan contaminated sites.

The Ministry investigated methods for the remediation of the orphan contaminated site at Tui Mine, Te Aroha, which would involve participation of the mining industry and local government to be part of the solution.

## **Climate change**

The New Zealand Climate Change Office is now fully operational and part of the Ministry for the Environment. It works across government with officials from other departments.

The first Projects to Reduce Emissions tender round was successfully completed in 2003/04. Fifteen projects were granted the four million emission units available. If implemented, these projects could achieve up to 365 mega watts of additional electricity generation capacity.

The New Zealand National Greenhouse Gas Inventory Report for the year 2002 was submitted to the United Nations Framework Convention on Climate Change Secretariat on 15 April 2004.

Work with our stakeholders included the development of the Communities for Climate Protection New Zealand programme which is a three year greenhouse reduction programme for local government. An Agricultural Research Memorandum of Understanding implementing an agricultural research strategy for methane and nitrous oxide gases was signed with 11 key agricultural sector participants. A Memorandum of Understanding on the management of sulphur hexafluoride was also signed with the electricity industry.

## **Legislative changes for new organisms – the lifting of the moratorium on the release of genetically modified organisms**

The New Organisms and Other Matters (NOOM) Bill was introduced to the House in April 2003 with amendments to the Hazardous Substances and New Organisms Act (1996), Medicines, Agricultural Compounds and Veterinary Medicines (ACVM) and the Biosecurity Act (1993). Following the public submission period, the Ministry prepared the departmental report, supported the select committee through their considerations, and provided advice on supplementary order papers.

The Ministry also assisted the Environmental Risk Management Authority's public Roadshow (4–21 November 2003) on ramifications of the NOOM Amendments and helped develop operational procedures for conditional release and new organisms enforcement.

## **Changes in the Environment Court and commencement of the Resource Management Act (RMA) review**

Improvements have continued to be made in the Environment Court with a number of initiatives now showing positive results. Delays with appeals have more than halved since 2001, and caseloads are now managed more effectively (see page 10 for further detail).

## **Hazardous Substances Strategy**

A Hazardous Substances Strategy to improve the working of the Hazardous Substances and New Organisms Act (1996) was announced by the Minister on 25 June 2003. Key elements of the Hazardous Substances Strategy have now been put in place. In particular the Ministry focused on achieving the transfer of single substance dangerous goods and scheduled toxic substances from controls under previous legislation to controls under the HSNO Act by 1 April 2004. The Hazardous Substances and New Organisms (Transitional Provisions and Controls) Amendment Act enabled the Environmental Risk Management Authority (ERMA) to decide the transfer provisions and put them in place by Gazette notice. The Ministry also provided assistance in the drafting of the stationary container controls.

The transfer of explosives began in August 2003. To give effect to the transfer, the Ministry developed policy and provided drafting instructions for the Hazardous Substances (Fireworks, Safety Ammunition, and other Explosives Transfer) Regulations 2003. The Ministry also prepared amendments to the regulations which set controls for these explosives substances. Further amendments were provided in support of the Pesticides transfer on 1 July 2004 (by Gazette notice).

Long-term plans for compliance and enforcement were also prepared. The Ministry, together with ERMA and the Department of Labour, let a major contract to collect data on the locations and quantities of hazardous substances across New Zealand, and to identify optimal risk management strategies of achieving compliance.

### **Sustainable industry**

The work of the newly formed Sustainable Industry Group concentrated on partnerships and action on the ground. Key areas of work included Govt<sup>3</sup>, the Dairying and Clean Streams Accord and the Packaging Accord.

The Govt<sup>3</sup> programme was established to support government agencies to reduce waste, materials and energy consumption, to minimise environmental impacts of expenditure, and to encourage reporting on operational environmental performance. By June 2004, 20 central government departments and associated agencies were participating.

The Ministry actively participated in the implementation of the first year of the Dairying and Clean Streams Accord. This is designed to minimise the environmental impacts of dairying.

We also negotiated a Packaging Accord with the New Zealand Packaging Council, retailers/importers, packaging manufacturers, local and central government, and the Recycling Operators of New Zealand. The Packaging Accord is a partnership to reduce packaging waste and increase the amount of packaging that can be recycled.

## **2 Statement of Service Performance for the Year Ended 30 June 2004**

### **Quality Standards for Policy Advice**

The Ministry has a number of policies, standards, best practice documents and standard operating procedures to ensure that its service performance remains at an optimum level. These standards are applied to all aspects of our organisation, and are maintained through internal processes to ensure the quality of our policy advice. Such processes include peer review, and consultation within the organisation and relevant external agencies.

Additionally, the General Managers work with the Chief Executive and the Deputy Chief Executive on a regular basis, with all issues discussed at weekly meetings to ensure work programmes remain consistent with the Ministry's core objectives.

### **Vote: Environment**

#### **Output Class: Environmental Policy Advice**

Historically this output class covered the provision of policy advice. However, given our new strategic direction and the need to perform effectively, we cannot continue to operate as a 'pure' policy agency. As a result, this (main) output class includes more work than just policy advice. The Ministry is taking a stronger role in environmental governance and provides investigation, analysis, review and provision of advice on a range of environmental issues. This output class includes leading whole of government initiatives, co-ordinating the collaboration of central and local government in the delivery of environmental programmes and administration of legislation as well as advice to the Government and other stakeholders.

#### **Performance measures**

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

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

## Resources employed

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
28,107	Crown	24,242	23,012	24,242
0	Departmental	200	20	200
7	Other	0	5	5
<b>28,114</b>	<b>Total revenue</b>	<b>24,442</b>	<b>23,037</b>	<b>24,447</b>
<b>25,977</b>	<b>Total expenses</b>	<b>24,343</b>	<b>23,037</b>	<b>24,447</b>
<b>2,137</b>	<b>Net surplus</b>	<b>99</b>	<b>0</b>	<b>0</b>

## Review of output achievements

### Output 1.1: Resource Management Act (1991) Administration

#### *Take accountability for effective operation under the Resource Management Act (1991)*

Achieved and ongoing. The dissemination of RMA information to practitioners through the Quality Planning Website was substantially increased by the addition of 21 new guidance notes and three question and answer documents. In addition, another eight existing guidance notes were updated to ensure they provide accurate and relevant information. Over 2300 practitioners receive a monthly email newsletter advising them of any new guidance material and matters that may be of interest to them. Content has been developed for the Accreditation of Decision Makers Scheme, which will begin in early 2005, following the appointment of a provider. Material has been developed aimed at enhancing the effectiveness of Maori participation in RMA processes, which will be rolled out in 2005. The council one-on-one assistance scheme was trialled with two councils, with another trial due to be carried out in late 2004.

#### *Administer the Environmental Legal Assistance Fund, Education and Advisory Fund and Environment Centre Grants*

Achieved and ongoing. We administered 134 existing deeds for environmental legal assistance, RMA education and advisory, and environment centres. Funding rounds were held in March 2004 for environment centre and RMA education and advisory funding. Of the 15 applications received for RMA education and advisory, 10 were approved funding totalling the maximum available of \$250,000. Of the 19 applications for environment centre funding, 10 were approved totalling \$300,000.

The Environmental Legal Assistance Fund allocates funding each month to enable communities to take action on environmental issues. Of 89 applications, the Ministry funded 54 in the 2003/04 financial year.

#### *Assist the Department of Courts to reduce delays in the Environment Court*

The backlog of Environment Court cases awaiting a hearing had been steadily growing since the early 1990s, to a high point of more than 3000 in June 2001. In 2003/04 the Ministry initiated a number of improvements in the Environment Court that are now showing positive results. These improvements have been supported by an increase in government funding of \$1.2 million per year for four years. By June 2004 the number of cases awaiting a hearing had dropped to 1460 with delays having more than halved since 2001 and caseloads now managed more effectively.

Improvements to the Environment Court include:

- an increase in the number of Environment Court Judges and Commissioners
- an increase in the level of administrative support – each of the Environment Court Judges is now assisted by a case manager and a legally qualified hearing manager
- there are now three registries available to lodge and process documents (Auckland, Wellington and Christchurch)
- the Environment Court now operates on a new case management system. This features three tracks: standard, complex (for dealing with priority or urgent matters) and ‘parties hold’ (if parties request that their case be put on hold, subject to the Court’s agreement)
- the ability of the Commissioners to sit alone to hear and decide cases has been increased
- environment Commissioners have completed advanced mediation training to help resolve issues in dispute without the need for a hearing
- the use of digital audio technology assists with transcribing oral evidence and Judges’ note taking.

On 10 May 2004, Cabinet agreed for the Associate Minister for the Environment to lead a review of the RMA that would develop a package of improvements to the Act and the way it operates in practice. The focus is on improving the quality of decisions and processes (more specifically increasing certainty and reducing delays, costs and abuse of processes), while not compromising good environmental outcomes or sacrificing public participation. The Ministry commenced leading the cross-government policy advice, establishing a core officials group, and helping to establish and support an ad hoc Ministers group, Chief Executives’ group and Ministerial Reference group. The Associate Minister for the Environment is due to report to Cabinet in August 2004 on the outcome of the review.

## **Output 1.2: Waste and Hazards Management**

### ***Work with local government and stakeholders to develop and introduce national environmental standards***

Achieved and ongoing. During the year the first set of national environmental standards were developed and approved (in consultation with local government). The national environmental standards automatically apply to local councils and are implemented through resource consent decisions and through local planning documents. These standards were largely focused on air quality and are expected to improve air quality and the health of people in New Zealand.

The standards cover:

- dioxins and toxics – banning certain activities that emit hazardous pollutants to air such as the open burning of tyres
- ambient (outdoor) air quality – to keep the air outdoors clean and safe. The standards deal with the particles smaller than ten micron (PM10), sulphur dioxide, nitrogen dioxide and ozone pollutants
- the design of new home wood burners in urban areas to minimise harmful emissions to air
- landfills (over one million tonnes), requiring them to collect and destroy landfill gas – to help reduce greenhouse gases.

The standards provide national certainty and consistency in resource management and the Ministry is continuing to work with central and local government in the development of further national environmental standards.

***Make the Hazardous Substances and New Organisms (HSNO) Act (1996) more pragmatic, and in particular simplify the transfer of hazardous substances***

Achieved. Key elements of the Cabinet-endorsed Hazardous Substances Strategy have been put in place. The work focused on achieving the transfer of single substance dangerous goods and scheduled toxic substances on 1 April 2004, a date fixed in the previous legislation for the renewal of dangerous goods licences.

For the 1 April transfer, it was essential to pass the Hazardous Substances and New Organisms (Transitional Provisions and Controls) Amendment Act. The Amendment Act was passed on 23 March 2004 enabling the Environmental Risk Management Authority (ERMA) to decide the transfer provisions and put them in place by a Gazette notice. The Gazette notice included the controls for stationary containers. Other controls required for the transfer were provided through regulations for compressed gases, tank wagons, and amendments to Class 1–5 Controls Regulations, Identification Regulations and Emergency Management Regulations. These controls came into force on 26 March 2004.

Long-term plans for compliance and enforcement were prepared. Ministers were briefed on ideas for a control identification tool. Together with ERMA and the Department of Labour, the Ministry let a major contract to collect data on the locations and quantities of hazardous substances across New Zealand, and to identify optimal risk management strategies for achieving compliance.

***Implement the Hazardous Substances and New Organisms Low-Risk Genetic Modification Regulations 2003***

Achieved. The HSNO Low-Risk Genetic Modification Regulations 2003 were gazetted on 3 July 2003 and came into force on 31 July 2003. The Ministry has responded to questions from the Regulations Review Committee relating to the Regulation. The questions dealt with involved:

- the purpose of the Regulation
- its effect and framework
- consultation
- the inclusion of human cells
- the role of Institutional Biological Safety Committee.

A number of technical drafting errors have been identified and a Legislation Cabinet Committee paper drafted for interdepartmental consultation.

***Support legislative changes for new organisms following the Royal Commission on Genetic Modification***

Achieved. The New Organisms and Other Matters (NOOM) Bill was introduced to the House in April 2003 as an omnibus bill with amendments to the HSNO Act, the Medicines, Agricultural Compounds and Veterinary Medicines Act, and the Biosecurity Act. It was referred to the Science and Education Select Committee with the intention that the legislative changes would be completed before the end of the 'restricted period' (moratorium) on 29 October 2003.

An additional Cabinet paper on biosecurity clearance for conditional release and compensation for verifiable loss as a result of HSNO new organism enforcement action was provided to the Select Committee. The proposed changes were incorporated into the departmental report and the Select Committee agreed to amend the NOOM Bill.

Additionally, the Ministry also provided advice on supplementary order papers. The Select Committee reported back to the House on the NOOM Bill on 1 September, and the Bill took effect on 30 October 2003.

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

#### ***Lead whole of government team to drive Oceans Policy***

Achieved. The Ministry ran a whole-of-government secretariat comprising staff seconded from the Ministry of Economic Development, Ministry of Fisheries, Te Puni Kokiri, and the Department of Conservation to develop the Oceans Policy. The Ministry also chaired the senior officials steering group and the Chief Executives' Group. The arrangement worked extremely well, to the point where it could be considered an excellent model for running whole of government projects.

The Oceans Policy Secretariat completed the draft Oceans Policy package which consisted of overarching objectives and principles for oceans management, arrangements for the direction and structures that need to be in place to deliver on these, and a series of tools and measures to make management of our oceans better and fill the gaps in oceans management. The package was delivered to the Ad Hoc Ministerial Group responsible for Oceans Policy.

However, on 17 May 2004 Cabinet made the decision not to consider these proposals until after the Foreshore and Seabed legislation has been passed. Further development of the policy is on hold until this time.

While the draft Oceans Policy package was widely consulted on with key stakeholders, Maori (including a Maori Working Group) and local government (through a local government partnership), the public will not be consulted until after Cabinet has approved the package for consultation. This has now been delayed until after the Foreshore and Seabed legislation is passed.

#### ***Provide advice on the content of a government policy framework for foreshore and seabed reform, particularly the RMA elements of the reform, by April 2004***

Achieved. The Ministry's contribution to the Department of Prime Minister and Cabinet-led programme of work on foreshore and seabed reform represented a significant focus of work across many teams during 2003/04. It also led to a refocus of a number of other related work programmes such as aquaculture reform, Oceans Policy development, and Treaty settlement work.

The Ministry's input to the foreshore reform involved providing advice on:

- drafting of the Government's consultation documents (released mid-August 2003)
- a wide range of policy issues that formed part of the Government's proposed policy response (issued December 2003) – particularly the relationship between resource consent/planning processes under the RMA and the new customary rights regime proposed through the reform
- legislative drafting in the lead-up to tabling of the draft Bill in May 2004
- the content of a departmental briefing to the Select Committee.

The Ministry for the Environment participated in the Steering Group formed to oversee policy development, as well as in a number of cross-departmental working groups convened to consider specific policy areas such as Maori engagement in local decision-making. The Ministry seconded a staff member to the Department of Prime Minister and Cabinet to assist with ministerial advice on RMA-related parts of the policy response and Bill. We also led cross-departmental meetings on issues specific to RMA-related aspects of the Bill.

***Provide advice on legislative drafting of the Foreshore and Seabed Bill by 30 May 2004***

Achieved. The Ministry participated in cross-departmental work to prepare drafting instructions and comments on early drafts of the Bill.

The Ministry provided direct assistance with processing of early written submissions on the Bill. The Ministry was also involved with early work to assist the Select Committee in its consideration of the Bill (with the Committee due to report back to the House in early November 2004).

***Maintain aquaculture moratorium***

Achieved. The Resource Management (Aquaculture Moratorium Extension) Amendment Act (2004) was developed and considered by Parliament to extend the moratorium on new aquaculture applications. The Amendment Act also addressed a problem with consents lapsing while applications for marine farming permits under the Fisheries Act (1983) were considered. This was enacted in March 2004.

***Contribute to the whole-of-government project to develop the aquaculture reform policy and implement it as legislation***

Ongoing. Over the 2003/04 year, the Ministry for the Environment worked with the Ministry of Fisheries, Department of Conservation, Te Puni Kokiri and Treasury to complete the policy behind the core elements of the aquaculture reform. The work on the aquaculture reform was organised into three workstreams:

1. The general reform, which shifts aquaculture management from a dual system under the Fisheries and the Resource Management Act (RMA) to the RMA solely. The Ministry played a significant role in the policy development in this area. From late June 2004, the Ministry began leading the work on the progression of the Aquaculture Reform Bill through the House.
2. The allocation of aquaculture space to Maori. This work stream is led by the Ministry of Fisheries.
3. An implementation programme to help councils deliver the plan changes that will be necessary to give effect to the new policies.

The Ministry's focus was on the general reform, focusing on the development of amendments to the RMA necessary to transfer the existing regime into the RMA planning and consenting system.

In addition to normal policy development processes, this included co-convening a regional government working group to assess the effectiveness of the reforms and report back to the Minister of Fisheries (chair of the Ad Hoc Ministerial group) on proposed changes. We also met regularly with industry representatives to ensure their concerns were properly taken into account, and policy adjustments were made as a result of these sessions. By the end of the financial year, most of the key policy decisions had been taken by Ministers or Cabinet, and only a few outstanding issues remained.

***Develop a National Policy Statement on Biodiversity***

Ongoing. A draft of the National Policy Statement was prepared and circulated to Ministers and departments at the end of 2003. The Minister for the Environment decided not to notify the document at that stage and sought further options for moving forward. The Ministry, together with the Department of Conservation, completed a detailed assessment of the gap between what currently exists and what might be needed for the future, and we reported our findings to the Ministers. This work has enabled exploration of an alternative approach for the National Policy Statement based on protecting remaining vegetation in land environments that are significantly diminished.

## **Output 1.4: Promoting Environmental Awareness and Action**

### ***Encourage awareness and action on environmental issues***

Achieved. An updated set of the Resource Management Act (RMA) public information brochures was published on the Ministry's website and were made available to councils to be able to download and adapt for their own purposes. These brochures cover the range of different ways that the public can be involved in RMA processes, and provide tips and guidance on how to participate effectively.

### ***Further develop the public information on Ministry-related websites***

Achieved. The Ministry had previously launched a new website in 2002/03, and in 2003/04 revamped the existing websites for Climate Change and Oceans Policy to comply with the New Zealand Government web guidelines. We also developed new websites for the Bioethics Council and the *4 million careful owners* campaign led by the Ministry.

### ***Administer, further develop and promote the Green Ribbon Environmental Awards***

Achieved. Twelve awards were presented to individuals and groups in eight categories. The 2003/04 awards (held in June 2004) featured a marked increase in the number of nominees in the *Caring for the urban environment* category, up nine to 27.

### ***Assist sectoral groups and regional networks involved in environmental education to come together to develop cooperative programmes and partnerships***

Achieved. The inaugural National Youth Environment Forum was held in September 2003. The Forum, developed in partnership with regional councils, brought together 49 young people from throughout the country providing an opportunity for young people to have a voice on environmental issues and to learn first hand the complexities of environmental management. The Sir Peter Blake Trust will partner with the Ministry in hosting the second Youth Environment Forum in Wellington in December 2004.

Four issues of the *environz* newsletter were published, with each edition distributed to over 7000 stakeholders, providing information on the development of environmental policy and Ministry activities.

### ***Undertake a national roadshow, in partnership with regional councils***

Achieved. In November 2003 the Ministry, in partnership with regional councils, undertook a national roadshow covering 16 regions from Whangarei to Invercargill. We met with the community, iwi, local government and industry to hear their views about our work and explain how we are going on major work being led by the Ministry. Another roadshow is planned for November 2004.

## **Output 1.5: Sustainable Development, Transport, Energy and Trade**

### ***Develop initiatives to enhance water quality, allocation and protection of water bodies of national significance, under the Sustainable Development Programme of Action (jointly with the Ministry of Agriculture and Forestry)***

Achieved and ongoing. The programme began in July 2003 and is due to be completed by October 2005.

A collaborative approach has been adopted for the development of policy. During the year project teams, steering groups and cross-government working group structures were established, and mechanisms for consultation with all key stakeholders were put in place.

Good progress was made in the research and development of base information, as well as issue and option reports within all three streams of work. The key issues and options identified in the first year will be incorporated into discussion documents for a programme of wider public consultation planned for next year.

***Participate in the development of a funding package for Auckland transport***

Achieved. The funding package was announced in December 2003. This announcement resulted in Ministry involvement in the preparation and drafting of the Local Government (Auckland) Amendment Bill. The Bill was passed into legislation on 30 June 2004.

***Partner local government in Auckland on implementation of the Sustainable Cities initiative***

Achieved. We participated in the creation of the Joint Action Plan for Auckland. This plan sets out the detailed programme of work to be undertaken in Auckland to progress the Sustainable Cities initiative. The Joint Action Plan identified six work streams, each with a number of projects for implementation. These six work streams are: Transport; Urban Form, Design and Development; Sustainable Communities; Auckland Regional Economic Development Strategy; Child and Youth; and Migrant Settlement.

***Prepare material for the New Zealand delegation to the United Nations Commission for Sustainable Development meeting in New York***

Achieved. The Ministry prepared background material for the delegation on New Zealand's work relating to human settlements, including speech notes for the Minister, and reported progress against the Johannesburg Plan of Implementation.

***Participate in the 12th Meeting of the United Nations Commission on Sustainable Development***

Achieved. Ministry for the Environment officials joined the New Zealand delegation participating in the 12th meeting of the United Nations Commission on Sustainable Development in April 2004. The meeting presented opportunities to showcase New Zealand's achievements in terms of giving effect to the Johannesburg Plan of Implementation agreed to at the World Summit on Sustainable Development and to learn from the experiences of other countries. This year was the first meeting where the Commission used the 'thematic cluster' model agreed to in 2003 intended to focus action on a specific set of related issues drawn from the objectives of the Johannesburg Plan of Implementation. The issues will now be addressed over two-year cycles that have a review phase and a policy phase. The meeting was important for the Ministry as the themes that were being reviewed (water, sanitation and human settlements) are closely aligned with work currently being undertaken in the Water Programme of Action and the sustainable cities and urban design work streams of the Sustainable Development Programme of Action. Following on from this review aimed at identifying constraints and obstacles and possible approaches for implementation, next year's policy phase will focus on reaching consensus on practical action.

### ***Establish trade and environment provisions in New Zealand trade agreements***

Achieved. The Ministry has been working to ensure that the Government's commitments to sustainable development are reflected in all of its trade negotiations and that trade and environment policies are mutually supportive. We have been negotiating environment provisions in trade agreements with Thailand on a Closer Economic Partnership and also with Singapore and Chile on the Pacific 3 Agreement that is hoped to conclude in the 2004/05 financial year. We were also involved in negotiations around the Trade and Economic Cooperation Framework with China and have made sure that environmental concerns are addressed in the feasibility study for a potential Free Trade Agreement with them.

### ***Promote New Zealand interests in Sustainable Development in multilateral forums***

Achieved. The Ministry has actively contributed to the sustainable development debate in other multilateral agencies, such as the Organisation for Economic Cooperation and Development (OECD). We have been engaged in the work of the OECD Environment Committee and joined with other members to ensure the OECD maintained a sustainable development work programme and a co-ordinating mechanism to manage this work. Environment issues have been on the World Trade Organisation Doha Development Agenda, but work in this area slowed after the talks collapsed at the Ministerial Conference in Cancun in September 2003.

### ***Contribute to a submission to the World Trade Organisation on defacto European Union Genetic Modification (GM) moratorium***

Achieved. The Ministry provided input into the Ministry of Foreign Affairs and Trade Cabinet paper seeking authority to submit to the World Trade Organisation Secretariat on the dispute between the United States, Canada and Argentina versus the European Union on the latter's defacto moratorium on GM products. The Ministry contributed to the preparation of New Zealand's written submission and provided commentary on the submissions provided to the Secretariat by the principal parties.

### ***Support agencies in Genetic Modification related investigations***

Achieved. The Ministry provided support for key agencies and the Minister's office during several investigations into incidents involving the detection of unapproved genetically modified organisms. This included working with the Ministry of Agriculture and Forestry (MAF) and the Environmental Risk Management Authority during the Sunrise corn incident, the Yarrow/Subway bread dough incident, and MAF's suspension of accreditation of the United States GM testing laboratory Biogenetics Services Limited.

The Ministry provided input to the Government's response to the Waitangi Tribunal Claim WAI 1003, the Royal Commission on Genetic Modification Claim before the Waitangi Tribunal. Ministry staff attended the hearing and supported Crown Law at an urgent hearing on the ending of the restricted period.

The Ministry also drafted a Hazardous Substances and New Organisms (HSNO) Ministerial Call-in Protocol with criteria for advising the Minister on when to call-in HSNO applications.

Following completion of the Biosecurity Research Strategy (led by the Ministry of Research Science and Technology), the Ministry provided a response on the Biotechnology Taskforce Report.

### ***Develop a draft Urban Affairs Statement of Strategic Priorities***

Ongoing. A draft of the Urban Affairs Statement of Strategic Priorities is due by December 2004. This is being prepared in conjunction with local government representatives and other government departments.

### ***Draft the New Zealand Urban Design Protocol***

Ongoing. A draft of the New Zealand Urban Design Protocol is being prepared and will be completed in July 2004, and will be submitted for Cabinet approval and released to the public for consultation in August 2004.

### **Output 1.6: Sustainable Industry**

#### ***Establish and utilise ongoing relationships with waste producers and providers of potential alternative technologies***

Achieved. We worked in partnership with several national companies on identifying and acting on opportunities for incorporating sustainable business practice and innovative waste management into business practice. Examples include: alternatives to landfill disposal of general manufacturing waste; organic sludges; coal ash; and the food production sector.

We were also active participants in the implementation of the first year of the Dairying and Clean Streams Accord, designed to minimise the environmental impacts of dairying.

#### ***Work with key stakeholders to develop an agreed system for the sustainable management of end of life tyres***

Achieved. We worked with tyre companies and other stakeholders to develop a new national tyre collection system, to be operational from 1 July 2004. The voluntary scheme aims to reduce illegal dumping of tyres, and provide a better co-ordinated supply route for would-be users of end-of-life tyres. We also worked with potential recyclers of tyres, to identify and reduce barriers to tyre recycling, reuse and recovery.

#### ***Negotiate a comprehensive new Packaged Goods Accord***

Achieved. The Accord was negotiated with the New Zealand Packaging Council (which represented brand owners), retailers/importers, packaging manufacturers, local and central government, and the Recycling Operators of New Zealand. The new Accord, to be signed in August 2004, requires a much greater level of commitment from industry than its predecessor. It is a significant advance on a high profile waste issue.

#### ***Strengthen the Used Oil Recovery Programme***

Achieved. We met with large and medium sized oil companies and key retailers of oil to discuss their contribution to used oil recovery, and to identify areas where improvement is still required. Overall, New Zealand's used oil recovery rate was found to be very good by international standards.

#### ***Broker relationships to collectively resolve environmental problems***

Achieved. The Ministry intervened in a number of areas to help broker relationships and foster solutions to a number of problems, including:

- facilitating a cross-departmental programme, including the Ministry for the Environment, the Department of Conservation, and Land Information New Zealand, to eradicate the wilding pines at Mid-Dome, Southland. This included aerial spray operations over the summer
- facilitating a cross-departmental research programme to remove barriers to the beneficial use of biosolids
- developing a close relationship with the New Zealand Water and Wastes Association through staff secondment.

We also worked co-operatively with the Maritime Safety Authority and other government departments to facilitate consultation with OMV Ltd, an oil company interested in the development of the Maui Oil Field.

***Develop a model suitable for helping small to medium sized enterprises (SMEs) adopt sustainable business practices***

Achieved. We worked with Enterprise Waitakere and the Sustainable Business Network to pilot a model for helping SMEs adopt sustainable business practices. The project started with a workshop which was attended by 35 business owners. This was followed by five in-depth workshops with ten SMEs, which explored ways of managing businesses from social, environmental and economic perspectives.

***Support a sustainability training package for business***

Achieved. The Ministry sponsored and provided input into an Auckland Business Care Enviro-mark project. This is a joint project being developed by the North Shore City Council, with support from local authorities in the Auckland Region, Landcare, and the Ministry for the Environment. The project involves research supporting up to 72 businesses over two years, with 36 signed up for the programme by 30 June 2004.

***Ensure development of a Liquid and Hazardous Waste Code of Practice***

Achieved. The Liquid and Hazardous Waste Code of Practice was developed and published by the New Zealand Water and Wastes Association with support from the Ministry. By June 2004, the Code of Practice had been purchased by 80 percent of members of the liquid and hazardous waste industry.

***Review the targets in the 2002 New Zealand Waste Strategy***

Achieved. The main conclusions of this review were as follows:

- targets are providing a useful focus for action by central and local government and a good basis for measuring progress
- good progress is being made by councils in setting local targets and adopting policies to achieve these
- some targets will be readily achieved. There are a few that will be difficult, maybe even impossible, for councils. These are mainly relating to organic wastes.

No change was proposed to the targets, but the need for further review in 2006 was noted.

***Review waste management contracts in place throughout New Zealand***

Achieved. The review was a first step towards developing guidelines on good practice for councils as a way of encouraging greater resource recovery in the solid waste stream.

## **Output 1.7: Treaty Claims and the Environment**

### ***Work with iwi to assist them to work with local authorities under the Resource Management Act (RMA)***

Achieved and ongoing. Much of this work has been subsumed by broader policy development across government this year, including the Foreshore and Seabed issue, the RMA Review, aquaculture reform, and the Water Programme of Action. Each of those areas has significant implications for Maori and their relationship with local authorities and their ability to participate in the management and use of natural resources. We have worked to ensure those implications are clearly identified and a clear way forward progressed as a result of those policies.

The Ministry has also been working with iwi in a number of regions to support them in achieving their environmental goals, including supporting their relationships with local authorities. This has included:

- work with iwi in Te Tai Tokerau to establish a co-ordinated approach across a number of iwi and hapu to respond to environmental issues
- work with Ngati Tuwharetoa on the water quality issues in Lake Taupo
- regular meetings with Ngai Tahu in progressing our obligations under their Deed of Settlement
- ongoing engagement with iwi environmental groups
- establishment of a Maori Reference Group to support the development of the Water Programme of Action
- support for the implementation of the *Kaimoana Survey Guidelines for Hapu and Iwi*
- ongoing support for the Ministry's Maori Environmental Indicators Programme.

In addition to this, a significant amount of work has been undertaken in developing a proposed package of initiatives to be rolled out through upcoming policy implementation for the RMA Review, Foreshore and Seabed, and aquaculture policies. This is likely to be the main vehicle for delivering improved outcomes to Maori over the coming year.

### ***Provide technical input on environmental issues to assist with the settlement of claims under the Treaty of Waitangi***

Ongoing. The Ministry had a significant role in the Te Arawa lakes negotiations that resulted in Te Arawa accepting an offer from the Crown in December 2003. Throughout 2004 we have been actively involved in the negotiation of the deed of settlement, in particular provisions to provide for Te Arawa's involvement in the strategic management of the lakes, and a protocol to be issued by the Minister for the Environment concerning RMA processes. The Crown intends to initial a deed of settlement in August 2004.

We also had a representative on the Crown negotiating team for the Whanganui River claim, where we have effectively led the management of these negotiations. In addition to negotiations focused on waterways, we have provided advice on the comprehensive settlement negotiations for Ngati Mutunga and Nga Rauru, and the legislation for the Ngati Tuwharetoa and Ngati Awa settlements.

A key achievement has been the setting up of a work programme to meet the Ministry's obligations under Treaty settlements. Substantive implementation work completed includes running a workshop to help local authorities that have to give effect to statutory acknowledgements under the Ngati Tama settlement, and regular meetings with Ngai Tahu to progress work to meet obligations under their settlement.

The Ministry also continues to have a role in the development of settlements policy. As well as providing key advice about the settlement of claims to rivers and lakes, we have participated in the project to streamline the provision of Treaty settlement redress (ongoing).

## **Output 1.8: State of the Environment Reporting and Indicators**

### ***Develop a reporting framework***

Achieved and ongoing. The reporting measures (indicators) have been narrowed down to focus on measuring the performance of national policies. Key areas for initial focus include freshwater, atmosphere (including ambient air quality) and indigenous biodiversity.

### ***Lead the review of the Fiordland Marine Conservation Strategy, prepared by the Guardians of Fiordland, and prepare options and recommendations to Cabinet on the means to implement the strategy***

Ongoing. The Ministry led the formation and operation of an Investigative Group in November 2003 to review the Fiordland Marine Conservation Strategy prepared by the Guardians of Fiordland. The Investigative Group consisted of representatives from the Guardians, Environment Southland, Ngai Tahu, Ministry of Fisheries and Department of Conservation.

The Investigative Group reported back to the Minister in June 2004. Their preferred approach (a consensus view) is to develop special legislation to implement the package of measures necessary, so as to have an integrated and consistent approach, and to have it ready for the Minister's announcement deadline of September 2005.

### ***Work with others to co-ordinate national environmental reporting***

#### **Indigenous Biodiversity**

Achieved. Information to inform decisions for the National Policy Statement on Indigenous Biodiversity was collected and published in *A snapshot of council effort to address biodiversity on private land, a report back to councils*. The snapshot provided a summary of council expenditure on indigenous biodiversity conservation and management, current provisions in regional policy statements and district plans and an overview of council capacity in working on biodiversity issues, such as the financial and human resources which must be spread at times over considerable geographical areas and often a broad range of functions. The snapshot also provided the first Geographic Information System (GIS) analysis of the extent of biodiversity protection nationally using the completed environmental classification system, Land Environments New Zealand, with the Land Cover Database. This analysis showed that the full range of New Zealand's remaining natural habitats and ecosystems is not fully represented on public conservation land.

#### **Transport**

Achieved. The Monitoring and Data Management Protocol provides clear methodology for how to collect and report data at a local level for the following indicators:

- vehicle fleet composition
- travel activity
- travel time
- mode of journey to work.

The methodology can be used by local government, environmental managers and road controlling authority managers. The indicators were developed with help from regional councils, central government agencies, and private sector consultants.

## **Environmental Classification Systems**

Achieved and ongoing. The complete GIS classifications, user guides and supporting material for Land Environments New Zealand and River Environments New Zealand were launched and delivered to end users. The broad scale Marine Environments New Zealand development ran to schedule and has been finalised for packaging to end users in the 2004/05 financial year.

## **Maori Environment Indicators (Tohu)**

Achieved and ongoing. *The Kaimoana Survey Guidelines for Hapu and Iwi*, developed in partnership with Otaraua Hapu, Shell and the Ministry were published and distributed to end users. The interim report on trialling the Cultural Health Index for freshwaters was also completed.

## ***Complete the development of Landcover Database stage 2 to map land use and land use change across New Zealand***

Achieved. The Land Cover Database 2 was a project to comprehensively identify and map land use across the whole country using satellite imagery. It was developed and completed during the year in partnership with the Department of Conservation and the Ministry of Agriculture and Forestry. The database will allow us to view land cover change over time and identifies 40 different types of cover categories from urban to tussock grasslands.

## **Output 1.9: Sustainable Land and Water Management**

### ***Lead and support work to fix contamination at Mapua and Tui Mine***

Ongoing. The information and technology necessary to progress the remediation of the former Fruitgrowers Chemical Site near Mapua is now in place. Proof of performance tests on the technology to be used on the site have shown it to be effective. In May 2004 we completed funding arrangements with Tasman District Council to allow the remediation to get underway. The Crown is sharing the cost of remediating this orphan contaminated site 70/30 with Tasman District Council.

The Ministry investigated methods for the remediation of the orphan contaminated site at Tui Mine, Te Aroha, which would involve participation of the mining industry and local government to be part of the solution.

### ***Establish a programme to remove unwanted agricultural chemicals***

Achieved. The Ministry worked with key regional councils to collect and dispose of unwanted hazardous agrichemicals. We supported campaigns in eight regions including Northland, Bay of Plenty, Hawke's Bay, Taranaki, Tasman, Marlborough, West Coast and Canterbury. This resulted in the collection of 77 tonnes of agrichemical for safe disposal. Fifty-five tonnes of the chemicals collected were identified as needing to be taken offshore for appropriate disposal.

***Take an active position on key environmental issues, such as water quality in Lake Taupo and dairying impacts on waterways***

**Lake Taupo**

Partly Achieved. Lake Taupo water quality is threatened primarily by nitrogen inputs from farms in the catchment. The Ministry is leading central government's involvement to work with Environment Waikato, Taupo District Council and Ngati Tuwharetoa to develop a package to reduce the nitrogen levels flowing into the lake from land within the catchment by 20%. The estimated cost of the programme is \$81 million over 15 years. The Government is contributing \$36.7 million, the balance is coming from local government. The Ministry for the Environment has a number of roles including the co-ordination of central government agencies, facilitation of meetings and negotiations as well as organising further research and developing mechanisms to reduce nutrient flows into the lake. Progress has been slower than expected due to the complexity of issues and the number of affected stakeholders.

**Lakes Rotorua and Rotoiti**

Achieved. In late 2003 the Ministry for the Environment investigated public concerns about Rotorua lake problems. Following this, the Ministry engaged a water and catchment management expert from Western Australia, Dr Bruce Hamilton, to provide advice to the Ministry and Environment Bay of Plenty on management of Lakes Rotorua and Rotoiti. The Ministry is now working with Environment Bay of Plenty and Rotorua District Council to address water quality issues in the lakes.

**Output 1.10: General Ministerial and Environmental Advice**

***Develop whole of government positions on environmental issues, eg, through interdepartmental working groups, and develop advice and recommendations to the Government on issues such as genetic modification***

Achieved and ongoing. Advice was provided on four water conservation orders and two requiring authority applications. One regulation was passed to make Project Aqua a network utility operation. Advice was provided to the Minister on a range of resource management issues, including limited notification. An ongoing role was provided on regional and district plan changes and variations in respect of the Minister's clause 3, First Schedule consultation requirements.

***Respond to the Royal Commission on Genetic Modification***

Achieved. The Government's response to the Royal Commission on Genetic Modification was to agree to various work programmes, to be undertaken by a range of agencies led by the Ministry.

***Contribute to the Cartagena Protocol on Biosafety***

Achieved and ongoing. Officials continued working with other agencies, primarily the Ministry of Foreign Affairs and Trade (MFAT), the Ministry of Agriculture and Forestry (MAF), and the Environmental Risk Management Authority (ERMA) to clarify options for ratification and compliance.

Initially we were working to enable ratification before the first meeting of the parties which was scheduled for May 2004. The meeting of the parties was rescheduled to February 2004. New Zealand was unable to before this meeting and had to attend as an observer rather than a full party.

A Ministry official attended the first meeting of the parties (along with officials from MFAT, MAF and ERMA) following provisional designation of the Ministry as focal point for Protocol Secretariat

Liaison. A public discussion document was prepared and approved for release by Cabinet in mid-May.

The public consultation period extended from 4 June 2004, and included public meetings in Wellington, Hamilton, Auckland, Christchurch and Dunedin. These meetings were attended by Ministry and MFAT officials.

### ***The Ministry for the Environment's Ministerial and Parliamentary Performance for 2003/04***

	Ministerial Correspondence			Parliamentary Questions		
	Expected performance for 2003/04	Actual performance		Expected performance for 2003/04	Actual performance	
		2002/03	2003/04		2002/03	2003/04
Quantity	1100	1268	1658	200	184	233
Timeliness	Within 20 working days	78% were completed within 20 working days	82% were completed within 20 working days	Within five working days of being placed in the Notice Paper	91% of the answers were provided by the stipulated deadline	92.3% of the answers were provided by the stipulated deadline
Quality	95% of first drafts accepted by Ministers	95% of first drafts were accepted by Ministers	95.8% of first drafts were accepted by Ministers	95% of first drafts accepted by Ministers	100% of first drafts were accepted by Ministers	100% of first drafts were accepted by Ministers

### **Output 1.11: Other Departments' Review**

#### ***Control of genetically modified organisms by local authorities***

Achieved. The Ministry has responded to a number of queries from councils in Auckland, Northland and the Hawke's Bay on the concept of local council control of genetically modified organisms. A Crown Law opinion was sought on the interface between the Hazardous Substances and New Organisms Act (1996), the Resource Management Act (1991), and the Local Government Act (2002) as they relate to controlling genetically modified organisms. This information has been made available to the public through the Ministry's website and has been communicated with a number of councils directly.

#### ***Provide input into the Ministry of Agriculture and Forestry's (MAF) Import Health Standards***

Achieved. The Ministry commented on draft Ministry of Agriculture and Forestry Import Health Standards to ensure consistency with the Hazardous Substances and New Organisms Act and maintain compliance with international standards and obligations.

#### ***Contribute to information on the Environment Court decision on Genesis Tongariro Power Development Scheme***

Achieved. The Ministry led preparation of an interdepartmental briefing for Ministers and Cabinet on the decision of the Environment Court that limited Genesis' Tongariro consents to 10 years.

#### ***Facilitate sustainable development policies into the Building Bill***

Achieved. Following a late request from the Minister of Energy, the Ministry worked to further the achievement of sustainable development by promoting the inclusion of sustainable development into the purpose of the Building Bill. Input was also provided around water and energy conservation and

efficiency, and renewable energy generation, and provision for the reduction of waste created during construction and the use of materials that can be reused or recycled at the end of a building's life.

### **Output 1.12: Crown Entity Monitoring**

#### ***Provide advice on ownership and purchase funding issues for the Environmental Risk Management Authority (ERMA)***

Achieved. Ministry governance and partnership roles were clarified and separated to better support effective interactions with ERMA.

The development of a consistent and integrated system was further progressed to ensure the key relationship between ERMA, the Ministry for the Environment and the Minister are effective and helpful to all parties, and that monitoring processes managed by the Ministry are rigorous, transparent, timely and meet all state sector monitoring standards.

Work on the level of Authority members' fees began with the State Services Commission. Shortlisting for nominations for new Authority members was also finalised and work began for appointing new members.

An agreement was reached with ERMA on a process for progressing revision of the Methodology. The Ministry provided input to the revision and associated operating protocols.

The Ministry assisted with ERMA's public roadshow (4–21 November 2003) on ramifications of the 2003 Hazardous Substances and New Organisms Act (HSNO) amendments, and helped develop operational procedures for conditional release and new organisms enforcement.

### **Vote Environment:**

#### **Output Class: Administration of Sustainable Management Fund, Landcare Trust and Residual Catchment Grants**

This output class 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 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 within the timeframes as specified in the Estimates (unless otherwise stated). Performance measures were specified for each output as appropriate.

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

## Resources employed

Actual		Actual	Main estimates	Supplementary estimates
30/06/2003		30/06/2004	30/06/2004	30/06/2004
\$000		\$000	\$000	\$000
	<b>Revenue:</b>			
662	Crown	662	662	662
<b>662</b>	<b>Total revenue</b>	<b>662</b>	<b>662</b>	<b>662</b>
<b>599</b>	<b>Total expenses</b>	<b>646</b>	<b>662</b>	<b>662</b>
<b>63</b>	<b>Net surplus</b>	<b>16</b>	<b>0</b>	<b>0</b>

## Service performance

The business model implemented to maximise the performance of the funds has been in place for a full year now. This model has enabled the capture of stakeholder expectations and the translation of those expectations into delivery processes. The processes put in place in the last year ensure effective monitoring and management of performance expectations and highlight the likelihood and severity of risks associated with performance.

The strategic context of the funds has been developed and operational enhancements have been introduced to ensure consistency across the funds with that strategic context. With the emphasis on community participation the levels of monitoring and reporting have been enhanced to enable that participation to take place while minimising the risks.

## Review of output achievements

### ***Provide funding to support practical community initiatives through the Sustainable Management Fund***

Achieved. The Sustainable Management Fund administered 65 existing projects and allocated a further \$1,974,328 for 12 new initiatives selected from 123 original applications for funding. These new initiatives included a range of community projects aimed at changing behaviour and managing resources.

### ***Assist and encourage the establishment and maintenance of landcare and community based groups***

Achieved. The Landcare Trust have provided advice and support to landcare groups at a 'one-on-one' level and through field days, training workshops, identifying resources, developing action plans etc. Collaboration in the advancement of sustainable land management and research has been achieved through raising awareness and knowledge exchange thus co-ordinating the effects of research providers and research users. This has been achieved through a number of means such as newsletters, workshops and field days. Relationships have been developed and enhanced with local authorities through working in partnership on various local and national projects.

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

Achieved. One payment was made to the one remaining Residual Catchment Works project for \$2,500,000.

## **Vote Environment: Output Class: Bioethics Council**

This output class enables 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 within the timeframes as specified in the Estimates (unless otherwise stated). Performance measures were specified for each output as appropriate.

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

### **Resources employed**

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
1,333	Crown	1,333	1,333	1,333
<b>1,333</b>	<b>Total revenue</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>
551	<b>Total expenses</b>	<b>1,326</b>	<b>1,333</b>	<b>1,333</b>
<b>782</b>	<b>Net surplus</b>	<b>7</b>	<b>0</b>	<b>0</b>

### **Review of output achievements**

#### ***Support the work of the Bioethics Council***

Achieved. One of the key terms of reference for the Bioethics Council is to "promote and participate in public dialogue on cultural, ethical and spiritual aspects of biotechnology, and enable public participation in the Council's activities". The secretariat put together a programme of 18 one day dialogue events and 12 one day hui throughout New Zealand on the issue of 'human genes in other organisms'. As well as the dialogue events and hui we provided a written submission process and held

an on-line discussion. The secretariat analysed the submissions and on-line discussion and presented the analysis on the Council's website.

Participants were invited to reflect the diversity of New Zealand's population and to ensure those with an interest in the issue of human genes in other organisms had an opportunity to take part. The hui and dialogue events were independently facilitated.

The project employed a range of advertising tools, such as print, radio and internet to promote awareness of the issue.

In conjunction with the Council we have completed a report to the Minister for the Environment which expresses the Council's views on 'human genes' in other organisms and the process of dialogue. The report will be published in hard copy and made available on the Council's website.

### **Contribute to the development of a Biotechnology Strategy for New Zealand**

Achieved. The Ministry is represented on the Senior Officials Biotechnology Taskforce. This is made up of representatives from government departments and ministries that report to Ministers who have biotechnology as part of their portfolio. This group meets regularly throughout the year to enable a whole of government approach to biotechnology and to advise the Biotechnology Minister's group on developments in biotechnology.

Ministry officials are part of an advisory group established by the Ministry of Research, Science and Technology (MoRST) to explore how policy might be developed in the area of future watch. This group is developing a framework which will enable identification of key issues for future developments in biotechnology and assessment of their political, economic and social impacts.

Ministry officials are members of the State Services Future Practitioner's Forum. The forum brings together senior officials from diverse government agencies. It provides opportunities to exchange views and present recent research on future watch and future strategies developments, and how these relate to policy settings in New Zealand.

They are also represented on a Foundation for Research Science and Technology (FoRST) reference group developing a new portfolio on enhancing New Zealand's economic growth through biotechnology.

Additionally, they are working with FoRST and MoRST on the Foundations for Success Workshop on nanotechnology.

### **Vote Environment:**

#### **Output Class: Waitaki Decision-Making Body**

This output class covers the Ministry's responsibility for the management of a process to develop a water allocation framework for the Waitaki River. The River and catchment is subject to intense competition from different people, companies and organisations for the use of its water. We aim to develop an improved process and planning framework to determine water allocation and resource applications for the River and its catchment.

#### **Performance measures**

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

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

## Resources employed

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
0	Crown	1,111	0	1,111
<b>0</b>	<b>Total revenue</b>	<b>1,111</b>	<b>0</b>	<b>1,111</b>
<b>0</b>	<b>Total expenses</b>	<b>706</b>	<b>0</b>	<b>1,111</b>
<b>0</b>	<b>Net surplus</b>	<b>405</b>	<b>0</b>	<b>0</b>

### *Support the Board in its plan development process*

Partly achieved and ongoing. In September 2003 the Government announced its intention to create an improved process for making decisions about water use on the Waitaki River catchment where many competing resource applications for water use were due for consideration in the absence of a regional water plan. To do this a project team was established to develop and pass the special legislation required and then to establish and support an independent board who would be responsible for the development of an allocation plan. The development of the legislation and the appointment of a Board were delayed due to changing circumstances surrounding Project Aqua and the appropriate scope of the special legislation.

## **Vote Climate Change and Energy Efficiency: Output Class: Energy Efficiency and Conservation**

This output class covers the monitoring of the Energy Efficiency and Conservation Authority. It also provides for research analysis and advice necessary to shape a sustainable and efficient energy future for New Zealand. It involves integrating environmental, economic, social and cultural aspects of policy development.

### **Performance measures**

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

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

## Resources employed

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
297	Crown	216	216	216
<b>297</b>	<b>Total revenue</b>	<b>216</b>	<b>216</b>	<b>216</b>
<b>213</b>	<b>Total expenses</b>	<b>206</b>	<b>216</b>	<b>216</b>
<b>84</b>	<b>Net surplus</b>	<b>10</b>	<b>0</b>	<b>0</b>

## Service performance

The 2003/04 Estimates contain one output in Output Class: Policy Advice: Energy Efficiency and Conservation.

### Review of output achievements

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

Achieved. The Ministry provided input into the development of the Energy Efficiency and Conservation Authority's (EECA) key governance and accountability documents (ie, Purchase Agreement, Statement of Intent, Monitoring Agreement) and the Minister was briefed on these.

The development of a consistent and integrated system was further progressed to ensure the key relationship, between EECA, the Ministry and the Minister are effective and helpful to all parties and that monitoring processes managed by the Ministry are rigorous, transparent, timely and meet all state sector monitoring standards. The Ministry for the Environment also liaised regularly with EECA on budgets and board membership.

#### ***Establish Minimum Energy Performance Standards (MEPS)***

Ongoing. Cabinet approved (in May 2004) the MEPS 2003-05 Forward Programme and specific date alignments with Australia.

The Minister of Energy approved a Cabinet paper for MEPS introductions for commercial refrigeration equipment, distribution transformers, and single phase air conditions effective from 1 October 2004. The Minister also approved an upgrade to the current MEPS for household refrigerators and freezers in New Zealand to be effective from 1 January 2005, and an upgrade to MEPS for single phase and three phase air conditioners in New Zealand effective from 1 October 2007.

## Vote Climate Change and Energy Efficiency: Output Class: Policy Advice – Climate Change

This output class covers policy advice from the Ministry for the Environment on climate change issues.

### Performance measures

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

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

### Resources employed

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
0	Crown	7,124	7,124	7,124
<b>0</b>	<b>Total revenue</b>	<b>7,124</b>	<b>7,124</b>	<b>7,124</b>
<b>0</b>	<b>Total expenses</b>	<b>7,107</b>	<b>7,124</b>	<b>7,124</b>
<b>0</b>	<b>Net surplus</b>	<b>17</b>	<b>0</b>	<b>0</b>

### Service performance

The 2003/04 Estimates contain one output in Output Class: Policy Advice: Climate Change.

### Review of output achievements

#### ***Lead the whole of government team to implement government climate change policy***

Achieved. The New Zealand Climate Change Office is now fully operational and part of Ministry for the Environment. It works in a whole of government way with officials from Treasury, the Ministry of Economic Development, the Ministry of Agriculture and Forestry, the Ministry of Foreign Affairs and Trade, the Department of Prime Minister and Cabinet, the Ministry of Transport, the Energy Efficiency and Conservation Authority, Te Puni Kokiri and the Ministry of Research, Science and Technology.

#### ***Develop and implement price-based measures including Negotiated Greenhouse Agreements and a projects mechanism to reduce greenhouse gas emissions***

Ongoing. The framework and guidelines for Negotiated Greenhouse Agreements were finalised and implemented resulting in 12 firms applying for priority negotiations. These firms represent approximately 55% of electricity used by New Zealand industries. To date, six negotiations have begun.

Projects to Reduce Emissions including early projects and the first tender round were completed resulting in:

- the development of Meridian's Te Apiti wind farm and the extension of Trustpower's Taranaki wind farm being granted emissions units
- first round tender resulted in 46 tenders seeking 15 million emission units being received for the four million emission units on offer. The 15 successful projects include 13 electricity and two non-electricity projects such as wind farms, cogeneration, bioenergy, landfill gas, small hydro, geothermal existing hydro enhancements and industrial heat plants.

If implemented, all these projects could achieve up to 365 mega watts of additional electricity generation capacity. This is equivalent to approximately two years of growth in electricity demand and including biomass for co-generation represents approximately 5.4 petajoules (PJ) per annum of renewable energy (just below one-fifth of the 30 PJ renewable energy target under the National Energy Efficiency and Conservation Strategy).

### ***Make significant progress towards the implementation of an emissions charge for carbon intensive activities***

Ongoing. The primary purpose of the emissions charge is to change the relative prices of carbon intensive activities. The emissions charge is being developed to apply to products which, when consumed, result in the release of greenhouse gases to the atmosphere. In practice, this relates mainly to the use of fossil fuels and emissions from industrial processes.

Considerable progress has been made on the implementation of the emissions charge. A working draft discussion paper was provided to Ministers in December 2003, and work has continued into 2004.

Approaches to revenue recycling, an important component of the emissions charge policy, are under development so that proposals can be considered by Government in conjunction with the emissions charge design.

### ***Establish and manage a range of programmes for working with the agriculture and forestry sectors, local government and small to medium sized enterprises***

#### **Agriculture and forestry sectors**

Achieved. The Forestry Industry Framework Agreement (FIFA) has been drafted. The proposed agreement contains policies and programmes relating to transport, bio-energy, forest management and health, labour and skills and market access. Budget bids have been made to fund these initiatives and further consultation with the industry will occur before budget announcements are made.

The Agricultural Research Memorandum of Understanding was signed with 11 key agricultural sector participants. The Memorandum of Understanding implements an agricultural research strategy for methane and nitrous oxide gases and provides for industry funding totalling \$4.7 million. Significant input from the agriculture sector and other government departments was required to successfully negotiate the Memorandum of Understanding. The proposed agriculture research levy was withdrawn on signature of the Memorandum of Understanding.

## **Local Government**

Achieved. The Communities for Climate Protection New Zealand programme, a three year greenhouse gas reduction programme for local government, was developed and launched. Through the programme, participating councils take a multi-step approach to reducing emissions by developing emissions inventories, setting targets for reductions, agreeing action plans to achieve these, and ongoing monitoring against targets. Action to reduce emissions can be taken by participating councils on a number of fronts including: waste management, sustainable transport, urban design, air quality, energy efficiency and sustainable land use and planning. This supports wider Ministry for the Environment programmes and objectives.

A Sulphur Hexafluoride (SF6) Memorandum of Understanding was drafted and signed by Industry and the Crown. The Memorandum of Understanding requires industry to adopt best practices that minimise SF6 emissions when installing, maintaining and retiring equipment. In exchange, the industry will be exempt from the emissions charge for these gases. In addition, work is progressing with the refrigeration and air conditioning industries to reduce hydrofluorocarbon and perfluorocarbon emissions.

We also developed, launched and disseminated of a 'toolbox' of information and guidance materials for local government to help local government play its full part in identifying and preparing for the effects of climate change.

## **Small and Medium Sized Enterprises (SMEs)**

Achieved. A policy for small and medium enterprises and a programme to improve energy efficiency was developed. Under the proposed programme, the Energy Efficiency and Conservation Authority (EECA) would provide energy information services to SMEs. The New Zealand Climate Change Office and EECA would fund and co-ordinate energy use appraisals/audits in target industries selected on the basis of energy intensity. Industry guidelines on energy efficiency would be produced and disseminated during 2004/05.

A workshop on the Kyoto Clean Development Mechanism and business opportunities arising under this was held for businesses in Wellington in April 2004. The Business Opportunities Programme contributes to the National Energy Efficiency Conservation Strategy (NEECS) targets for energy efficiency and renewable energy through the work to establish a national focal point for the Kyoto Clean Development Mechanism and promotes opportunities for businesses to participate in emissions reduction projects under this scheme.

## ***Provide climate change information programmes***

Achieved. In 2002 the Government agreed to a public awareness and education programme to improve New Zealanders' understanding of environmental issues relating to climate change and to bring about changes in behaviours that will help reduce greenhouse gas emissions. The public education and awareness campaign has been designed in three phases, with the first phase focusing on reaching out to the public and raising awareness. Phase one of the campaign, *4million careful owners*, was launched on 28 December 2003 and concluded at the end of February 2004.

## ***Co-ordinate New Zealand's involvement in international scientific and technological fora; prepare New Zealand's National Inventory; and contribute to expanding New Zealanders' understanding of the impacts of climate change***

Achieved. The New Zealand National Inventory Report for the year 2002 was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat on time (15 April 2004). The data in the report shows that overall emissions increased by 21.6% since 1990, and by 1.8% from 2001 to 2002.

A process was established to provide an annual update of New Zealand's net emissions position (15 May 2004). This update shows New Zealand has an estimated surplus of 33 million tonnes of carbon dioxide equivalent.

The New Zealand Climate Change Office (NZCCO) has increased its capacity for review of parties greenhouse gas inventories with one staff member passing UNFCCC review examinations.

The NZCCO provides the national focal point for the Intergovernmental Panel on Climate Change (IPCC). During the year officials have maintained engagement with IPCC activities, including participating in Bureau meetings and plenary sessions of the Panel, and co-ordinating two government reviews of the IPCC good practice guidance for land use, land-use change and forestry, fundamental to managing the value of New Zealand's carbon credits.

Officials were engaged in the process of nominating New Zealand authors for the IPCC 4th Assessment Report and for the revision of the IPCC Greenhouse Gas Inventory Methodology guidelines. The IPCC conducts regular assessments of climate change science across all disciplines and the 4th Assessment Report will provide the science context for future climate change negotiations and New Zealand participation ensures southern hemisphere issues are factored in.

New Zealand has also made a contribution to global observing systems and governance structures for the Global Climate Observing System (GCOS) and the Earth Observation System (EOS) fundamental to the provision of satellite imagery for New Zealand's Carbon Accounting System (NZCAS). NZCCO initiated the task of securing a whole of government purchase agreement for satellite imagery for tracking land-use change.

Other science input has included the initiation of adaptation guidance for local government, progressing work to understand the economic impacts (including insurance aspects) of extreme climate events in partnership with local government, developing public interest information on regional impacts of climate change, and climate change impacts guidance for East Coast farmers.

***Ensure New Zealand's view is well articulated in appropriate multilateral and bi-lateral meetings including the United Nations Framework Convention on Climate Change (UNFCCC), Intergovernmental Panel on Climate Change, Organisation for Economic Co-operation and Development, partnerships and other key meetings***

Ongoing. Officials have continued to monitor international developments that affect the Kyoto Protocol coming into force. International climate change partnerships have been formed with the Governments of Australia and United States of America resulting in the commencement of over 30 inter-governmental projects.

## **Vote Climate Change and Energy Efficiency: Output Class: Carbon Monitoring Programme**

This output class involves the implementation of the New Zealand Carbon Monitoring Programme to ensure our land use, land use change and forestry data in our greenhouse gas inventory and entering the carbon accounting system, is robust, meets international requirements and underpins the economic return on sink credits.

### **Performance measures**

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

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

All outputs were delivered to the Ministers' specifications. Orders in Council and regulations were intra vires and in accordance with principal statutes.

## Resources employed

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Revenue:</b>			
0	Crown	3,400	3,700	3,400
<b>0</b>	<b>Total revenue</b>	<b>3,400</b>	<b>3,700</b>	<b>3,400</b>
<b>0</b>	<b>Total expenses</b>	<b>3,244</b>	<b>3,700</b>	<b>3,400</b>
<b>0</b>	<b>Net surplus</b>	<b>156</b>	<b>0</b>	<b>0</b>

## Service performance

The 2003/04 Estimates contain one output in output class: Policy Advice: Carbon Monitoring Programme.

## Review of output achievements

### Continue to develop the carbon monitoring programme to meet New Zealand's obligations under the Kyoto Protocol and beyond

Achieved and ongoing. The development of the New Zealand Carbon Accounting System (NZCAS) is principally designed to meet good practice guidance in our international climate change reporting obligations (UNFCCC and Kyoto Protocol), and to help manage of New Zealand's domestic climate change policies. The NZCAS can also help meet some of the other international reporting needs of government and help other parts of central and local governments in meeting other environmental objectives.

The cross government Steering Committee for the NZCAS is chaired by NZ Climate Change Office and met for the first time on 29 January 2004. A Technical Advisory Group was established to provide technical and research input to the NZCAS development.

Over 700 permanent plots have been established in the indigenous forest and shrublands, and an inventory methodology is about to be tested for exotic forests planted after 1990.

### 3 Financial Statements for the Ministry for the Environment

#### Performance Indicators for the Year Ended 30 June 2004

	Unit	Actual 30/06/2004	Supplementary estimates 30/06/2004
<b>Operating results</b>			
Revenue: Crown	\$000	38,088	38,088
Revenue: departments and other	\$000	200	205
Revenue: interest	\$000	0	0
Output expenses	\$000	37,578	38,293
Gain on sale of assets	\$000	11	5
Net surplus	\$000	721	5
<b>Working capital</b>			
Net current assets	\$000	304	221
Current ratio	%	1.04	1.07
<b>Resource utilisation</b>			
<b>Fixed assets</b>			
Total fixed assets at year-end	\$000	570	672
Value per employee	\$000	2.43	2.90
Additions as % of fixed assets	%	51.9	59.5
Fixed assets as % of total assets	%	7.0	16.0
<b>Taxpayers' funds</b>			
Level at year-end	\$000	343	343
Level per employee	\$000	1.46	1.5
<b>Net cash flows</b>			
Surplus/(deficit) from operating activities	\$000	2,768	(856)
Surplus/(deficit) from investing activities	\$000	(275)	(378)
Surplus/(deficit) from financing activities	\$000	(3,079)	(3,079)
Net increase/(decrease) in cash held	\$000	(586)	(4,313)
<b>Human resources</b>			
Staff turnover	%	14	8
Average length of service	Years	4.6	4
Total staff	No.	235	230

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

## Statement of Financial Performance for the Year Ended 30 June 2004

Actual		Notes	Actual	Main estimates	Supplementary estimates
30/06/2003			30/06/2004	30/06/2004	30/06/2004
\$000			\$000	\$000	\$000
	<b>Revenue</b>				
30,399	Crown		38,088	36,047	38,088
20	Other	1	211	30	210
<b>30,419</b>	<b>Total revenue</b>		<b>38,299</b>	<b>36,077</b>	<b>38,298</b>
	<b>Expenditure</b>				
11,547	Personnel	2	15,184	12,100	15,100
15,214	Operating	3	21,944	23,493	22,724
550	Depreciation	4	421	450	440
29	Capital charge	5	29	29	29
<b>27,340</b>	<b>Total expenses</b>		<b>37,578</b>	<b>36,072</b>	<b>38,293</b>
<b>3,079</b>	<b>Net surplus from operations</b>		<b>721</b>	<b>5</b>	<b>5</b>

## Statement of Financial Position as at 30 June 2004

Actual		Notes	Actual	Main estimates	Supplementary estimates
30/06/2003			30/06/2004	30/06/2004	30/06/2004
\$000			\$000	\$000	\$000
343	Taxpayers' funds		343	343	343
<b>343</b>	<b>Total taxpayers' funds</b>		<b>343</b>	<b>343</b>	<b>343</b>
	<b>Represented by:</b>				
	<b>Current assets</b>				
7,794	Bank		7,208	3,159	3,481
48	Pre-payments		110	30	45
24	Debtors and receivables	6	299	20	0
<b>7,866</b>	<b>Total current assets</b>		<b>7,617</b>	<b>3,209</b>	<b>3,526</b>
	<b>Non-current assets</b>				
723	Fixed assets	7	570	774	672
<b>8,589</b>	<b>Total assets</b>		<b>8,187</b>	<b>3,983</b>	<b>4,198</b>
	<b>Current liabilities</b>				
4,129	Creditors and payables	8	5,937	2,865	2,750
610	Employee entitlements	9	655	420	550
3,079	Provision for repayment of surplus to the Crown		721	5	5
<b>7,818</b>	<b>Total current liabilities</b>		<b>7,313</b>	<b>3,290</b>	<b>3,305</b>
	<b>Non-current liabilities</b>				
428	Employee entitlements	9	531	350	550
<b>8,246</b>	<b>Total liabilities</b>		<b>7,844</b>	<b>3,640</b>	<b>3,855</b>
<b>343</b>	<b>Net assets</b>		<b>343</b>	<b>343</b>	<b>343</b>

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

## Statement of Movements in Taxpayers' Funds for the Year Ended 30 June 2004

Actual 30/06/2003 \$000	Note	Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
<b>343</b>	<b>Taxpayers' funds brought forward as at 1 July</b>	<b>343</b>	<b>343</b>	<b>343</b>
3,079	Net surplus from operations	721	5	5
<b>3,079</b>	<b>Total recognised revenues and expenses for the year</b>	<b>721</b>	<b>5</b>	<b>5</b>
(3,079)	Provision for repayment of surplus to the Crown	(721)	(5)	(5)
<b>343</b>	<b>Taxpayers' funds as at 30 June</b>	<b>343</b>	<b>343</b>	<b>343</b>

## Statement of Cash Flows for the Year Ended 30 June 2004

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
<b>Cash flows from operating activities</b>				
<b>Cash provided from:</b>				
30,399	Supply of outputs to Crown	38,088	36,047	38,088
144	Supply of outputs to departments	(83)	5	216
56	Supply of outputs to others	2	20	7
<b>Cash disbursed to:</b>				
(11,164)	Personnel expenses	(14,942)	(12,100)	(15,100)
(14,952)	Operating expenses	(20,268)	(23,473)	(24,038)
(29)	Capital charge	(29)	(29)	(29)
<b>4,454</b>	<b>Net cash flows from operating activities</b>	<b>2,768</b>	<b>470</b>	<b>(856)</b>
<b>Cash flows from investing activities</b>				
<b>Cash provided from:</b>				
13	Sale of fixed assets	21	(5)	22
<b>Cash disbursed to:</b>				
(440)	Purchase of fixed assets	(296)	(400)	(400)
<b>(427)</b>	<b>Net cash flows from investing activities</b>	<b>(275)</b>	<b>(405)</b>	<b>(378)</b>
<b>Cash flows from financing activities</b>				
<b>Cash disbursed to:</b>				
(726)	Repayment of surplus to Crown	(3,079)	(764)	(3,079)
<b>(726)</b>	<b>Net cash flows from financing activities</b>	<b>(3,079)</b>	<b>(764)</b>	<b>(3,079)</b>
3,301	Net increase/(decrease) in cash held	(586)	(699)	(4,313)
<b>4,493</b>	<b>Opening cash balance at 1 July</b>	<b>7,794</b>	<b>3,858</b>	<b>7,794</b>
<b>7,794</b>	<b>Closing cash and deposits as at 30 June</b>	<b>7,208</b>	<b>3,159</b>	<b>3,481</b>

## Reconciliation of Net Operating Surplus to Net Cash Flow From Operating Activities for the Year Ended 30 June 2004

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000
<b>3,079</b>	<b>Net surplus from operations</b>	<b>721</b>
	<b>Add non-cash items</b>	
550	Depreciation	421
	<b>Add non-cash provision</b>	
316	Increase/(decrease) in provisions for employee entitlements	148
	<b>Add/(less) movements in working capital items</b>	
(15)	Decrease/(increase) in pre-payments	(62)
193	Decrease/(increase) in debtors and receivables	(283)
344	Increase/(decrease) in creditors and payables	1,808
0	Decrease/(increase) in other accrued liabilities	0
	<b>Add/(less) investing activity</b>	
(13)	Net loss/(gain) on sale of fixed assets	15
<b>4,454</b>	<b>Net cash flow from operating activities</b>	<b>2,768</b>

## Statement of Commitments as at 30 June 2004

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.

	30/06/2004 \$000	30/06/2003 \$000
<b>Operating and accommodation lease commitments (GST exclusive)</b>		
Not later than one year	1,806	1,323
Later than one year but not later than two years	1,992	1,085
Later than two years but not later than five years	3,743	1,102
Later than five years	9,007	0
Total operating and lease commitments	16,548	3,510
Capital commitments	0	0
<b>Total commitments</b>	<b>16,548</b>	<b>3,510</b>

## Statement of Contingencies as at 30 June 2004

There were no legal proceedings with contingent liabilities as at 30 June 2004.

	30/06/2004 \$000	30/06/2003 \$000
Legal proceedings	0	50
Total contingent liabilities	0	50

## Statement of Unappropriated Expenditure for the Year Ended 30 June 2004

### Departmental appropriations

Departmental output classes were produced within appropriation (30 June 2003: 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 2003: no unappropriated expenditure).

## Statement of Departmental Expenditure and Appropriations for the Year Ended 30 June 2004

(Figures are GST inclusive where applicable)

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Appropriation* 30/06/2004 \$000
<b>Vote: Environment</b>			
<b>Appropriations for classes of outputs</b>			
29,224	D1 Environmental Policy Advice	27,405	27,503
674	D2 Administration of Sustainable Management Fund and Residual Catchment Grant	724	745
620	D3 Bioethics Council	1,491	1,500
0	D4 Waitaki Decision-Making Body	794	1,250
<b>30,518</b>	<b>Total</b>	<b>30,414</b>	<b>30,998</b>
<b>Vote: Climate Change and Energy Efficiency</b>			
<b>Appropriation for departmental output class</b>			
240	D1 Policy Advice – Energy Efficiency and Conservation	231	243
0	D2 Policy Advice – Climate Change	7,982	8,015
0	D3 Carbon Monitoring Programme	3,648	3,825
<b>240</b>	<b>Total</b>	<b>11,861</b>	<b>12,083</b>

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

## Statement of Non-Departmental Expenditure and Appropriations for the Year Ended 30 June 2004

(Figures are GST inclusive where applicable)

Actual 30/06/2004 \$000		Actual 30/06/2004 \$000	Appropriation* 30/06/2004 \$000
<b>Vote: Environment</b>			
<b>Appropriations for non-departmental output classes</b>			
100	O1 Clean up of orphan Crown contaminated sites	5,000	5,000
3,697	O2 Development and implementation of sustainable management	4,088	4,324
5,975	O3 Hazardous substances and new organisms assessment and management	11,617	11,617
200	O4 Residual catchment works	2,500	2,500
450	O5 Sustainable land management: promotion and training	450	450
<b>10,422</b>	<b>Subtotal</b>	<b>23,655</b>	<b>23,891</b>
<b>Appropriations for other expenses to be incurred by the Crown</b>			
102	Loss on Disposal – Crown Land	12,099	12,099
8	Montreal Protocol on Ozone Protection	20	20
13	Subscription to Basel Convention	14	14
311	United Nations Environment Programme	235	336
1,721	Legal and Environment Centre Grants	1,546	1,550
862	Franz Josef Risk Mitigation	0	0
0	The Sir Peter Blake Memorial Trust	1,800	1,800
<b>3,017</b>	<b>Subtotal</b>	<b>15,714</b>	<b>15,819</b>
<b>13,439</b>	<b>Total for Vote: Environment</b>	<b>39,369</b>	<b>39,710</b>
<b>Vote: Climate Change and Energy Efficiency</b>			
<b>Appropriations for non-departmental output classes</b>			
9,481	Energy Efficiency and Conservation Authority	12,126	12,126
<b>9,481</b>	<b>Subtotal</b>	<b>12,126</b>	<b>12,126</b>
<b>Appropriations for other expenses to be incurred by the Crown</b>			
1,720	Energy efficiency and renewable energy grants and assistance	2,478	3,100
0	Framework Convention on Climate Change	102	102
	<b>Subtotal</b>	<b>2,580</b>	<b>3,202</b>
<b>Capital investment in organisations other than departments</b>			
1,000	Crown Energy Efficiency	1,652	2000
<b>1,000</b>	<b>Subtotal</b>	<b>1,652</b>	<b>2000</b>
<b>12,201</b>	<b>Total for Vote: Climate Change and Energy Efficiency</b>	<b>16,358</b>	<b>17,328</b>

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

## Statement of Accounting Policies for the Year ended 30 June 2004

### 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. There were no material changes to the cost allocation model during the 2003/04 year.

#### *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 2004, direct costs accounted for 71% of the Ministry's costs (2003: 69%).

**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 2004, indirect costs accounted for 29% of the Ministry's costs (2003: 31%).

**(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 \$1,500 (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**

There have been no 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 2004****1. Other revenue**

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
0	Departmental	200	20	200
7	Publication sales	0	5	5
13	Gain on sale of fixed assets	11	5	5
<b>20</b>	<b>Total other revenue</b>	<b>211</b>	<b>30</b>	<b>210</b>

**2. Personnel costs**

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

**3. Operating expenses**

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
4,266	General and administration	4,542	6,053	6,980
1,783	Other operating costs	2,397	2,183	2,183
1,389	Rental and leasing	2,590	1,360	2,658
7,745	Consultancy	12,325	13,871	10,871
26	Audit fees for financial statements	43	26	26
5	Other services provided by Audit NZ	21	0	6
0	Loss on sale of fixed assets	26	0	0
<b>15,214</b>	<b>Total operating expenditure</b>	<b>21,944</b>	<b>23,493</b>	<b>22,724</b>

**4. Depreciation**

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
227	Furniture and fittings	120	174	241
86	Office equipment	31	66	21
13	Computer software	17	53	12
224	Computer hardware	253	157	166
<b>550</b>	<b>Total depreciation charge</b>	<b>421</b>	<b>450</b>	<b>440</b>

## 5. 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 2004 was 8% (2003: 8.5%).

## 6. Debtors and receivables

	Actual 30/06/2004 \$000	Actual 30/06/2003 \$000
Trade debtors	299	24
Less provision for doubtful debts	0	0
<b>Total debtors and receivables</b>	<b>299</b>	<b>24</b>

## 7. Fixed assets

	Cost 30/06/2004 \$000	Accumulated depreciation 30/06/2004 \$000	Net book value 30/06/2004 \$000	Cost 30/06/2003 \$000	Accumulated depreciation 30/06/2003 \$000	Net book value 30/06/2003 \$000
Furniture and fittings	82	38	44	1,118	941	177
Motor vehicles	0	0	0	50	50	0
Office equipment	318	238	80	453	355	98
Computer software	64	22	42	253	231	22
Computer hardware	1,058	654	404	1,117	691	426
<b>Total fixed assets</b>	<b>1,522</b>	<b>952</b>	<b>570</b>	<b>2,991</b>	<b>2,268</b>	<b>723</b>

## 8. Creditors and payables

	Actual 30/06/2004 \$000	Actual 30/06/2003 \$000
Trade creditors and accruals	5,937	3,359
GST	0	770
<b>Total creditors and payables</b>	<b>5,937</b>	<b>4,129</b>

## 9. Employee entitlements

	Actual 30/06/2004 \$000	Actual 30/06/2003 \$000
<b>Current employee entitlements</b>		
Annual leave	655	610
<b>Total current employee entitlements</b>	<b>655</b>	<b>610</b>
<b>Non-current employee entitlements</b>		
Retirement, long service leave and retention/refresher leave	531	428
<b>Total non-current employee entitlements</b>	<b>531</b>	<b>428</b>
<b>Total employee entitlements</b>	<b>1,186</b>	<b>1,038</b>

## **10. Provision for repayment of surplus to the Crown**

The balance in the provision for repayment of surplus to the Crown for the current year is the gain on sale of fixed assets and surplus from operations.

## **11. 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.

## **12. Contingencies**

The Ministry does not have any contingent assets as at 30 June 2004 (2003: nil).

Contingent liabilities are disclosed separately in the Statement of Contingencies.

### 13. Major budget variations

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

#### (i) Statement of financial performance

	Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Variance \$000
General and administration	4,542	6,053	1,511
Consultancy	12,325	13,871	1,546
Personnel	15,184	12,100	(3,084)

General and administration and consultancy costs were less than expected in 2003/04 due to higher personnel charges. This is a reflection of the new Ministry structure which has resulted in more staff and less consultants being appointed.

#### (ii) Statement of financial position

	Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Variance \$000
Bank	7,208	3,159	4,049
Creditors and payables	5,937	2,865	(3,072)

The Ministry had a higher bank balance (than budgeted) due to suppliers/providers not providing invoices before the month end cut off. Many invoices as a result had to be accrued, hence the higher bank balance and creditors and payables.

### 14. Subsequent events

No significant events, which would materially affect the financial statements, occurred between 30 June 2004 and the date of signing the financial statements (2003: nil).

### 15. 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.

## **4 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 \$55.7 million of non-departmental payments, \$21 million of non-departmental revenue and receipts, \$19.9 million of assets, and \$6.0 million of liabilities on behalf of the Crown for the year ended 30 June 2004.

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 2003/04.

### **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
- soil conservation reserves.

These land holdings have been included in the Crown Asset Schedule as at 30 June 2004, however no recognition was made as at 30 June 2003.

## Crown Revenue and Receipts as at 30 June 2004

(GST inclusive where applicable)

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Current revenue</b>			
	<b>Non-tax revenue</b>			
8	Catchment Works Loans – interest	3	3	3
478	Coastal royalties	606	400	400
-	Land recognition	18,912	0	0
<b>486</b>	<b>Total non-tax revenue</b>	<b>19,521</b>	<b>403</b>	<b>403</b>
	<b>Capital receipts</b>			
1,233	Catchment Works Loans – principal	671	672	672
<b>1,233</b>	<b>Total capital receipts</b>	<b>671</b>	<b>672</b>	<b>672</b>
<b>1,719</b>	<b>Total Crown revenue and receipts for Vote: Environment</b>	<b>20,192</b>	<b>1,075</b>	<b>1,075</b>
	<b>Vote: Climate Change and Energy Efficiency</b>			
	<b>Capital receipts</b>			
758	Crown Energy Efficiency Loans	824	865	865
<b>758</b>	<b>Total capital receipts</b>	<b>824</b>	<b>865</b>	<b>865</b>
<b>758</b>	<b>Total Crown revenue and receipts for Vote: Climate Change and Energy Efficiency</b>	<b>824</b>	<b>865</b>	<b>865</b>

## Schedule of Expenses as at 30 June 2004

The schedule of expenses summarises non-departmental expenses the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on page 41.

(GST inclusive where applicable)

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
	<b>Vote: Environment</b>			
10,422	Non-departmental output classes	23,655	23,891	23,891
0	Loss on sale	12,099	12,099	12,099
3,017	Other expenses to be incurred by the Crown	3,615	3,720	3,720
<b>13,439</b>	<b>Total non-departmental expenses: Vote: Environment</b>	<b>39,369</b>	<b>39,710</b>	<b>39,710</b>
	<b>Vote: Climate Change and Energy Efficiency</b>			
9,481	Non-departmental output classes	12,126	12,126	12,126
1,720	Other expenses to be incurred by the Crown	2,580	3,202	3,202
1,000	Capital investment in organisations other than departments	1,652	2,000	2,000
<b>12,201</b>	<b>Total non-departmental expenses: Vote: Climate Change and Energy Efficiency</b>	<b>16,358</b>	<b>17,328</b>	<b>17,328</b>

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

## Schedule of Assets as at 30 June 2004

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

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
<b>Current assets</b>				
4,493	Cash	4,883	1,246	1,566
1,487	Accounts receivable	1,503	2,149	3,514
83	Pre-payments	0	0	0
<b>Non-current assets</b>				
4,166	Term receivables and advances	6,714	4,795	23,921
0	Crown Land	6,813	0	0
<b>10,229</b>	<b>Total non-departmental assets</b>	<b>19,913</b>	<b>8,190</b>	<b>29,001</b>

## Schedule of Liabilities as at 30 June 2004

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

Actual 30/06/2003 \$000		Actual 30/06/2004 \$000	Main estimates 30/06/2004 \$000	Supplementary estimates 30/06/2004 \$000
<b>Current liabilities</b>				
6,984	Creditors and payables	6,002	4,000	4,000
27	GST	4	0	0
<b>7,011</b>	<b>Total non-departmental liabilities</b>	<b>6,006</b>	<b>4,000</b>	<b>4,000</b>

## Statement of Commitments as at 30 June 2004

At 30 June 2004 there were no operating or capital commitments in relation to the activities undertaken by the Ministry on behalf of the Crown (2003: NIL).

## Statement of Contingencies as at 30 June 2004

At 30 June 2004 there were 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 (2003: NIL).

The Ministry for the Environment is owner of a contaminated site at Otaki, Kapiti District. At this stage, this cannot be valued until further investigation of the site takes place.

## 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 2004.



Barry Carbon  
Chief Executive  
31 August 2004

Countersigned by:



Fiona C M Morgan  
Finance and Corporate Business Manager  
31 August 2004

## Audit Report

### To the readers of the Ministry for the Environment's financial statements for the year ended 30 June 2004

The Auditor-General is the auditor of the Ministry for the Environment (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Ministry, on his behalf, for the year ended 30 June 2004.

#### Qualified opinion – comparative information only

In the 2003 financial statements, the Ministry had not recognised certain land holdings in its non-departmental schedule of assets. This was a departure from Financial Reporting Standard No.3, *Property, Plant and Equipment* (FRS-3), which requires that items that meet the asset recognition criteria must be recognised. In 2004, these assets have been recognised in accordance with FRS-3 at an amount of \$6,813,000 in the non-departmental schedule of assets.

In all other respects, the 2004 financial statements of the Ministry comply with generally accepted accounting practice in New Zealand.

In our opinion, except for the matter referred above which related to the 2003 comparative information, the financial statements of the Ministry on pages to:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Ministry's financial position as at 30 June 2004;
  - the results of its operations and cash flows for the year ended on that date;
  - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
  - the assets, liabilities, revenues, expenses, contingencies and commitments managed by the Ministry on behalf of the Crown for the year ended 30 June 2004.

The audit was completed on 30 September 2004, and this is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

#### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. We found a material misstatement relating to the 2003 comparative information, as we referred to in our opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

## Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Ministry as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they must fairly reflect the assets, liabilities, revenues, expenses, contingencies, and commitments managed by the Ministry on behalf of the Crown for the year ended 30 June 2004. The Chief Executive's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989.

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assurance related assignment for the Ministry by reviewing the Bioethics Council's planning, forecasting and contract management business processes. This assignment was compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Ministry.



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

## **Matters relating to the electronic presentation of the audited F**

### **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 2004 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 website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 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 30 September 2004 to confirm the information included in the audited financial statements presented on this website.

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 integrates into the Annual Report a review of the operational environmental and social performance of our offices and staff in 2003/04.

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

- an external Advisory Group was appointed during the year to provide expertise on sustainability issues for our new office building
- a 30% reduction in the number of paper reams used per FTE
- the implementation of a food waste system which has reduced waste to landfill by 72% per FTE
- an increase of 17% in CO<sub>2</sub> equivalent emissions per staff member
- an increase in staff from 180 in 2003 to 226 in 2004.

### Office Environmental Policies and Systems

During 2003/04 an overarching Environmental Policy Statement was adopted and published on the Ministry's website, [www.mfe.govt.nz](http://www.mfe.govt.nz). Supporting policies for energy and waste were also published during the year. A Procurement Policy Advisory Group has been established for the Ministry including representatives from a number of central government agencies. The Ministry's own policy on sustainable procurement is now expected to be finalised by December 2004.

During 2003/04 the Ministry appointed an external Advisory Group to provide expertise on sustainability issues associated with the development and fit out of our new office building. It is currently expected that the Ministry will be moving to the new building in 2005/06.

Meanwhile, the Ministry's 'Govt<sup>3</sup>' project is attracting a growing number of central government agencies through delivering practical advice on procurement, office waste and other issues. Over 20 agencies have been attending regular bi-monthly meetings of Govt<sup>3</sup> which are run by the Ministry in partnership with the Energy Efficiency and Conservation Authority.

Key targets and commitments	Progress at 30 June 2004
Overarching environmental policy, and policies for purchasing, waste and energy to be published and embedded by June 2003.	<b>Partly achieved:</b> The Overarching Environmental Policy Statement was adopted in 2003/04. Supporting policies for waste, and energy were also adopted and published. The purchasing policy is expected to be finalised before December 2004.
Drive responsible procurement for all of government.	<b>Ongoing:</b> The Ministry's Govt <sup>3</sup> project continues to develop and now has the support of 20 central government agencies.

### Materials

#### Publications

2003/04 was a busy year for the Ministry and we published 200 different reports, brochures, booklets, cards, etc. The paper content of these publications was 11 tonnes or 53 kg per full time equivalent staff member (FTE). Whilst this is an increase on 2002/03 [7 tonnes – 108 items], it remains well below the comparative figure for 2001/02 [22.5 tonnes – 126 items].

The increase in the number of publications reflects the diversity of the Ministry’s work programmes, our ongoing commitment to build relationships with our stakeholders and the need to keep them informed. We continue to limit the initial print runs of major publications and to increase the numbers of web based only documents that we produce.

We estimate that 97% [91% 2002/03] of publications by weight were chlorine-free and that recycled paper content by weight was 60% [20% 2002/03]. The revision of the paper purchasing policy has been delayed until December 2004, so as to incorporate it within the framework of an overall Ministry procurement policy.

### Office paper

During the period we have reduced our total use of A4 copier and headed paper by 14% to 6.8 tonnes [7.9 tonnes 2002/03] or by 30% to 13.1 reams per FTE. The saving has been achieved through the continued introduction of printers and photocopiers with duplexing ability and the initial set up of computers and staff training by our Information Management Team. We have now exceeded our commitment to a 10% reduction to 17 reams per FTE from 2001/02.

During the year approximately 93% of office paper used was 100% recycled and chlorine free [58% 2002/03].

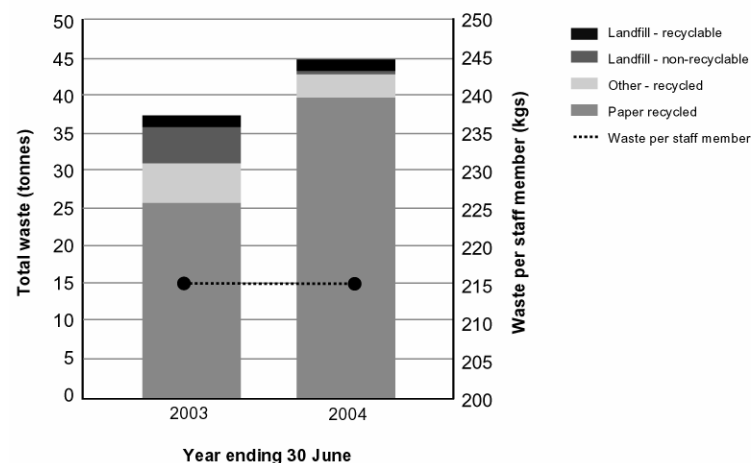
### Our performance over time

	Actual 2003/04	Actual 2002/03	Actual 2001/02
Weight of publications per staff member (kg)	53 kg	41 kg	162 kg
Reams of copier paper per staff member (number)	13.1	18.8	19.4

Key targets and commitments	Progress at 30 June 2004
Investigate alternatives to printing large numbers of publications as a way of achieving our overall objectives.	<b>Achieved:</b> Senior management reviewed proposed publications in 2002/03. Management and senior staff are to improve systems for ensuring publications contribute to achieving our objectives.
Review and update our paper purchasing policy.	<b>Revised commitment:</b> The review of internal procurement policies is now to be completed by December 2004.
A 10% reduction in reams of paper used to 17 reams per staff member from 2001/02	<b>Achieved:</b> A 32% reduction in paper use per FTE has been achieved since 2001/02.

### Waste

#### Ministry for the Environment analysis of waste streams



The total waste and recycled material generated by Ministry staff is estimated to have increased by 20% to 45 tonnes this year. However, taking account of the growth in staff numbers over the period, waste per staff member has remained stable at 215 kg.

The growth in total waste is attributable to a 26% increase in paper sent for recycling [188 kg/FTE]. This increase is due to the clearing out of old materials, as due to the growth in staff numbers teams have been relocated around the Ministry’s offices. This clearing out process can be expected to continue into 2004/05 as we prepare for the move to our new office building in 2005/06.

This increase in paper recycled masks a 72% reduction in waste to landfill from 32 kg/FTE to 9 kg/FTE. The reduction has been achieved through the implementation of a food waste collection system. Food waste is now taken to a composting facility, and all other waste is separated into recyclable or non-recyclable categories.

**Benchmarking our performance**

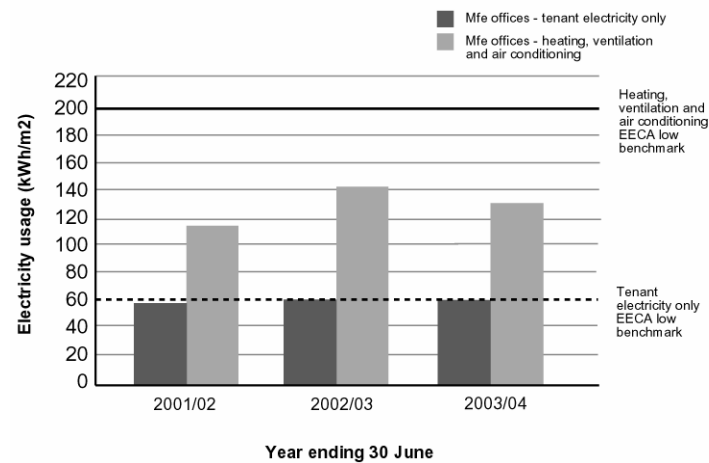
	Actual 2003/04	Actual 2002/03	Benchmark*
Total waste generated per staff member (kg)	215 kg	215 kg	200 kg
Waste to landfill per staff member (kg)	9 kg	32 kg	–

\*UK Environmental Agency good practice benchmark.

Key targets and commitments	Progress at 30 June 2004
Reduce waste per staff member per year by 10% from 2001/02	<b>Ongoing:</b> Decreases in parts of the waste stream have been offset by increases in paper recycling. This can be expected to continue before our move to our new building.

**Energy**

**Ministry for the Environment electricity usage per m2**



The growth in staff numbers in our Wellington offices has led to an increase in electricity use of 16% to 432,212 kWh. However, we are utilising office space more efficiently and so electricity usage per m<sup>2</sup> decreased by 2% for offices with ‘tenant-only electricity’ (ie, excluding heating, ventilation and air conditioning (HVAC)) and by 9% for offices with HVAC. Our offices continued to perform close to or well below their respective Energy Efficiency Conservation Authority low-usage benchmarks.

### Benchmarking our performance

	Actual 2003/04	Actual 2002/03	Low-typical usage benchmark*
Offices – tenant electricity only (kWh/m <sup>2</sup> )	60	61	60–150
Offices – with HVAC (kWh/m <sup>2</sup> )	128	140	200–280

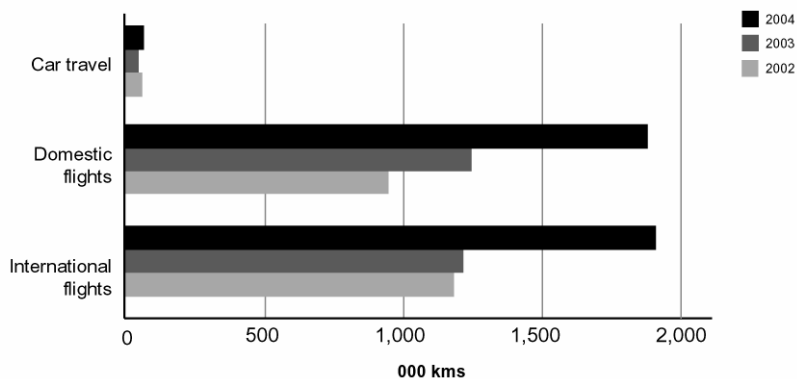
\* Per Energy Efficiency and Conservation Authority (EECA)

In November 2003, as part of its commitments as a member of the EECA Energy-Wise government scheme the Ministry employed a consultant to perform an energy audit of our Wellington offices. The audit confirmed the Ministry has already achieved a good energy efficiency performance. Suggestions focused on the removal of excess corridor lighting and the need to introduce staff education on switching off computer monitors and floor lights.

Key targets and commitments	Progress at 30 June 2004
Maintain our offices energy performance close to the low EECA benchmark.	<b>Achieved:</b> An external audit has confirmed the Ministry's performance.
To implement suggestions from the energy audit and continue to adhere to the EECA Energy Efficiency programme.	<b>Ongoing:</b> We have continued with removal of excess lighting from corridors. Staff education on Switch Off! occurred in 2004.

### Transport

#### Ministry for the Environment travel analysis



In 2003/04 staff flew 1,857,459 km domestically and drove 81,000 km on Ministry business. Domestic air travel was 19% higher per FTE than in 2002/03. Factors behind the increase include a greater degree of Ministry engagement with our stakeholders, for example through the roadshows and an increasing need for direct consultation on a number of significant policy issues.

Senior staff also flew a total of 1,893,024 km on long haul international flights presenting or representing New Zealand concerns, a 25% increase in kms flown per FTE. The most significant element of this year's increase is because the Climate Change Office's travel was only included in the Ministry's results for six months of last year (they relocated from the Department of Prime Minister and Cabinet to the Ministry in January 2003). Due to New Zealand's commitment to the Kyoto Protocol the Climate Change Office has significant commitments to attend international conferences, presentations and scientific forums.

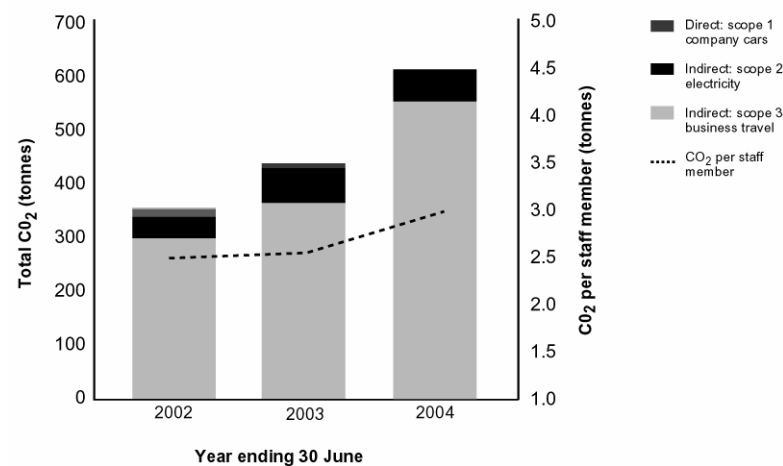
### Our performance over time

	Actual 2003/04	Actual 2002/03	Actual 2001/02
Domestic air travel per staff member (km)	8,887	7,449	6,499
International air travel per staff member (km)	9,058	7,256	8,600
Ministry and hire car travel per staff member (km)	388	362	476

Key targets and commitments	Progress at 30 June 2004
Monitor our travel and understand and report back on the reasons for any fluctuation from 2003/04 levels.	<b>Achieved:</b> We will continue to monitor and record our travel throughout 2004/05.
Consult staff on appropriateness of a voluntary survey of commuting methods.	<b>Revised commitment:</b> This survey will now be carried out by June 2005 as part of the assessment of our needs in moving to our new building.

### Carbon footprint

#### Ministry for the Environment CO<sub>2</sub> equivalent emissions



In 2003/04 we generated a minimum<sup>1</sup> of 636.4 tonnes of CO<sub>2</sub> equivalent emissions, a 45% increase on 2002/03. However, the Ministry CO<sub>2</sub> equivalent emissions per staff member only increased by 17% from 2.6 to 3.0 tonnes and still remains below our result for 2000/01 [3.5 tonnes].

Of this year's increase 95% is due to increases in domestic and international flights. As explained above (see Transport) this increase was largely a result of increased domestic travel from higher staff numbers and the full inclusion of the Climate Change Office in the 2003/04 results.

Our travel policies are currently under review to ensure we remain focused on undertaking essential travel only. However, given staff numbers continued to grow throughout 2003/04 and our need to engage with our stakeholders on policy issues, we anticipate that overall travel and CO<sub>2</sub> emissions may continue to rise in 2004/05.

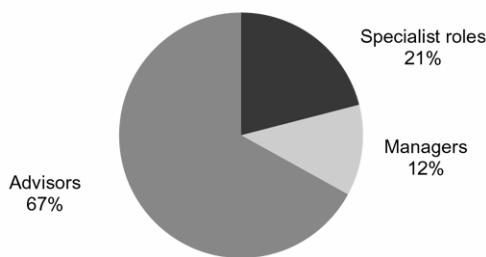
<sup>1</sup> Note that while calculated in accordance with international Greenhouse Gas (GHG) accounting protocols, in common with many organisations reporting on their CO<sub>2</sub> impact, our CO<sub>2</sub> figure represents a minimum only. For example, the electricity usage for air conditioning/heating/ shared areas for two of our Wellington offices is currently not included because of difficulties in obtaining adequate data.

### Our performance over time

	Actual 2003/04	Actual 2002/03	Actual 2001/02
CO <sub>2</sub> equivalent emissions per staff member (tonnes)	3.0	2.6	2.5
<b>Key targets and commitments</b>			
Progress at 30 June 2004			
Monitor our CO <sub>2</sub> emissions to understand and report back on the reasons for any fluctuation year on year.	<b>Ongoing:</b> We will continue to monitor our CO <sub>2</sub> throughout 2004/05 as we embed our new supporting policies.		

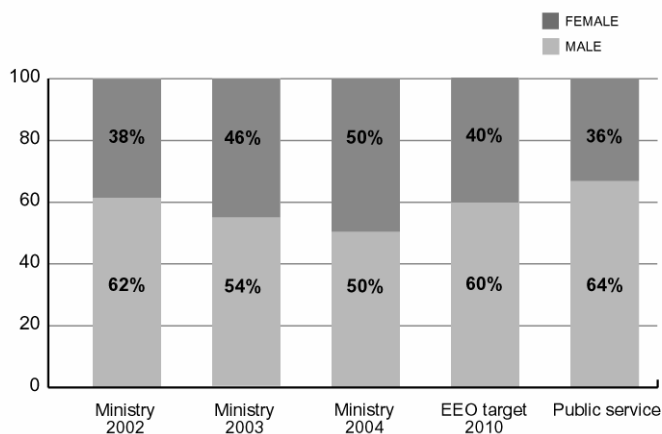
## Our Staff

### Profile of the Ministry for the Environment at 30 June 2004



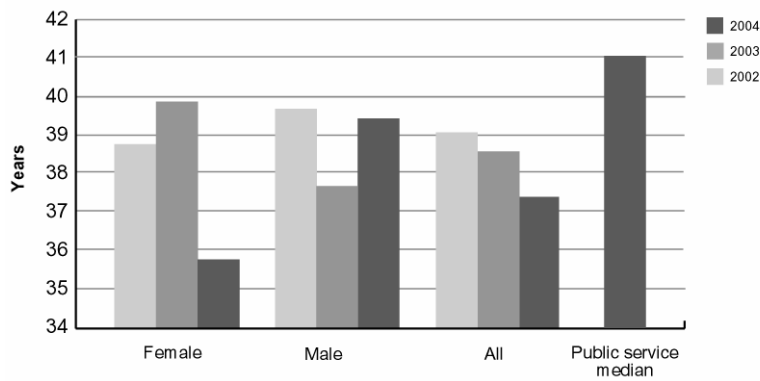
Overall our numbers have grown from 180 in 2003 to 226 in 2004. This reflects a general growth in the public sector. Our key positions continue to be advisers. We have seen an increase in the number of these positions (from 53% in 2003 to 67% in 2004). We have seen a decrease in the percentage of specialist positions (from 33% in 2003 to 21% in 2004). The numbers of specialist positions have not increased at the rate of adviser positions. There has also been a slight decrease in the number of manager positions (from 14% in 2003 to 12% in 2004).

### Representation of women in management at 30 June 2004



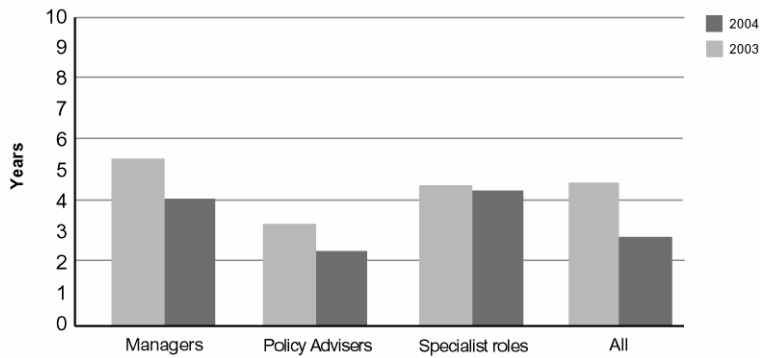
Over the past few years we have seen a steady increase in the number of female managers. We are well ahead of the public service average (currently 36% female managers). We achieved our EEO target (2010) set three years ago. We will now be working on strategies to meet our other EEO targets, such as increasing the number of Maori staff and staff with disabilities.

**Average age of Ministry for the Environment staff at 30 June 2004**



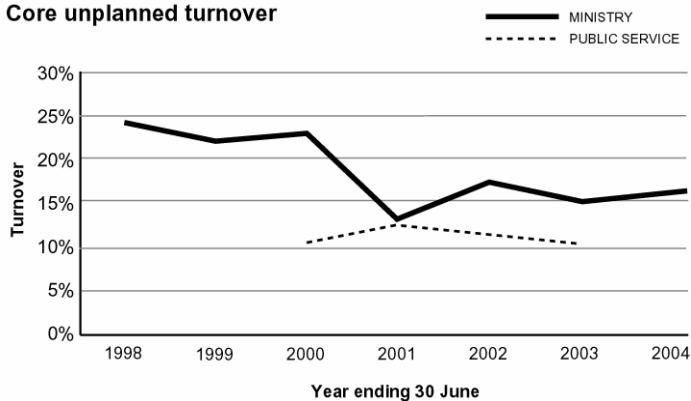
There has been a slight drop in the average age of Ministry staff (from 38.59 in 2003 to 37.19 in 2004). The average age of female staff has dropped by four years while the average age of male staff is increasing. Many of the new recruits appointed at the entry level have been female and this is reflected in the spread.

**Average length of service at 30 June 2004**



The average length of service is currently 2.79 years, a decrease of approximately 2.5 years since 30 June 2003. This reflects an increase in recruitment, combined with the departure of some of our long serving staff. Policy advisers have the shortest length of service of all staff (2.28 years).

**Core unplanned turnover**



There has been an increase in turnover from 11% to 16.8%. This is higher than the public service turnover of 11% but this figure does not reflect the turnover of policy advisers in the public sector which is higher (about 13%). Most of the Ministry turnover (about 80%) is at the adviser level. This reflects a growing shortage of advisers in the Wellington market due to increased job opportunities in the public sector.

## **Our Culture**

The Ministry undertook a climate survey in June 2003 (as reported in the Ministry for the Environment's 2002/03 Annual Report). The Ministry plans to conduct another climate survey in August 2004, to gauge any changes of the factors assessed. These factors include such categories as workload, strategy, direction and goals, teamwork, leadership/management, and training and development.

## 6 Management of the Ministry

### Human Resources

There has been a big effort from the Human Resources function to support the capability of the organisation through the following initiatives:

- Development of the most extensive training and development programme that the Ministry has ever had. This included a new induction and leadership programme and programmes such as Writing for the Minister, and the Machinery of Government. Feedback on these programmes has been excellent.
- Remuneration and Performance Management Revamp – a highly successful transitional system was put in place with minimal fuss; which has laid the groundwork for a streamlined system for the new year.
- A new Graduate Recruitment programme was launched in record time. The recruitment exercise was highly successful and subsequent training programme was first class. Ten graduates were recruited.
- Occupational and Health processes were reorganised to reflect good practice. This included a new committee and development of a OSH manual.
- Recruitment continued at a rapid pace and another 55 staff joined the Ministry.

### Communications

Building relationships and working in partnership with others has been a key focus of our work during the 2003/04 year. The establishment of the Chief Executive's Forum on the Environment has brought together the players from central and regional government with the aim of providing strong leadership and support for a partnership approach on areas of mutual interest.

In November 2003 the Ministry, in partnership with regional councils, undertook a national roadshow *Talk Environment* covering 16 regions from Whangarei to Invercargill. We met with the community, iwi, local government and industry to hear their views about our work and explain how we are going on major work being led by the Ministry. Another roadshow is planned for November 2004.

The inaugural National Youth Environment Forum was held in September 2003. The Forum, developed in partnership with regional councils, brought together 49 young people from throughout the country providing an opportunity for young people to have a voice on environmental issues and to learn first hand the complexities of environmental management. The Sir Peter Blake Trust will partner with the Ministry in hosting the second Youth Environment Forum in Wellington in December 2004.

We also promoted environmental action through the Green Ribbon Awards. Twelve awards were presented to individuals and groups in eight categories. This year's awards featured a marked increase in the number of nominees in the Caring for the Urban Environment category, up nine to 27.

Between 31 July 2003 and 30 June 2004 we held six stakeholder liaison meetings with NGOs, four with industry representatives and four with professional association representatives.

## Corporate Business

In December 2003 the Ministry secured the tenancy of a new building being constructed on Kate Sheppard Place in Wellington. This will become the new home for the Ministry's Head Office from May 2005.

We have secured the head tenancy of the building, and a place on the project team developing the building. This will allow us a number of advantages, including injecting elements of sustainability into the design and construction of the building and integration of our fitout with the base building design. In addition our status as head tenants will give us absolute control of the management of the building, allowing us to model best practice in sustainable management of an office building.

Our occupation of this new building will be the end of a long period with our Head Office being spread across three buildings. We are looking forward to the improvements in communication and productivity that our new home should provide.

## Information Management

The Ministry continued to build on its information management capability during the 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 again further increased.

A number of significant information initiatives were completed in 2003/04, including:

- the revamping of the Ministry's intranet site, *Te Taiao*
- the revamping of the existing websites for Climate Change and Oceans Policy to comply with the New Zealand Government Web Guidelines
- the development of new websites for the Bioethics Council and the *4 million careful owners* campaign lead by the Climate Change Office of the Ministry
- the implementation of a co-ordinated information management help desk
- the development of an information management training framework for both new and existing staff
- the undertaking of an information audit across the organisation, which provided the basis for the development of an information strategy.

Building on the foundation of the information strategy, 2004/05 will be a challenging year for the Information Management team dealing with planned initiatives such as the implementation of an electronic document management system, developing systems and processes to support effective stakeholder relationship management and project management across the Ministry, and continuing to build on the effectiveness of staff information management training to support good practices.

## **Crown Entity Monitoring**

### **The Environmental Risk Management Authority**

During the 2003/04 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 reviewed quarterly reports and other key accountability documents received from the Authority.

### **The Energy Efficiency and Conservation Authority**

During the 2003/04 financial year we continued to monitor the Energy Efficiency and Conservation Authority (EECA). As with ERMA, we held 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 held more regular informal meetings with senior EECA staff and maintained regular contact with the Chief Executive of EECA.

## **Reducing Inequalities**

As kaitiaki, hapu and iwi, we have a responsibility to protect the environment for future generations. The Ministry recognises this responsibility to protect the environment for future generations and supports hapu and iwi to carry out their obligations as kaitiaki.

In 2003/04 the Ministry supported:

- the settlement of Treaty of Waitangi claims to natural resources
- projects aimed at reducing the compliance costs associated with the Resource Management Act (1991) on businesses, including the development of guidance on Maori consultation in terms of resource consent processes from iwi/hapu, consent authorities and applicants
- projects aimed at new and more effective ways of involving tangata whenua in the management of natural resources, including a project to examine the effectiveness of iwi management plans
- kaitiakitanga projects through the Sustainable Management Fund.

## **Improved Iwi Participation**

The Ministry has also been working with iwi in a number of regions to support them in achieving their environmental goals, including through supporting their relationships with local authorities. This has included:

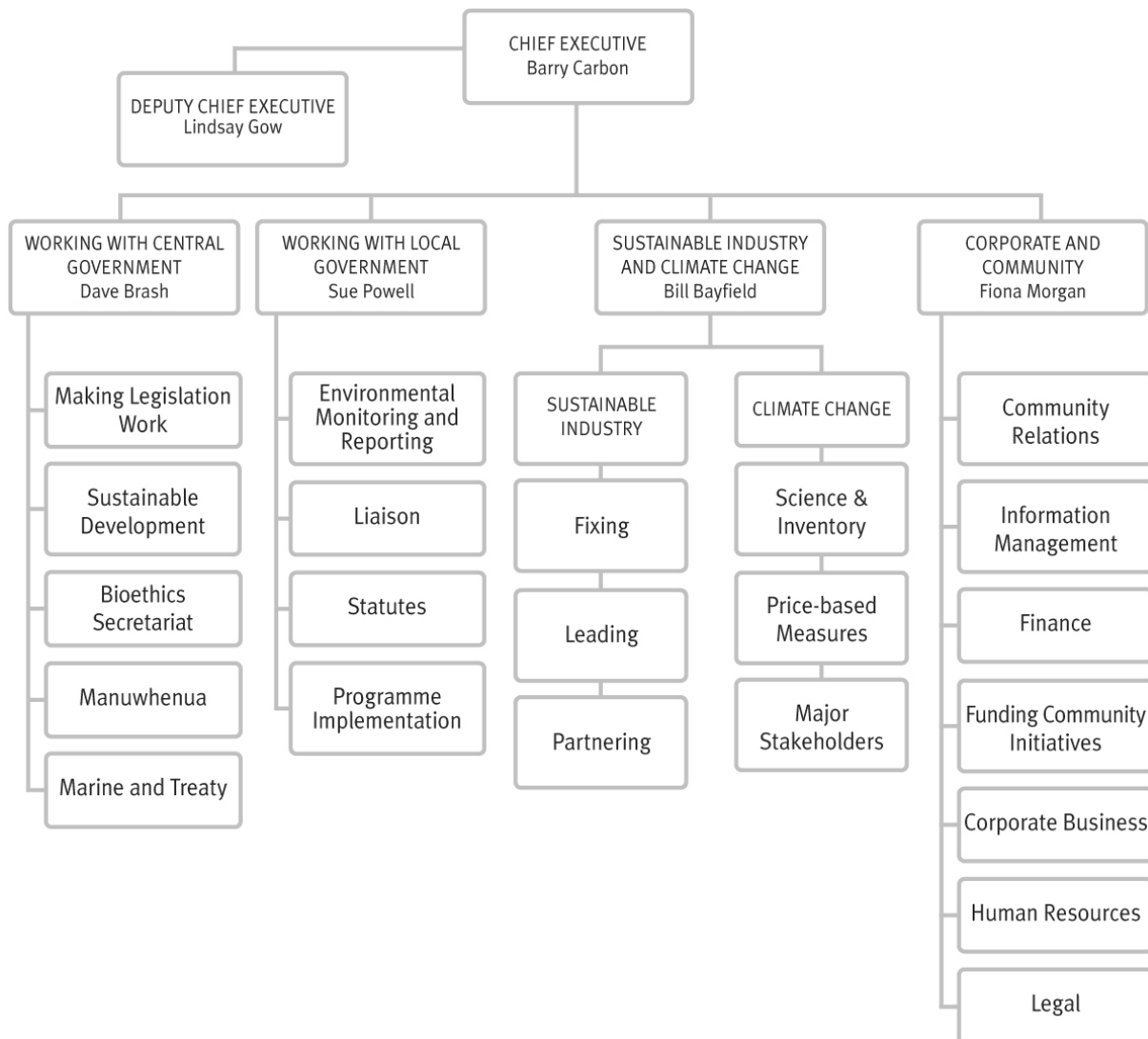
- work with iwi in Te Tai Tokerau to establish a co-ordinated approach across a number of iwi and hapu to respond to environmental issues
- work with Ngati Tuwharetoa on the water quality issues in Lake Taupo
- regular meetings with Ngai Tahu in progressing our obligations under their Deed of Settlement
- ongoing engagement with iwi environmental groups
- establishment of a Maori Reference Group to support the development of the Water Programme of Action

- support for the implementation of the *Kaimoana Survey Guidelines for Hapu and Iwi*
- ongoing support for the Ministry’s Maori Environmental Indicators Programme.

In addition to this, a significant amount of work has been undertaken in developing a proposed package of initiatives to be rolled out through upcoming policy implementation for the RMA Review, foreshore and seabed, and aquaculture policies. This is likely to be the main vehicle for delivering improved outcomes to Maori over the coming year.

## Management Structure

In early 2004, the Ministry made some minor changes to the structure of the organisation. This is now based on four main business groups.



## **Advisory Bodies/Ministerial Committees 2003/2004**

### **Bioethics Council**

#### **Statutory basis**

There is no statutory basis requiring the Council to exist. The Council was established by a Cabinet Minute.

#### **Purpose**

To enhance New Zealand's understanding of the cultural, ethical and spiritual aspects of biotechnology and to ensure that the use of biotechnology has regard for the values held by New Zealanders.

### **Business Compliance and Costs Group**

#### **Statutory basis**

There is no statutory basis requiring this group to exist.

#### **Purpose**

To provide input and advice on the direction, focus, and method of implementation of the resource consent process by member's organisations and colleagues.

### **Cyanobacteria Issues Discussion Group**

#### **Statutory basis**

There is no statutory basis requiring this group to exist.

#### **Purpose**

This involved a discussion meeting held in response to an increasing number and frequency of cyanobacteria incidents.

### **Energy and Efficiency and Conservation Authority (EECA)**

#### **Statutory basis**

Energy Efficiency and Conservation Act (2000).

#### **Purpose**

To encourage, promote and support energy efficiency, energy conservation and the use of renewable resources in New Zealand.

## **Environmental Legal Assistance Fund Advisory Panel**

### **Statutory basis**

There is no statutory basis requiring this group to exist. The Panel was developed due to a Cabinet Decision.

### **Purpose**

To advise the Ministry for the Environment on applications to the Environmental Legal Assistance Fund.

## **Environment Risk Management Authority (ERMA)**

### **Statutory basis**

Hazardous Substances and New Organisms Act (1996).

### **Purpose**

The Authority is responsible for the governance of its agency. This involves assigning controls to manage the risks associated with hazardous substances and new organisms and responsibility for the approval of the introduction of new hazardous substances and new organisms.

## **Freshwater Advisory Working Group**

### **Statutory basis**

There is no statutory basis requiring this group to exist.

### **Purpose**

This is a technical working group convened to oversee the development of the *Microbiological Guidelines for Marine and Freshwater Recreational Areas*.

## **Freshwater Indicators Working Group**

### **Statutory basis**

There is no statutory basis requiring this group to exist.

### **Purpose**

To assist the Ministry with the development of a core set of freshwater indicators and monitoring protocols to assess the effectiveness of national water management policies and programmes and the health of New Zealand's freshwater resources.

## **Human Drinking Water Source Standard Reference Group**

### **Statutory basis**

There is no statutory basis requiring this group to exist.

### **Purpose**

This is a local government and industry reference group used to develop a favoured option for the human drinking water source standard.

### **Land Cover Database Version Two: Technical Steering Committee**

#### **Statutory basis**

There is no statutory basis requiring this group to exist.

#### **Purpose**

This Group oversees the technical aspects of the construction of the Land Cover Database 2.

### **Maori Water Reference Group (Wai Maori)**

#### **Statutory basis**

There is no statutory basis requiring this group to exist. This group was established upon an agreement by the Water Steering Group.

#### **Purpose**

To assist with the development of a policy process within the Sustainable Development Programme of Action.

### **New Zealand Carbon Accounting System Steering Committee**

#### **Statutory basis**

Kyoto Protocol and United Nations Framework on Convention Change.

#### **Purpose**

Act as a steering committee for the Technical Advisory Committee.

### **New Zealand Carbon Accounting System Technical Advisory Committee**

#### **Statutory basis**

Kyoto Protocol, and United Nations Framework on Convention Change.

#### **Purpose**

To report on carbon in forests and soils and to account for the carbon fluxes in, and deforestation of post-1990 forests, consistent with internationally agreed good practice guidance for land use, land-use change and forestry.

## **Professional Development Scheme for RMA Decision-Makers Advisory Board**

### **Statutory basis**

There is no statutory basis requiring this group to exist.

### **Purpose**

Responsible for improving the quality and consistency of decision-making on notified consent applications under the Resource Management Act (1991), and improving business and public confidence in the credibility of local decision-making. Additionally, this group is responsible for building Resource Management Act (1991) capacity in local government.

## **Sustainable Development Water Programme of Action Stakeholder Reference Group**

### **Statutory basis**

There is no statutory basis requiring this group to exist. This group was established upon approval by the Water Programme of Action Steering Group.

### **Purpose**

To provide input into the policy. This is developed under the Water Programme of Action.

## **Urban Design Advisory Group**

### **Statutory basis**

There is no statutory basis requiring this group to exist. This group was set up as part of Sustainable Development Programme of Action to produce an Urban Design Protocol for New Zealand.

### **Purpose**

To provide leadership and advice to the Minister for the Urban Affairs on the development and successful implementation of initiatives aimed at realising the objectives and anticipated outcomes of the New Zealand Urban Design Protocol.

## **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)

## **7 Contact Information**

### **Head Office**

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