



Ministry for the
Environment
Manatū Mō Te Taiao

Report of the Ministry for the Environment

For the year ended 30 June 2007

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1 Overview

Chief Executive's Overview

Environmental sustainability became an increasingly important focus for the Ministry for the Environment during the year.

After consideration of current trends and emerging issues likely to affect the Ministry, we developed a high-level statement of our strategic direction. This set out our vision of a prosperous New Zealand where a healthy environment enhances social and economic well-being and the Ministry's role in leading environmental sustainability.

In her statement at the opening of Parliament in 2007, the Prime Minister said that "More than any other developed nation, New Zealand needs to go the extra mile to lower greenhouse gas emissions and increase sustainability".

International concern to reduce greenhouse gas emissions and growing criticism of the emissions produced by long-distance travel and 'food miles', make environmental sustainability a priority, not just for this Ministry's work but also for other government agencies.

The Ministry led the development of six new sustainability initiatives, which are part of a broader cross-government work programme to encourage New Zealand towards greater sustainability in our resource use and way of life. The new initiatives focus on sustainability in households, business and leading by example in government operations.

Another key area of work for the Ministry this year has been environmental reporting. Cabinet approved a reporting framework that sets out how we plan to monitor and report on New Zealand's environment. A set of core national indicators will allow the Ministry to systematically report on the health of New Zealand's air, water, land and biodiversity, as well as the pressures on our environment such as waste and energy.

Work is well advanced on the second national report on the state of our environment, *Environment New Zealand 2007*, which is due to be published late 2007. This report will present a national picture of the state of and recent trends in New Zealand's environment, using a core set of national environmental indicators and other supporting information.

Our efforts to engage the public in the Ministry's work continued in the 2006/07 year, through our annual series of public meetings around the country, extensive public consultation as part of policy development in areas such as climate change, and working groups involved in programmes such as the Sustainable Water Programme of Action.

This effort will expand in the 2007/08 financial year as we engage with communities to encourage and support household action on sustainability.



Hugh Logan
Chief Executive

Statement of Objectives

Our Vision: A prosperous New Zealand where a healthy environment enhances social and economic well-being

Our strategic direction: Leading environmental sustainability, which supports social and economic well-being

What we seek to achieve:

- New Zealand's air, water, land and built communities are healthy
- New Zealand is able to capitalise on its natural environmental advantages
- New Zealand's natural resources are managed effectively and New Zealanders are encouraged to use resources sustainably
- Risks to people, the economy and the environment from pollution, contamination and other environmental hazards are minimised.

How we will achieve this:

- **Integration** – we will integrate ideas, perspectives and systems as a basis for action
- **Leadership** – we will establish national priorities, propose creative and practical initiatives, drive national programmes and support others to make their contribution
- **Knowledge and understanding** – we will measure and report on the health of the environment, ensure policies and programmes are working effectively, and promote relevant science and research.

Ministers' Priorities for 2006/07

The priority environmental issues for our Ministers in 2006/07 included a focus on:

- Initiatives to improve New Zealand's sustainability
- Climate change policy advice and implementation
- Climate change reporting
- Waste minimisation and management
- Initiatives to improve producer responsibility for their products and wastes
- Sustainable Water Programme of Action
- Flood risk management review
- Oceans policy, particularly for the Exclusive Economic Zone
- Improving our cities through quality urban design
- Clean-up of contaminated land
- Providing national direction under the Resource Management Act and improving the Act's implementation
- Environmental reporting.

The Year in Review

Priority Issues

Environmental sustainability

Towards a Sustainable New Zealand

Environmental sustainability is core work for the Ministry for the Environment. All the initiatives described in this annual report support sustainability, especially those dealing with air, land and water quality, waste management and climate change.

In addition, this year the Ministry responded to the Prime Minister's Statement to Parliament in February 2007 by working with other government agencies to develop six initiatives aimed at improving the sustainability of households, business and the public sector. These are intended to engage New Zealanders in the Government's goal of making New Zealand the first, truly sustainable nation.

The six new initiatives approved late in the financial year by Cabinet focus on household sustainability, business partnerships for sustainability, waste management and minimisation, towards a carbon neutral public service, enhanced sustainable procurement, and eco-verification. The implementation of the sustainability initiatives is jointly led by the Ministry for the Environment and the Ministry of Economic Development.

Towards the end of 2006/07 the main effort was on development of these initiatives and establishing cross-government processes to lead and coordinate the projects in preparation for delivery in 2007/08.

These six new initiatives sit alongside the Ministry's existing work that promotes environmental sustainability, such as programmes on climate change, energy efficiency and water, and other activities across government.

Product sustainability information for consumers

'Smarter Homes', an online sustainable residential building manual, was launched on 21 June 2007. The website provides information for renters and home-owners on energy efficiency, water efficiency, selecting appliances and smart housing design. It was the result of two years of work by the Ministry for the Environment, in conjunction with the Department of Building and Housing, Beacon Pathway Ltd, Building Research, BRANZ, and the Consumers' Institute.

Responsibility for the website has now been transferred to the Department of Building and Housing. The Ministry will continue to provide input into decisions about the website's future.

'Smarter Homes' is the main online source of information about sustainability for households in the Department of Building and Housing's national Energy Efficiency Consumer Awareness Programme. The website is also a key initiative under the Household Sustainability Programme.

Water efficiency labelling

The Ministry is developing a system of labelling to provide water efficiency and consumption information to consumers for a range of products, including taps and showerheads, toilets and urinals, and dishwashers and washing machines.

The aim of the scheme is to encourage consumers to buy more environmentally friendly products. It is an important aspect of our work to encourage household sustainability.

In the spirit of the Trans-Tasman Mutual Recognition Arrangement, New Zealand has opted to implement a similar scheme as in Australia (which has been in operation since July 2006).

A Consumer Information Standard under the Fair Trading Act 1986 has been proposed as the most suitable means of implementing labelling. During the year we consulted industry and the public on the proposed water efficiency labelling regulation. Progress was made on resolving New Zealand's expectation that dual pressure technology (taps and showers) could be accounted for in the scheme.

Sustainable business

The Ministry supports and encourages sustainable industry initiatives and helps business to translate concepts into practical strategies and actions.

The sustainable tourism programme continues to grow, with six regions actively engaged with local tourism businesses to improve their sustainability. More than 180 businesses are now implementing eco-efficiency practices.

A collaborative sustainable business capabilities project was developed in conjunction with Ministry of Economic Development, Ministry of Tourism and New Zealand Trade and Enterprise.

The Ministry has continued to build on its relationship with the Sustainable Business Network to make information about sustainable business practices accessible to business.

Public sector sustainability

The Govt³ programme, which assists the government sector to operate more sustainably, now includes formal commitment from all 47 government departments. Twenty-six agencies now have formal action plans as part of their commitment to the programme.

A full baseline survey has been undertaken which captures environmental impact data for nearly all core public service agencies.

Climate change

Climate change policy

In April 2007, the Intergovernmental Panel on Climate Change (IPCC) released its *Fourth Assessment Report*. The report concluded that it is "very likely" that most of the global warming since the mid-20th century is due to increased greenhouse gases from human activity. The costs of taking action on climate change are likely to be many times lower than the cost of inaction, according to the report.

The main climate change impacts for New Zealand, as noted by the IPCC, are expected to be on water resources, ecosystems, and coastal communities. Cabinet approved programmes to help

New Zealand prepare for and adapt to climate variability, including engaging with the community on the importance of planning and preparation. The immediate focus of the adaptation work programme is on water and coastal, infrastructure investment and maintenance, primary industry, and biodiversity and biosecurity. The Ministry is the lead agency across government in preparing New Zealand to adapt to the inevitable impacts of climate change.

The Ministry, with the support of the Department of Prime Minister and Cabinet, coordinates the climate change policy development across government. Climate change policy covers aspects such as New Zealand's international engagement on climate change, the energy sector, sustainable land management, and transport.

In late 2006, five discussion documents were prepared across government outlining options for reducing greenhouse gas emissions from the energy sector and sustainable land management, as well as approaches to carbon pricing within the economy prior to and after 2012. More than 150 meetings, hui and workshops were held around the country as part of the public consultation process.

On the basis of this consultation, the Government decided to progress design options for an emission trading scheme covering all sectors of the economy and all greenhouse gases. In order to achieve this goal, an interdepartmental Emissions Trading Group was established. This group is led by the Ministry for the Environment and is based at the Treasury. The Emissions Trading Group has developed the policy that will put a price on carbon.

The climate change policy package will drive emissions reductions and contribute to New Zealand's economic transformation and sustainability goals.

Initiatives to reduce greenhouse gas emissions

The Projects to Reduce Emissions programme continued through 2006/07. There are 41 project agreements for renewable energy projects, with 9.3 million emission units allocated to support their development. During 2006/07, five projects commenced abatement, one amendment request was approved, while nine were processed, and one project was terminated.

The Communities for Climate Protection programme encourages local authorities to implement greenhouse gas management and mitigation measures. Twenty-seven councils in New Zealand, representing 75 per cent of the country's population, have joined the Communities for Climate Protection® campaign since it was launched in July 2004.

Greenhouse gas inventory

The development of New Zealand's national greenhouse gas inventory system, including the land use and carbon analysis system, continued in 2006/07.

New Zealand submitted its initial report under the Kyoto Protocol on September 2006. This report documents our national system for accounting for greenhouse gas emissions and removals over the first commitment period of the Kyoto Protocol. The report was reviewed by an international team in February 2007. Once the report is agreed, it will be forwarded to the Compliance Committee of the Kyoto Protocol and New Zealand's registry will be issued with our assigned amount.

New Zealand's annual Greenhouse Gas Inventory 1990–2005 was submitted to the Secretariat of the United Nations Framework Convention on Climate Change. The inventory was delayed until 4 May 2007 to allow time to implement some improvements identified in the initial review.

Greenhouse gas projections and net position report

Improvements were again made to New Zealand's reporting on the projected balance of units during the Kyoto Protocol's first commitment period (2008–2012). The United Kingdom firm AEA Technology was commissioned to do a high-level peer review of the 'net position' report. The review focuses on the progress of implementing recommendations made by AEA Technology in 2005 and providing suggestions for further improvements.

The draft net position report was prepared and updated to include the effect of Fonterra's announcement of a higher milk solids payout to New Zealand dairy farmers. The draft report has been provided to the Minister Responsible for Climate Change Issues.

Long-term projections of greenhouse gas emissions are currently under development to assist future policy development for climate change.

Land use and carbon analysis (carbon accounting)

The carbon accounting system is now known as the Land Use and Carbon Analysis System to reflect the wider benefits from this investment (eg, land-use mapping). This year there was a focus on project management methodology, documenting business requirements, and contracting the mapping and database development.

The programme to map land use at 1990 started in February 2007. The first two regions have been mapped, with the full programme scheduled for completion in September 2008. The contract to acquire satellite imagery of New Zealand for mapping land use at 2007/08 got under way. Approximately 50 per cent of New Zealand land area has been captured under the all-of-government purchase of SPOT 5 satellite imagery.

The carbon monitoring system in natural forests was completed and a data capture programme was initiated for planted forests. The field plots started in winter 2007. Field plot measurements will be supplemented by the use of LiDAR (light detection and ranging) for airborne remote sensing of tree heights where physical access is not possible.

The work programme is on track to meet a January 2009 target, which will enable thorough testing of the system prior to the first Kyoto report due in April 2010.

Climate change science

The climate change research and technology work programme was established in the 2005/06 financial year to identify gaps and prioritise climate change research and technology investment. This work programme aims to provide the knowledge and technology essential for New Zealand to respond to climate change. Recommendations from this work programme have been prepared for Cabinet consideration.

The Ministry also coordinates New Zealand's participation in the activities of the Intergovernmental Panel on Climate Change. New Zealand relies on the IPCC to inform current thinking on climate change issues.

Energy efficiency

Energy efficiency is at the heart of the Government's climate change, sustainability, and energy agendas. Our work this year has been strongly focused at the strategic level – on development of the draft *New Zealand Energy Strategy* (led by the Ministry of Economic Development) and the

draft replacement *New Zealand Energy Efficiency and Conservation Strategy* (led by the Energy Efficiency and Conservation Authority [EECA]).

As usual, much of our work has been in providing policy and regulatory back-up for programmes being developed by EECA. Almost all of these programmes will be delivered as part of the replacement *New Zealand Energy Efficiency and Conservation Strategy*, due to be finalised in October 2007.

The new strategy will set the Government's direction on energy efficiency and conservation and renewable energy for the next 20 years, and place clear expectations on a range of central and local government agencies, business, communities and households to deliver improvements in energy use over the next five years.

During the year, we also provided advice on a range of renewable energy (wind farms) consent applications and renewable fuels programmes (including wood pellet burners in schools and transport biofuel obligations and research). In addition, technical amendments to the Energy Efficiency and Conservation Act 2000 are proposed to maintain its efficacy in providing for practical delivery of energy-related programmes.

Waste

Waste minimisation and management

The New Zealand Waste Strategy sets the direction for waste minimisation and management in New Zealand. During the year the Ministry carried out a review of progress against targets in the strategy. This showed that much of the groundwork for achieving the strategy's goals and objectives is now in place. However, there was variable performance, from targets that were unachievable to those that had been achieved ahead of time.

The Waste Minimisation (Solids) Bill, a member's bill, having been drawn from the ballot, progressed through the Select Committee during 2006/07. The Ministry has acted as adviser to the Select Committee for the bill.

During the year, the Ministry partnered with regional councils and unitary authorities from eight regions to collect and dispose of 62 tonnes of unwanted and banned agrichemicals. These eight regions are now effectively clear of unwanted agrichemicals.

A steering committee to tackle the three major construction and demolition issues – rubble, plasterboard and treated timber – has progressed this priority waste stream. The investigation of product stewardship schemes for plasterboard and treated timber commenced during the year.

Introduction of the compost standards certification programme in 2006/07, to produce compost of a standard quality, has been a major achievement for the organic waste sector.

Product stewardship

Product stewardship is a tool with the potential to greatly improve how we deal with waste. It encourages producers, brand owners, importers and consumers to help manage the environmental effects of products throughout their life cycle.

Voluntary product stewardship schemes were actively pursued in five sectors (tyres, paint, mobile phones, whiteware and agrichemicals) and in-depth case studies have been undertaken to

aid design of new schemes. Two new product stewardship schemes were launched (AgRecovery and Resene's Paintwise) and a number of others progressed during the year.

Good progress has also been made with the IT and TV product stewardship working group, the two major cellular phone companies and the lighting industry.

The New Zealand Packaging Accord continues to be an effective framework for joint action to reduce waste through the packaging supply chain. During 2006/07 the Accord partners were involved in a strategic development exercise.

A highlight of the year was the launch in June 2007 of the 'Make a Difference' campaign, aiming to reduce the number of plastic bags being given out by supermarkets by 20 per cent. This was a joint initiative with two major supermarket chains, Foodstuffs NZ Ltd and Progressive Enterprises Ltd.

Reporting on waste

Surveys on landfill design and management, current and future funding of waste minimisation, and council recycling facilities were completed mid-2007.

The Ministry began work on a new approach to monitoring waste flows to landfills and cleanfills in order to deepen the scope of long-term waste monitoring. Further work on this has been put on hold until the provisions of the Waste Minimisation (Solids) Bill become clearer in relation to mandatory reporting of waste flows.

Fresh water

Decline in water quality in lowland, urban and agriculture-dominated catchments is a significant environmental issue for New Zealand. A long-term programme, the Sustainable Water Programme of Action, aims to improve the quality and efficient use of fresh water, improve management of the undesirable effects of land use on water quality, provide for growing demands on water resources, and encourage efficient water management. The programme will provide national direction under the Resource Management Act through a national policy statement and two national environmental standards.

Potential provisions for the proposed national policy statement on freshwater management were drafted by a cross-departmental working group. Officials are establishing a Māori engagement process, required under section 46 of the Resource Management Act, to be undertaken in advance of the public notification process.

The Ministry consulted the public on the proposed national environmental standard on water measuring devices, which was developed in conjunction with industry, local government and other stakeholder groups. The summary of submissions has been completed and a full cost-benefit assessment is under way. Cabinet approval of the final recommendations will be sought by the end of 2007. In consultation with regional councils, an implementation task force will be established for the effective implementation of this standard.

A discussion document on the national environmental standard on ecological flows and water levels was developed in conjunction with a working group which has environmental, industry, and central and local government representation. Public consultation will be undertaken once Cabinet approval has been received.

Water quality in Lake Taupo

A joint agreement, funding arrangements and associated documentation to establish the Lake Taupo Protection Trust were signed by the Minister for the Environment in February 2007. This puts in place a \$81.5 million, 15-year programme to reduce nitrogen inputs into Lake Taupo. The Government's financial contribution this year was \$2.133 million (excluding GST).

Dairying and Clean Streams Accord

The Dairying and Clean Streams Accord was agreed in 2003 between Fonterra Co-operative Group, the Minister for the Environment, the Minister of Agriculture, and regional councils. The parties to the Accord agreed to work together to achieve clean, healthy water in dairying areas, including streams, rivers, lakes, groundwater and wetlands.

A long-term monitoring and reporting strategy to measure progress towards the Dairying and Clean Streams Accord targets was developed and disseminated to councils. It included a five-yearly audit of water quality by the Ministry. The Ministry funded four councils (Northland, Horizons, Marlborough and Tasman) to undertake catchment monitoring programmes, to assess the impact of the actions being undertaken by farmers implementing the Dairying and Clean Streams Accord on a catchment scale. Monitoring information provided by councils will be collated in August/September 2007 by the Ministry and will form the basis of the Baseline Monitoring Report.

Reporting on water quality

Five reports were commissioned early in 2006 to provide a snapshot of recent national trends in lake, river and groundwater quality and allocation. Three reports were published in December 2006, while two are due to be published in August 2007.

An assessment of the national network of river water quality monitoring sites has been completed. It will identify the opportunities and limitations of the network for national reporting. This work is a major milestone in the development of an appropriate monitoring framework for reporting freshwater quality nationally.

Work to encourage best practice and improve consistency in freshwater monitoring and reporting was also completed with the release of draft national groundwater sampling protocols, a user guide for the macro-invertebrate index, and draft best practice guidelines for statistical analysis of freshwater quality data.

The first national, bathing beach water quality report was produced in 2006, covering the years 2003/04 and 2004/05. In April 2007 data on the most recent bathing seasons (2005/06 and 2006/07) was collated and analysed. An updated report is due to be released in September 2007.

Flood risk management

The Ministry has been leading a two-year work programme to improve how New Zealand manages its flood risk and river control. The agreed work programme was completed by the end of June 2007 and a report has been prepared for Cabinet on the findings and recommendations from the review.

In addition, work commenced on developing a national policy statement on flood risk management, and we worked with local government in the development of a New Zealand Standard under the Standards Act 1988. Guidance on hazards planning, including flooding, was provided through the Quality Planning website.

Oceans policy

Exclusive Economic Zone

New Zealand has jurisdiction over a very large area of ocean and one of the largest Exclusive Economic Zones (EEZ) in the world. New Zealand's EEZ is rich in resources such as fisheries and minerals.

In late 2006, the Government agreed that oceans policy development will focus on fixing the most pressing marine problems in the short term, while over time taking a more coordinated and integrated approach to marine management. The Government has given priority to improving the regulatory regime for environmental impacts in the EEZ because there are gaps and inconsistencies in the regulation of this area.

During the year a discussion document was prepared, ready for public consultation to begin in August 2007. Next steps for other oceans policy issues will be considered at a later date in light of the wide range of marine projects occurring across government at present.

Aquaculture

The Ministry worked with other departments to implement the Aquaculture Amendment Act and to facilitate sustainable aquaculture. The Ministry contributed to the Government's response to the aquaculture industry's sector strategy that was released on 7 June 2007 and the implementation plan was reviewed to align it with that response. Good progress is being made on the five priority implementation projects and on providing guidance and liaison with councils and with industry.

A \$2 million contestable fund was established to help councils with aquaculture planning over the next five years, with the first grants to regional councils (totalling \$399,000) approved. A further \$900,000 was appropriated for cross-government aquaculture implementation projects.

Proposed amendments to the legislation to deal with specific implementation issues have been prepared for Cabinet approval.

Land

Cleaning up contaminated land

The Ministry made good progress towards a comprehensive policy framework for managing contaminated land in New Zealand. Following public consultation on a discussion paper, a position paper has been prepared containing the Ministry's confirmed work programme for contaminated land.

We also published guideline documents entitled *Managing risks associated with former sheep dip sites* and *Classification and information management protocols*.

The clean-up of New Zealand's largest contaminated site, the former Fruitgrowers' Chemical Company site at Mapua, near Nelson, is nearly completed. Over 8000m³ of contaminated soil has been treated, tested and replaced.

Funding was allocated from the Contaminated Sites Remediation Fund to assist five regional councils in cleaning up eight other contaminated sites around New Zealand.

Air

National environmental standards for air quality

National environmental standards for air quality were introduced in 2004. The Ministry is assisting local government with implementation of the standards.

During the year we gazetted new airsheds for Auckland (11) and Waikato (20). We sought submissions on updating draft good practice guides on assessing discharges to air from industry and land transport. A report on the submissions is currently being drafted.

The Ministry undertook an independent performance review of woodburners. The first phase of the review focused on whether woodburners for sale are built to the specifications outlined in test reports. The report was published in June 2007. Phase 2 of the review involved purchasing 10 burners and testing their efficiency and emission limits against the national environmental standard. Phase 2 is scheduled to be completed by the end of 2007.

Reporting on air quality

As part of the national air quality reporting programme, a review of the Ministry's Global Environmental Monitoring System (GEMS) sites was undertaken. The GEMS sites include air quality monitoring in two Auckland locations and one in Christchurch. The review enabled GEMS monitoring to be assessed for best value and relevance to the ambient air national environmental standards.

A reporting framework for the air quality standards in gazetted airsheds was published on the Ministry's website in November 2006, using a 2005 pilot data set. This comprised all available summary data for monitored airsheds across New Zealand. The Ministry is working with regional councils and unitary authorities to address technical issues in monitoring fine particulates to promote national consistency.

Urban and infrastructure

Urban Design Protocol

The New Zealand Urban Design Protocol is a voluntary commitment to specific urban design initiatives by signatory organisations, which include central and local government, the property sector, design professionals, professional institutes and other groups. In the past year the number of Protocol signatories has increased by 18, bringing the total to 138.

The Ministry has developed and conducted an internet-based monitoring survey of all Protocol signatories to assess collective progress on action plan commitments. Newsletters, case studies and other resources were produced to assist signatory organisations and four workshops were held.

Sustainable urban development and planning

New Zealand is one of most urbanised societies in the world with over 85 per cent of the population living in cities and towns. New Zealand cities (especially Auckland) will increasingly influence the future direction and success of the country. For these reasons it is important that cities become more sustainable and efficient across all four well-beings (environmental, social, economic and cultural).

In response to these needs we have led and supported cross-government work in the following three areas:

- enhancing land-use transport integration
- assessing the efficacy of urban transformational mechanisms
- participating in the Auckland Regional Growth Strategy Review and the Auckland Sustainability Framework.

Government Urban and Economic Development Office

The Ministry participates in the Government Urban and Economic Development Office (GUEDO) in Auckland. The second year of our involvement has seen increasing collaboration between the agencies on key Auckland-based projects.

In 2006/07 Ministry staff participated in the Auckland Economic Transformation Agenda, cross-agency initiatives in Auckland and recycling/waste management/travel surveys. We provided expert advice on matters pertaining to sustainable business, urban form and development, aquaculture, Auckland governance, Rugby World Cup Leverage and Legacy, and the Auckland Transport Strategic Alignment Project.

Biodiversity

National guidance

A Statement of National Priorities for protecting rare and threatened native vegetation on private land was released in April 2007. The Statement replaces the previous work undertaken on developing a national policy statement under the Resource Management Act and provides guidance about biodiversity on private land.

Raising awareness and understanding of national priorities through visits to councils has been the initial focus of the guidance work programme. Feedback from councils about the type of guidance that would support and advance biodiversity work is being collated to inform the development of the ongoing guidance work programme.

Resource management

Improving implementation of the Resource Management Act

The Ministry's work programme to improve implementation of the Resource Management Act includes the Making Good Decisions accreditation programme for decision makers, training, guidance materials and public information.

Two rounds of the Making Good Decisions programme were held during the year, bringing the total number of decision-makers accredited by the programme to 934. In mid-2006, 570 certificate holders attended regional workshops to update them on practice matters that have arisen since they were accredited.

A total of 33 training workshops on the Resource Management Act were delivered nationally to over 1100 participants. Topics included enforcement, monitoring and reporting, hearings administration, structure planning, and historic heritage. Work on the Resource Management Act practitioner training framework was completed.

To assist iwi and hapu with their resource management interests, the Ministry provided training workshops for Taranaki iwi, Ngāti Hine, Waikato Tainui, Ngāti Maniapoto, Ngāti Raukawa, the Tauranga City tangata whenua collective, and Ngāti Kahungunu hapu.

The Quality Planning website continues to be a useful and relevant resource for planning practitioners, attracting up to 30,000 visits per month. During the year a new guidance note on earthworks was added to the website and six existing notes were updated.

In August 2006 a new package of Resource Management Act information targeted at small business and the public was launched. The package includes 13 booklets, an interactive CD-ROM, new webpages and a 0800 RMAINFO service. More than 79,000 publications and 12,000 CD-ROMs have been distributed. The information service has handled 673 email and phone enquiries since September 2006.

National direction

The Government provides national direction under the Resource Management Act through national policy statements and national environmental standards.

Work is under way on developing national policy statements for freshwater management and flood risk management. A proposed national policy statement for electricity transmission was publicly notified in May 2007 and submissions closed in late June. A Board of Inquiry was appointed to consider submissions, hold a hearing and make recommendations. In June 2007 the Ministry sought Cabinet agreement to begin the process of developing a national policy statement on renewable energy.

Cabinet approved a national environmental standard on the protection of human drinking-water sources. The regulation is being drafted, and will be introduced by the end of 2007. Two national environmental standards related to freshwater management are also being developed.

Submissions recently closed on a standard to address low-impact telecommunication facilities and radio-frequency fields. A proposed national environmental standard addressing electricity transmission has been approved by Cabinet to be released for public consultation. In addition, we are looking at the scope of proposed standards on contaminated land and septic tanks.

Review of local government performance

As directed by the Minister for the Environment, the Ministry carried out a review of local authority performance under the Resource Management Act. Eleven councils were reviewed to investigate reasons for the decline in their resource consent processing times identified in the biennial survey of council performance.

Through the targeted assistance programme the Ministry worked with Horowhenua, Whangarei, Whakatane, Timaru and Westland district councils on improving resource consent processing and work flow.

Input to Treaty of Waitangi issues

The Ministry provided advice to the Office of Treaty Settlements during 2006/07 on the resource management aspects of negotiations for settlement of historical claims of Waikato-Tainui over the Waikato River, of Te Arawa Kaihautu Executive Committee over Te Arawa lands, of Ngāti Manawa over lands and the management of the Rangitaiki River, of Ngāti Apa (North Island) and of Te Aupouri.

The Ministry finalised its environmental protocol with the Te Arawa Lakes Trust for the Te Arawa Lakes Settlement, and held a relationship meeting with Ngā Rauru on its plans for being active in Resource Management Act matters.

Hazardous substances and new organisms

Hazardous substances

Changes have been made to regulations under the Hazardous Substances and New Organisms (HSNO) Act 1996 to increase the age for purchasing fireworks to 18 and reduce the number of days on which fireworks may be sold, to the four days before Guy Fawkes Day. The sale of sparklers has been restricted to larger assorted retail packs to prevent production of sparkler bombs.

Work has progressed on improving coordination in workplace safety and chemical management, including the development of infringement notices, compliance information for farmers about the HSNO Act, and amendments to the approved handler regulations regarding storage of petrol on farms.

Cabinet approved the Hazardous Substances Compliance and Enforcement Strategy in December 2006. Amendments to improve the operation of the HSNO Act are being progressed through the Omnibus Bill under the Quality Regulation Review. These include changes to the delegation powers of the Environmental Risk Management Authority, the notification of application provisions, and issuing of test certificates; extending the Authority's power to revoke test certificates; and improving the alignment of offences under the HSNO Act with the Biosecurity Act 1993 and the Health and Safety in Employment Act 1992.

New organisms

Work on clarifying the interface between the Biosecurity Act and the Hazardous Substances and New Organisms Act is continuing. We aim to ensure the purpose of each Act is being achieved without unnecessary duplication, uncertainty, and barriers to the introduction of beneficial new species into New Zealand.

Bioethics Council

The Ministry provides support for the Bioethics Council, a ministerial advisory committee established to provide independent advice and promote public debate on biotechnology. The Council, in conjunction with the Advisory Committee on Assisted Reproductive Technology, undertook a project on the use of human embryos for research.

The Council's role was a campaign conducted through newspapers, television, and radio and special-interest publications to raise public awareness of the cultural, ethical and spiritual issues involved in research on human embryos; and to provide the public with a basic understanding of the science. As well, the Council held a public seminar in Wellington attended by over 250 members of the public and an online dialogue where participants were able to discuss research on human embryos in a constructive manner.

The Bioethics Council made submissions on embryo research, the Human Tissue Bill, and Newborn Blood Spot Cards: consent, storage and use.

Environmental reporting

Environmental reporting and monitoring framework

Work continued on a national state of the environment reporting framework with a focus on:

- development and use of a core set of environmental indicators (distilled from the earlier environmental indicators programme)
- use of New Zealand's unique environmental classification systems for land, water and the marine environment which help interpret and map environmental data
- expanding information-sharing agreements with regional councils, other agencies and sector groups.

In 2006/07 the Ministry published three reports on national trends in lake and river water quality and allocation, and a report on progress against targets of the New Zealand Waste Strategy. A reporting framework for air quality was trialled and analysis of the 2006 airshed monitoring is under way.

Environment New Zealand 2007

Later this year the Ministry will publish *Environment New Zealand 2007*, the second national-level, state of the environment report. The report will present a national picture of the state of and recent trends in New Zealand's environment, using a core set of national environmental indicators and other supporting information.

Work on the report has been under way since October 2006. Chapters have been drafted and peer reviewed and are now undergoing data-checking and editing. The Ministry expects the report to be printed by the end of December 2007. Work is also well under way on a summary document and technical guide which will accompany *Environment New Zealand 2007*.

Coordination of New Zealand's input on OECD review

A review of New Zealand's environmental performance was undertaken by the Organisation of Economic Cooperation and Development (OECD) during 2005 and 2006. In July 2006 the Ministry for the Environment coordinated a cross-government consultation process, involving key central government agencies, to provide a response to the draft report.

In September 2006, a delegation led by Minister Benson-Pope attended the OECD Environmental Performance Review examination meeting in Brussels. New Zealand's environmental performance was looked upon favourably by the other OECD member countries. The report's 38 recommendations were finalised at the examination meeting, and the OECD's report was released in Wellington on 4 April 2007.

International

Environment provisions in New Zealand trade agreements

The Ministry worked closely with the Ministry of Foreign Affairs and Trade to prepare draft negotiating texts for environmental agreements as part of the negotiations for Free Trade Agreements with China, Australia-ASEAN, Gulf Cooperation Council, Malaysia, and Hong Kong. It is expected that Free Trade Agreements with China, ASEAN-Australia, and the Gulf Cooperation Council will be concluded in 2007/08.

The Ministry convened the first Meeting of the Parties to the Environment Agreement between New Zealand, Chile, Singapore and Brunei as part of the Trans Pacific Strategic Economic Partnership Agreement and actively promoted implementation activities with these countries and with Thailand (under the Environment Agreement as part of the Closer Economic Partnership Agreement between New Zealand and Thailand).

The Ministry also engaged in dialogue with other OECD countries, including Canada, the European Union and the United States, to share experiences and ideas about approaches to negotiations for environment provisions in free trade agreements and strategies for implementing such provisions. Dialogues include a teleconference and video-conference with Environment Canada, meetings with the European Commission, attendance at meetings of the OECD Joint Working Party on Trade and Environment, and contributions to the OECD Workshop on Environment in Regional Trade Agreements, Tokyo, in June 2007.

International environmental agreements

A draft national implementation plan under the Stockholm Convention was released for public consultation in July 2006 and attracted 26 submissions. The final plan was approved by Cabinet and deposited with the Stockholm Convention Secretariat in December 2006.

The Ministry continued working with other agencies on a national strategy regarding the continued use of methyl bromide in New Zealand under the Montreal Protocol. We contributed to position papers and delegation briefs in relation to the Cartagena Protocol on Biosafety to the Convention on Biological Diversity.

2 Statement of Service Performance for the Year Ended 30 June 2007

Quality Standards for Policy Advice

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

In addition, the General Managers work with the Chief Executive and the Deputy Chief Executive regularly, with all significant issues discussed at weekly meetings to ensure work programmes remain consistent with the Ministry's core objectives.

Vote Environment

Output Class: Environmental Policy Advice

The Ministry has a strong role in ensuring effective environmental governance in New Zealand. As part of this role it undertakes investigations, analysis, review and monitoring. It provides advice on a range of environmental issues. The role includes leading whole-of-government initiatives, coordinating the collaboration of central and local government in the delivery of environmental programmes and administering legislation, as well as providing advice to the government and others.

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 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
31,081	Crown	34,476	34,359	34,726
354	Departmental	400	367	367
398	Other	117	5	5
31,833	Total revenue	34,993	34,731	35,098
31,302	Total expenses	34,618	34,731	35,098
531	Net surplus	375	0	0

Review of output achievements

Leadership on environmental sustainability

Develop and implement a strategy for the Ministry to take a more active leadership role in environmental issues across government and the broader environment and sustainable development sectors

Achieved. The Ministry provided advice to the Government on improving the sustainability of New Zealand, particularly in relation to business practices, household sustainability and government operations. The Ministry led the development of six sustainability initiatives:

- Household Sustainability
- Business Partnerships for Sustainability
- Towards a Carbon Neutral Public Service
- Enhanced Sustainable Government Procurement
- Waste Minimisation and Management
- Enhanced Eco-verification.

Cabinet approved the work programmes to implement these initiatives in May 2007. The Ministry and the Ministry of Economic Development (MED) will be implementing the projects under these initiatives in 2007/08.

The Ministry is coordinating whole-of-government communications on sustainability, to ensure consistent messaging across central government.

Sustainable industry

Partner with industry and government agencies to achieve improved sustainability outcomes, particularly the New Zealand Packaging Accord 2004–2009 and the Dairying and Clean Streams Accord

Achieved and ongoing. The Ministry has undertaken a number of partnership activities aimed at improved sustainability outcomes.

Building Sustainable Business Capability

To strengthen partnerships with key stakeholders, industry liaison meetings were held in Wellington, Auckland and Christchurch throughout 2006/07. The Ministry partnered with MED for the June round of industry liaison meetings in order to develop stronger partnerships across government on progressing sustainability outcomes.

The Ministry worked with the Sustainable Business Network over 2006/07 to further develop the Get Sustainable Challenge (a tool to assist businesses in becoming more sustainable). The Ministry also worked with the Network to investigate opportunities for events that enhance business networking and recognise leadership in sustainable business practice. Membership of Sustainable Business Network is now at 485 businesses.

A sustainable environment seminar series hosted by the Wellington Region Chamber of Commerce and funded by the Ministry was attended by 457 businesses. Envirosmart, a two-year environmental programme for businesses has recruited 88 businesses.

Dairying and Clean Streams Accord

The Ministry has liaised with Fonterra and other Accord partners to write the Third Snapshot of progress on the 2005/06 year of the Dairying and Clean Streams Accord. The Accord partners are developing a programme to improve compliance with effluent discharge conditions in response to concerns over levels of non-compliance found during the Accord on-farm survey data collection.

The Ministry, Fonterra and other Accord partners have been working with the intention of producing a baseline report on the environmental outcomes of the Dairying and Clean Streams Accord by 31 December 2007. Collation of water quality and farm practice data has begun.

New Zealand Packaging Accord 2004–2009

The year two report for the New Zealand Packaging Accord was published in October 2006. Progress towards the targets is good, with total recovery at 52 per cent.

Overall, with some challenges addressed, industry is on track to meet the Accord's 2008 targets.

Sustainable Product Design

The Ministry supported the inaugural sustainable product design category at the Best Design Awards, held in August 2006. These awards helped to raise profile of sustainability amongst practitioners.

The Ministry sponsored the Better by Design CEO Summit in May 2007, resulting in promotion of the sustainability agenda to 198 New Zealand export companies. In addition, two case studies to profile the market advantage gained by environmental product design were completed.

An increase in the number of businesses implementing eco-efficiency practices in growth industry sectors (such as tourism and film)

Achieved. Reports from the six charter regions operating under the tourism eco-efficiency programme were completed in November 2006 and June 2007. These showed an increase from 154 to 181 tourism businesses implementing eco-efficiency practices. The Ministry supported Tourism New Zealand to develop *Qualmark Green*, a tool to include sustainability practices in the overall Qualmark assessment.

Environmental guidelines developed in 2006/07 for the New Zealand Film Industry have underpinned South Pacific Pictures move to make *Shortland Street* the world's first carbon

neutral television programme. The programme is now being implemented by the industry and its members.

New sectors were identified (agriculture, food and beverage) and progressed through the Business Partnerships for sustainability initiative.

Complete a framework for financial institutions to reward businesses using incentives

Achieved. The framework for partnering with the financial sector to provide incentives and enable good environmental business practice has been developed. The Ministry has formed working relationships with four leading banks, eight leading insurance companies and eight fund managers in New Zealand.

Household sustainability

Release the online Smart Build information compendium by June 2007

Achieved. The 'Smarter Homes' website (originally called Smart Build) was successfully launched on 21 June 2007. Ownership of the website transferred to the Department of Building and Housing on 1 July 2007.

The development of Smarter Homes involved creating partnerships with key agencies in the building research and consumer information sectors. These partnerships have resulted in the Smarter Homes project leveraging additional resources. The website is well integrated with complementary independent and government information services on sustainable building.

The Ministry has an ongoing role with the Smarter Homes Project Board to ensure appropriate maintenance of the website and provide input into decisions about the website's future. A process is in place to receive feedback and update content.

Sustainable cities and quality urban design

Ensure that the Urban Design Protocol is made operational and its implementation is supported

Achieved. In the past year 18 new signatories were added to the Protocol, bringing the total to 138. The signatories make a commitment to create quality urban design through their own actions, and to help implement the Urban Design Protocol.

The Ministry developed an internet-based monitoring survey of all Protocol signatories to assess collective progress on Action Plan commitments. The survey was conducted in October 2006, with progress reported to Cabinet in 2007.

Other resources provided as part of the New Zealand Urban Design Protocol programme included four newsletters, four workshops, the second edition of the Urban Design Toolkit, a case study of the Addison Housing Development and a survey of local authorities' urban design capabilities.

Initial research into a National Policy Statement on Urban Design began with a review of Environment Court case law and research into international governmental urban design strategies and policies.

Build on progress made through the Sustainable Cities component of the New Zealand Sustainable Development Programme of Action

Achieved. The Ministry focused work on Auckland and its role in the Government's priority themes of sustainability and economic transformation. This work has been advanced by contributing to the joint central government initiatives, particularly through the work programme of the Government Urban Economic Development Office (GUEDO), in Auckland. The focus has been on urban form, integrating land-use and transport planning and providing specialist advice to cross-agency initiatives on urban matters.

Help coordinate central government input into the review of the Auckland Regional Growth Strategy and the development of the Auckland Sustainability Framework

Achieved. The Ministry led and coordinated central government input into the review of the Auckland Regional Growth Strategy. The Ministry participated in the growth strategy working group and held central government workshops to engage a wide range of government agencies in the review. Related work on urban transformational mechanisms was completed to support the review.

The Ministry also contributed to the preparation of the Auckland Sustainability Framework through the working and steering groups charged with developing a draft framework.

With other agencies, advise on the better integration of their policies and programmes with land use at a city region level

Achieved and ongoing. The current focus for this work is on specific projects identified in the Government's Transport Sector Strategic Directions document. A key initiative is the Integrated Approach to Planning project led by Transit New Zealand. This aims to better integrate land-use and transport planning. The Ministry is part of the core working group. The Integrated Approach to Planning is a two-year project, running until March/April 2008.

In the past year the Ministry has worked with the Department of Internal Affairs and Housing New Zealand Corporation on the regulatory tools and incentives to promote affordable housing. In June 2007, Cabinet agreed that work should be undertaken on the scope of potential legislation to enable authorities to use a number of zoning, contributions and incentives to support affordable housing. This work is under way.

Air quality

Assist local government to implement and monitor the national environmental standards for air quality

Achieved. A reporting framework for air quality was trialled and an analysis of the summary of 2006 airshed monitoring is now under way.

In June 2007, in partnership with Nelson City Council and Environment Canterbury, the Ministry published a (phase 1) performance review of wood burner compliance with national environmental standards; work continues on phase 2 of the performance review.

Other work progressed was an updated draft of the Good Practice Guide for Preparation of Emissions Inventories, which was put on hold in March 2006 following feedback from the National Air Quality Working Group.

Improve home heating in areas of poor air quality

Ongoing. The Taumarunui pilot programme concluded in June 2007 and a partnership was formed with the Ruapehu District Council and local Kokiri Trust to run a Warm Homes trial. The Warm Homes website has been updated to include practical tools and resources for the public.

Additional funding for clean heating retrofits was provided by the Government in Budget 2007. The future programme will be integrated with the Energy Efficiency Conservation Authority (EECA) EnergyWise Grants Schedule.

Fresh water

Jointly lead the Sustainable Water Programme of Action (with the Ministry of Agriculture and Forestry) and provide solutions, in partnership with local government, on long-term major water quality problems in Lake Taupo

Sustainable Water Programme of Action

Achieved and ongoing. The Sustainable Water Programme of Action has begun development of the following instruments to provide national direction under the RMA:

- Proposed National Policy Statement on freshwater management – provisions have been drafted as part of a cross-departmental working group process
- Proposed National Environmental Standard on water measuring devices – public consultation has been completed and a summary of submissions published. A cost-benefit assessment is under way
- Proposed National Environmental Standard on methods for setting ecological flows – a discussion document has been drafted by a cross-sectoral working group and public consultation will begin after Cabinet approval.

A Ministerial Advisory Group was established to assist the Ministers for the Environment, and of Agriculture and Forestry in the implementation of the Sustainable Water Programme. This group recommends the priorities that should be accorded to various water management issues.

In addition, a number of reference and stakeholder groups have been established to provide specific input into the development of policy under the programme and build general support and understanding of the developing policy.

Lake Taupo

A joint agreement, funding arrangements and associated documentation to establish the Lake Taupo Protection Trust were signed in February 2007. These documents put in place central and local government commitments to provide \$81.500 million over 15-years to reduce nitrogen inputs into Lake Taupo. The Government's financial contribution this year was \$2.133 million (excluding GST).

Environment Waikato has prepared under the RMA a variation to the Waikato Regional Plan that introduces policies and rules to manage land use in the Lake Taupo catchment. The Ministry worked with Environment Waikato to facilitate the introduction of regional plan rules capping nitrogen emissions in the catchment. The plan variation has been appealed to the Environment Court.

Rotorua Lakes

A diversion structure is being constructed in the Ohau Channel between Lake Rotorua and Lake Rotoiti to improve the water quality of Lake Rotoiti. Work on construction of the diversion wall has commenced. Funding of \$3.400 million (excluding GST) was provided to Environment Bay of Plenty as the Government's contribution to this project.

The Ministry is working with the Rotorua Lakes Strategy Group on the implementation of the Rotorua Lakes Protection and Restoration Programme.

Ensure that New Zealand has a robust flood risk management approach that is adaptable to local and regional councils and their particular circumstances and communities

Achieved and ongoing. The Ministry has now completed the two-year work programme approved by Cabinet. A report is being prepared on the review's findings, with recommendations to improve flood risk management.

In addition to completing the review, the Ministry began the development of a national policy statement on flood risk management, and provided guidance for practitioners on hazards planning, including flooding, through the Quality Planning website.

The Ministry is represented on the Standards Committee to develop a New Zealand Standard for flood risk management under the Standards Act 1988.

Develop and implement a national monitoring and reporting strategy for freshwater quality and allocation

Achieved. The Ministry developed requirements for a national monitoring network for reporting river water quality. Snapshot technical reports on nationwide state and trends in river water quality, lake water quality and water allocation were made public in November 2006. These reports pull together (primarily) regional council data and provide a national picture of the condition of our water resources.

Protocols for sampling groundwater for state of environment monitoring and reporting were published in December 2006. A report on groundwater quality has been produced and will be made available on the website in September 2007.

Draft best practice guidelines for statistical analysis of freshwater quality data have been completed. These will be finalised after reference group feedback.

Oceans and marine

Lead the oceans policy development and provide advice on fisheries and marine issues

- *attendance at the workshops held is representative of relevant stakeholders and feedback given suggests that all relevant aspects have been addressed*
- *hold at least four public workshops to discuss the draft oceans policy*
- *complete consultation by 4 September 2006.*

Achieved and ongoing. The Ministry provided advice on oceans policy, fisheries and marine issues, in particular:

- advice about public consultation on draft oceans policy and refining the focus of oceans policy work
- development of a discussion document, *Improving Regulation of Environmental Effects in New Zealand's Exclusive Economic Zone*, by May 2007 so that public consultation can begin in August 2007
- provided financial support and ran a beach clean-up competition for Seaweeek 2007
- prepared draft coastal guidance notes for the Quality Planning website
- provided input into the shared Fisheries Project.

Report on bathing beach water quality

Bathing beach water quality data from the previous two summers were collated and analysed. This information is scheduled to be reported in September 2007.

Administer the Fiordland Marine Management Act

Achieved. The Ministry led the development of a communications plan supporting the Guardians' work. The Ministry launched the Fiordland Marine Guardians website in October 2006 and assembled material for a Fiordland Marine Area User Guide and prepared their Annual Report for the year ended June 2007.

Two new Guardians were appointed in December 2006 to replace departing members; the process to fill a third vacancy is under way. A secretary for the Guardians was appointed in October 2006.

Work with councils and marine farmers to implement the Aquaculture Implementation Plan

Achieved. The Ministry participated in a joint departmental approach to implementing the Aquaculture Amendment Act and to facilitating sustainable aquaculture. The Ministry contributed to the Government's response to the aquaculture industry's sector strategy, including the preparation of a position statement on aquaculture. The implementation plan has been reviewed to align it with that response. Good progress is being made on the five priority implementation projects, on providing guidance and on liaison with councils and with industry.

A \$2 million contestable fund was established to help councils with aquaculture planning over the next five years. The first grants (totalling \$399,000) were approved. A further \$900,000 was provided by the Government for cross-government aquaculture implementation projects.

Proposed amendments to the legislation to deal with specific implementation issues have been prepared for Cabinet approval.

Support the Ministry of Justice in reaching a foreshore and seabed agreement with Ngāti Porou and Te Whanau a Apanui

Achieved. The Ministry worked with the Ministry of Justice on the development of agreement instruments, including advising on their implications for the RMA and for the Ministry.

The Ministry provided advice to the Minister for the Environment as a member of the Foreshore and Seabed Ministers' group.

Biodiversity

Provide national leadership/guidance around indigenous biodiversity

In December 2006 Cabinet agreed to a *Statement of National Priorities for protecting rare and threatened native vegetation on private land*. This statement was launched by the Ministers for the Environment, and of Conservation on 27 April 2007.

Ministry and Department of Conservation staff presented information about the Statement of National Priorities at eight regional biodiversity forums and at a meeting with the New Zealand Forest Owners Association. Information about councils' biodiversity work priorities and issues has been collated to inform further development of the biodiversity work programme.

Work with the Department of Conservation to administer the Biodiversity Condition and Advice Funds for biodiversity projects:

- *Conduct two funding rounds of the Biodiversity Condition and Advice Funds by June 2007.*

The first funding round closed on 6 December 2006. Funding decisions from this round were announced on 2 April 2007 with \$2.8 million granted to 92 conservation projects. A further funding round closed on 21 May 2007.

Management of natural resources

Work with iwi and local government to build the capacity of all groups to engage effectively in the management and use of natural resources:

- *RMA training*
- *facilitating meetings with iwi, local government, central government and the Iwi Chief Executives' Environment forum*
- *incorporate Māori input in relevant government policy development.*

Achieved. The Ministry held RMA training/workshops for iwi and hapu with:

- Taranaki iwi
- Ngāti Hine
- Waikato Tainui
- Ngāti Maniapoto
- Ngāti Raukawa
- Tauranga City tangata whenua collective
- Ngāti Kahungunu hapu (two workshops).

In addition, the Ministry supported councils in their development of four iwi planning documents, for lodging with councils under the RMA. The Ministry also reviewed three projects for supporting councils to take into account iwi planning documents.

The Ministry convened two Iwi Chief Executive Forum meetings to get direction on engagement for the Sustainable Water Programme of Action and supported the third national iwi liaison officers hui – Te Mataapuna.

Help the Office of Treaty Settlements negotiate and implement Treaty settlements that relate to the management of resources

The Ministry participated in the negotiation of a number of Treaty of Waitangi settlements, including:

- Tainui (Waikato River)
- Te Arawa (Te Arawa lakes) and KEC (land)
- Ngāti Manawa (Rangitaiki River)
- Ngāti Apa
- Te Aupouri.

In addition, the Ministry also meets with settled iwi. In 2006/07 the Ministry met with Ngā Rauru.

The Ministry provided information for Crown evidence at Waitangi Tribunal and Māori Land court hearings, including:

- WAI 262 Indigenous Flora and Fauna claim
- WT – Whanganui District hearing
- MLC – Ngāti Pahauwera Customary Rights Order.

Waste minimisation and management

Improve the awareness of the economic advantages of diversion and reuse of waste in New Zealand and improve the management of waste in New Zealand

Product Stewardship

Three new product stewardship schemes were implemented nationally: *Agrecovery*, a scheme to collect used farm chemical containers; *Agpac*, a silage wrap collection scheme; and *Paintwise*, a scheme run by Resene to take back paint. In addition, used oil, information technology and TV product stewardship schemes are developing well. The policy work to develop a legislative framework for product stewardship was progressed.

Construction and demolition waste

Achieved. Resource Efficiency in Building and Related Industries (REBRI) case studies are currently under way on four construction sites. These case studies are currently being used to raise awareness of the economic advantages in diversion and reuse of construction and demolition waste.

Organic waste

Ongoing. The progress of the Biosolids Quality Assurance System has been put on hold due to higher priorities for national environmental standards and low demand from industry.

This has enabled the marketing strategy for organics to be progressed. The compost soil standard NZS44/54 was completed in December 2006. A tool kit to help producers use the standards guidelines was completed in June 2007.

Liquid and hazardous waste

Achieved. Since July 2006, there has been rapid uptake of WasteTrack by local councils. Between 1 July 2006 and 30 June 2007, 119 million litres of hazardous waste were tracked, an

increase of 21 per cent from the previous 12 months. Seventeen councils are requiring the use of WasteTrack through bylaws and another 10 councils are committed to implementing it in their areas by the end of 2007.

Community initiatives

Achieved. A partnership with the Community Recycling Network has resulted in the support and promotion of the community action on waste throughout New Zealand. Keep New Zealand Beautiful was supported to deliver its community anti-litter activities in New Zealand.

Collect and safely dispose of unwanted agrichemicals stockpiled on farms throughout New Zealand

Achieved. Over 62 tonnes of agrichemicals were disposed of in the 12 months to 30 June 2007.

Work with industry and councils to establish appropriate collection programmes in each region to ensure that stockpiles of unwanted agrichemicals do not build up on farms

Partially achieved. The Ministry partnered with five regional councils and two unitary authorities to remove unwanted agrichemicals. At year end two regions had permanent schemes in place. Efforts have focused on removing unwanted agrichemicals from farms throughout New Zealand. The establishment of collection programmes in each region will progress further as the stockpiles in the regions are reduced or eliminated.

Complete a review of the New Zealand Waste Strategy, ensuring the targets and programme of actions are up to date

Achieved. The Ministry undertook a review of targets in the New Zealand Waste Strategy and published a report in June 2007. This showed that much of the groundwork for achieving the Strategy's wider goals and objectives for waste management, waste minimisation and resource efficiency has been laid. For example, 97 per cent of New Zealanders now have access to domestic recycling (73 per cent of them at the kerb side), a policy framework to manage hazardous waste has been established, and there has been good progress with industry in implementing voluntary product stewardship.

The main recommendations of the report were that better focus is required on organic waste, construction and demolition waste, and contaminated sites. There is also a need for enhanced data collection and improvements in waste monitoring and reporting. The report also recommends a range of activities which need to be developed by local government, such as the standardisation of monitoring and reporting by territorial authorities, and increasing public awareness to drive greater community and householder action on waste minimisation.

Some targets in the strategy need to be reviewed and revised, and this will be undertaken after decisions on the legislative frameworks for waste policy in New Zealand have been made.

Establish a long-term monitoring programme for waste

Ongoing. The Ministry trialled a new approach to monitoring waste flows at landfills and cleanfills. Results from this indicated that the 4.2 per cent growth of waste to landfill is less than the rate of growth of population (5.6%) and the growth of 9.6% in GDP over the five years since the New Zealand Waste Strategy was adopted.

The cleanfill data suggests the amount of waste being deposited in cleanfills could be similar to the amount of waste going to landfills. A major survey will be undertaken this year to improve our information on cleanfill waste and determine cleanfill locations and capacities.

Contaminated land

Confirm a comprehensive policy framework for managing contaminated land, including national environmental standards

Achieved. The Ministry undertook public consultation on a discussion paper, *Working Towards a Comprehensive Policy Framework for Managing Contaminated Land in New Zealand*. Thirteen workshops were held around New Zealand that involved over 300 participants and 62 submissions were received.

A summary of submissions and a position paper outlining the Ministry's confirmed work programme for contaminated land will be published in August 2007.

Administer the Contaminated Sites Remediation Fund, including managing the clean-up of the Mapua contaminated site

Achieved. The Ministry administered two funding rounds under the Contaminated Sites Remediation Fund in 2006/07. As a result of these funding rounds, five regional councils were allocated funding to contribute to the clean-up of seven contaminated sites throughout New Zealand.

The clean-up of New Zealand's largest contaminated site, the former Fruitgrower's Chemical Company site in Mapua, is near completion. Over 8000m³ of contaminated soil has been treated, tested and replaced onsite. Work over the next few months will focus on backfilling and site contouring and grassing.

Once the final results are received, a validation report will be completed and provided to the Site Auditor for sign-off as meeting the end use prescribed under the consents. Site handover back to the Tasman District Council will follow the sign-off of the validation report, expected to be in November 2007.

Work with the Department of Conservation to control wilding pines at Mid Dome, northern Southland

Achieved. A Memorandum of Understanding for aerial spraying and ground control work at Mid Dome was approved in 2006/07. Work has progressed on ground control and the Ministry is now awaiting appropriate weather conditions required for aerial spraying.

Effective environmental governance and legislation

Improve the effectiveness of environmental legislation

- *receive feedback from RMA practitioners, with feedback at least 50 per cent positive*
- *deliver training to support RMA implementation to 300 RMA practitioners*
- *deliver training by 31 May 2007.*

Achieved. The Ministry delivered 33 training workshops related to the RMA to more than 1,100 participants over 2006/07. Topics covered included RMA enforcement (10 workshops), RMA monitoring and reporting (four workshops), hearings administration (four workshops), structure planning (six workshops) and historic heritage (nine workshops).

The Ministry also completed work on the RMA practitioner training framework, including consultation on framework options and scoping the content of a priority training area (introductory level consent training). Two-thirds of attendees rated the training they received as “more than satisfactory” to “outstanding”.

The Ministry continued to oversee the delivery of the Making Good Decisions Programme, which provides training and accreditation for RMA decision makers. Rounds four and five of the programme were held in September/October 2006 and March/April 2007. The total number of accredited decision-makers now stands at 932.

In addition to the accreditation programme, a series of regional workshops were held (with the last two of 16 workshops being held in July/August 2006) to update certificate holders on practice matters that have arisen since their certification (eg, 2005 amendment to the RMA).

The Ministry also initiated work during the year to expand the programme. This included the development of additional modules to cover the re-certification of existing certificate holders and tailored training for hearing panel chairs. Feedback from participants has been very positive and an independent review concluded the programme has raised the standard of council hearings.

Administer the Resource Management Act (1991), monitor practice under it, provide information, support and advice on RMA implementation, including work with the Environment Court

Achieved. Through the Targeted Assistance Programme, the Ministry worked with Whangarei, Whakatane, Timaru and Westland district councils on improving resource consent processing.

The Ministry assessed the effectiveness of its Targeted Assistance Programme. Central Otago District Council, Thames Coromandel District Council, and Western Bay of Plenty District Council provided useful feedback and advice. Council-based reviews were tailored to incorporate this feedback.

The review work programme to July 2007 was agreed by Cabinet on 12 June 2006. The programme contained three project areas: council-based reviews, subject-based reviews, and work on how the Ministry goes about collecting better data on local authority performance.

Reviews requested by the Minister for the Environment

The Ministry has conducted the following reviews at the request of the Minister:

- analysed the Far North District Council wastewater functions and contamination of oyster farms
- analysed Horizons Regional Council's decision regarding the Fonterra consent at Longburn Plant
- reviewed 11 councils to investigate reasons for the decline in resource consent processing times since the previous RMA survey. Councils reviewed were Franklin District Council, Taupo District Council, Kaipara District Council, Waimakiriri District Council, Manukau City Council, Grey District Council, Kaikoura District Council, Auckland City Council, Tauranga City Council, Westland District Council and Timaru District Council.

Better data collection on local government performance

A consistent framework for recording complaints to the Ministry about the RMA has been agreed and is in place. The framework is consistent with the categories used by the Parliamentary Commissioner for the Environment and the Office of the Auditor General.

An investigation into how data about consent processing could be captured automatically from councils has been initiated.

Guidance

The Quality Planning website continued to be a useful and relevant resource for planning practitioners, attracting up to 30,000 visits per month. During the year a new guidance note on Earthworks (March 2007) was added and six existing notes were updated.

In August 2006 the Ministry released a new package of RMA information targeted at small business and the public. The package included 13 booklets on RMA topics, an interactive CD-ROM, new webpages on the Ministry website and a 0800 RMAINFO service. Since the release of this material over 79,000 publications and 12,000 CD-ROMs have been distributed, while the RMAINFO service has handled 673 email and phone enquiries (since September 2006).

The Ministry has maintained a close relationship with the Environment Court, including monitoring workload. The Court supported our RMA public guidance relating to Court processes, including appeals.

Develop three National Policy Statements and National Environmental Standards as agreed by Ministers

Achieved. The Ministry developed four National Policy Statements and National Environmental Standards to provide national direction under the RMA. During the year work included:

- A proposed National Policy Statement for electricity transmission (this was approved by Cabinet for public consultation in April 2007). The proposed National Policy Statement was publicly notified in May 2007 and submissions closed late June 2007. A Board of Inquiry has been appointed to consider submissions, hold a hearing and produce a report and recommendations on the proposed National Policy Statement
- A National Environmental Standard on the protection of human drinking-water sources. The regulation is currently being drafted and will be introduced by the end of the 2007 calendar year
- A proposed National Environmental Standard on water measuring devices. This went through public consultation as part of the Sustainable Water Programme of Action. The

summary of submissions on the proposed standard has been completed and a full cost-benefit assessment is under way. In consultation with regional councils, a task force has been established to implement this standard

- Consultation being undertaken on a National Environmental Standard on ecological flows as part of the Sustainable Water Programme of Action
- Limited consultation being undertaken on a National Policy Statement on fresh water, as part of the Sustainable Water Programme of Action
- A proposed national environmental standard addressing low-impact telecommunication facilities and radio-frequency fields. This has been approved by Cabinet for public consultation in late 2007. Submissions have been sought and will close on 10 August 2007
- A draft Cabinet paper being prepared (in June 2007) seeking agreement to begin the process to develop a National Policy Statement on renewable energy
- The preparation of a Cabinet paper was prepared in June 2007 seeking agreement to initiate consultation on two suites of national environmental standards addressing electricity transmission
- In March 2007, Cabinet agreed that a national policy statement on flood risk management was desirable. Comments requested from iwi authorities, local government and other relevant stakeholders by June 2007 will now be considered by the Minister.

Conduct the biennial RMA survey

Achieved. The Ministry analysed the responses from all 85 councils to the 2005/06 survey of local government performance under the RMA, finalised the report content and published the survey in early 2007. The Minister requested an investigation of the reasons for the decline in resource consent processing times at 11 councils. This work is under way.

Fund Environmental Legal Assistance

Achieved. In 2006/07, 77 applications for Environmental Legal Assistance were processed and 44 Deeds and Variations to Deeds were prepared.

Advise other government agencies about our responsibilities and work programme related to environmental well-being under the Local Government Act

Achieved. Ministry representatives regularly attend the Department of Internal Affairs interagency meetings. The Ministry uses the forum to promote work programmes that affect community outcomes and link projects with other central government agencies.

Assist the Minister for the Environment with statutory responsibilities under environmental statutes

The Resource Management Act (1991)

Achieved. The Minister has a number of statutory functions under the RMA 1991. In addition to the preparation of national policy statement and national environmental standards (outlined above), the Minister's statutory responsibilities include consideration of water conservation orders, requiring authority applications, heritage protection authority applications and exercising powers of intervention.

Water Conservation Orders

Achieved. A special tribunal was appointed to consider Fish and Game's application for a Water Conservation Order on the Oreti River in September 2006. The application was notified in September 2006 and hearings were held in January and April 2007. The special tribunal will draft a report and recommendations for the Minister in 2007/08.

A tribunal was appointed to consider an amendment to the Buller Water Conservation Order in August 2006. The application was notified in September 2006 and further notified in February 2007. The special tribunal will draft a report and recommendations for the Minister in 2007/08.

The Ministry completed an analysis of the application to amend the Kawarau Water Conservation Order in relation to the Nevis River. The Ministry plans to advise the Minister early in 2007/08 on whether to accept the application and appoint a special tribunal.

Requiring authorities

The Ministry advised the Minister on revoking the 'requiring authority' approval of nine companies that no longer exist, were no longer acting as network utility operators, or both. We also advised the Minister on approving Riverstone Holdings Limited as a requiring authority for the purposes of a proposed Fiordland monorail in March 2007. The Ministry is currently considering other applications for requiring authority status and will make recommendations to the Minister in 2007/08.

Ministerial intervention power under the RMA

Achieved. The Ministry provided advice on a request by Meridian Energy Limited as applicant to call in Project Hayes' wind farm proposal. The request was declined. The Ministry also advised the Minister about exercising his intervention and call-in power with respect to the Transpower North Island grid upgrade. A cost-recovery policy for the exercise of the Minister's intervention power was prepared.

The Ministry coordinated an 'all-of-government' process to develop an RMA consent submission for Eden Park. Ministerial intervention powers were not required and the submission was lodged by the Minister for Sport.

The Ministry coordinated two 'all-of-government' submissions on two Otago wind farm resource consent applications, lodged Crown submissions for both applications and gave evidence.

Fiordland (Te Moana o Atawhenua) Marine Management Act 2005

Achieved. The Minister appointed two new members to the Fiordland Marine Guardians in December 2006. A review of the effectiveness of the management of the Fiordland (Te Moana o Atawhenua) Marine Area will take place in 2010 and the Ministry has started initial planning for this review.

Ozone Layer Protection Act 1996

Achieved. The Ozone Layer Protection Act requires the Minister of Commerce and the Minister for the Environment to prepare a report on the operation of the Act during that year. The report covering the calendar year from 1 January 2005 to 31 December 2005 was tabled, prepared jointly by the Ministry for the Environment (the department of state responsible for administering the Act) and the Ministry of Economic Development (the department of state responsible for administering the Regulations).

Soil Conservation and Rivers Control Act (1941)

There was no activity in 2006/07 related to statutory functions under the Soil Conservation and Rivers Control Act.

Environment Act (1986)

There was no activity in 2006/07 related to statutory functions under the Environment Act.

Hazardous Substances and New Organisms Act (1996)

Achieved. To assist the Minister with his responsibilities under the HSNO Act, the Ministry provided advice on one appointment and four reappointments to the Environmental Risk Management Authority arising during 2006/07.

Develop legislation to address the jurisdictional inconsistencies between the HSNO and Biosecurity Acts

Ongoing. The Ministry worked with the Ministry of Agriculture and Forestry (MAF) and ERMA New Zealand, to address jurisdictional inconsistencies between the Hazardous Substances and New Organisms (HSNO) Act 1996 and Biosecurity Act 1993, relating to managing 'hitchhiker', non-genetically modified, new organisms at the border.

The Ministry provided advice and support to MAF regarding New Zealand Beekeepers Association's legal action over MAF's Import Health Standard for Australian honey.

Work progressed to identify and evaluate potential options for managing genetically modified seeds inside the border, in response to recommendation 10 of the Local Government and Environment Committee's 2004 report on its 'Inquiry into the alleged accidental release of genetically engineered sweet corn plants in 2000, and the subsequent actions taken'.

Implement the Hazardous Substances Compliance and Enforcement Strategy

Achieved and ongoing. The HSNO compliance and enforcement review and recommendations for implementing the Hazardous Substances Compliance and Enforcement Strategy were approved by Cabinet on 18 December 2006.

The Ministry set up a working group to oversee implementation of the Compliance and Enforcement Strategy, with representatives from the Ministry for the Environment, ERMA New Zealand and the Department of Labour.

The Ministry completed the Surveillance of Harms project. This provides a more accurate representation of the level of harms caused by hazardous substances, and identifies alternative risk assessment and techniques to measure harms.

Advise on ERMA New Zealand governance and performance issues

Achieved. The Ministry provided regular updates on performance issues relating to the Environmental Risk Management Authority (ERMA) New Zealand as relevant to the Minister's responsibilities under the Crown Entities Act 2004, the Public Finance Act 1989 and the Hazardous Substances and New Organisms Act 1996 (the HSNO Act).

The Ministry monitored the performance of ERMA New Zealand through regular liaison meetings with key management and board officials. The Ministry informed the Minister of any issues arising through quarterly and other briefings, as required.

In addition, the Ministry assisted ERMA New Zealand with the development of its Statement of Intent for 2007–2010 and Output Agreement for 2007/08 and briefed the Minister on issues arising.

Environmental awareness and reporting

Publish regular environmental reports

Achieved and ongoing. The Ministry is currently preparing the second national state of the environment report, *Environment New Zealand 2007*, to be published later this year. This document will report on the core set of national environmental indicators approved in early 2007 by the Minister for the Environment (following a Cabinet directive). The Ministry now uses national environmental classification tools alongside the agreed set of core environmental indicators in order to present information in the forthcoming *Environment New Zealand 2007* national state of the environment report.

The following reports are published in the year ended 30 June 2007:

- three snapshot reports of recent national trends in lake and river water quality and allocation (December 2006)
- a user guide for the macro-invertebrate community index (May 2007)
- a New Zealand Waste Strategy Targets Report (June 2007).

A draft document of national groundwater sampling protocols was also produced in December 2006.

Organisation for Economic Cooperation and Development (OECD) report on New Zealand's environmental performance

During the year the OECD completed a review of New Zealand's environmental performance. The review meeting was held on 27 September 2006 and the review report was released by the OECD in April 2007.

The Ministry coordinated New Zealand's input into the OECD review of New Zealand's environmental performance. The Ministry was commended by the OECD on the quality of the inter-departmental response to providing information for the review.

International interests and obligations

Promote New Zealand's environmental and sustainable development interests in international fora, including implementing obligations under multilateral Environmental conventions and leading the negotiation of environmental provisions in trade agreements

Environmental provisions in trade agreements

Achieved and ongoing. Work done on promoting New Zealand's environmental and sustainable development interests in international forums included the following:

- prepared draft text for a China-New Zealand environmental cooperation agreement and participated in negotiations with China's State Environmental Protection Administration on 11 January 2007 and 6 February 2007. Further progress depends on the resolution of some outstanding issues

- prepared draft text for an Australia-Association of South East Asian Nations-New Zealand (ASEAN-NZ) environment agreement as part of the Asia Australia New Zealand Free Trade Agreement (AANZ FTA) negotiations. Contributed to advice on pursuing bilateral arrangements with individual ASEAN countries (Philippines and Indonesia)
- contributed to advising Ministers about possible discussions and negotiations with the Gulf States Council in Riyadh, Saudi Arabia in December 2006
- convened the first meeting of the Parties in September 2006 under the Environment Agreement between New Zealand, Chile, Singapore, and Brunei as part of the Trans Pacific Strategic Economic Partnership Agreement
- hosted and participated in a series of study missions, information exchanges and workshops with Thailand, Chile, Singapore and Brunei including:
 - hosting a study group from Singapore on the development of voluntary industry agreements to manage packaging waste in October 2006
 - leading a delegation of New Zealand officials to Thailand and Singapore to study policies, practices and technologies for vehicle emissions control in November 2006
 - providing information to Thailand on New Zealand's Coastal Policy Statement and regional coastal plans, New Zealand's Sustainable Tourism Charter, and the Govt³ project.
 - hosting a visit by Chilean experts (November 2006) to learn about New Zealand's environmental management policies and practices and governance arrangements
 - leading a team of New Zealand research scientists to Chile on aquaculture research in April–May 2007
 - leading a delegation of New Zealand officials to Chile (April – May 2007) to discuss opportunities for cooperation on climate change
 - hosting a delegation of officials from Thailand 11–15 June 2007 to examine legislation, policies and practices, and institutional arrangements for water management.

Stockholm Convention

Ongoing. The Ministry released a draft national implementation plan for consultation in July 2006. A total of 26 submissions were received. Cabinet approved New Zealand's National Implementation Plan under the Convention on Persistent Organic Pollutants in December 2006. The plan was deposited with the Stockholm Convention Secretariat in December 2006 and published on the Ministry's website, thereby meeting the Convention's requirements. The first year of a three-year Dioxin Action Plan was completed, including the first phase of a programme to prepare a New Zealand Release Inventory of Dioxins.

Montreal Protocol

Achieved. In conjunction with other government agencies, the Ministry continued to develop a national strategy regarding the continued use of methyl bromide in New Zealand for biosecurity and log exports. The Ministry also contributed to New Zealand's brief for the Eighteenth Meeting of the Parties to the Montreal Protocol held in New Delhi from 30 October to 3 November 2006 and worked on the required phase-out of methyl bromide imports for the strawberry industry, in line with the expiry of the industry's critical use exemptions on 31 December 2007 (for non-quarantine and pre-shipment purposes), as agreed by Cabinet in 2005.

Together with the Ministry of Economic Development, the Ministry prepared New Zealand's Annual Report on implementation of the Montreal Protocol for submission to the Secretariat.

Rotterdam Convention

Achieved. The Ministry processed all notifications and requests for importations of Annex III chemicals under the Rotterdam Convention. ERMA New Zealand established grounds for the reassessment of two Annex III chemicals (methyl-parathion and pentachlorophenol). The reassessment could result in New Zealand removing its consent to import these chemicals.

Cartagena Protocol on Biosafety to the Convention on Biological Diversity

Achieved. The Ministry:

- participated in developing New Zealand position papers for submission to the Secretariat in relation to genetically modified trees and forestry (September 2006)
- provided input into the New Zealand Convention on Biological Diversity submission on Article 8(j) (Traditional Knowledge) and Access and Benefit Sharing (ABS)
- provided input into delegation briefs and position papers for intercessional meetings of Working Groups and Technical Experts Groups under the Cartagena Protocol, and for the Subsidiary Body on Scientific, Technical and Technological Advice to the Convention on Biological Diversity
- worked with the Ministry of Foreign Affairs and Trade to prepare for intercessional engagement with stakeholders and for the upcoming Meeting of the Parties to the Protocol and the Conference of the Parties to the Convention, both scheduled to be held in 2007/08.

Partnerships and relationships

Strengthen partnerships with key stakeholders

- *Feedback from attendees at the Chief Executives' Environment Forum (CEEF) validates its usefulness*
- *Co-chair and provide secretariat services to three CEEF forums in 2007*
- *Conduct forums before 30 June 2007.*

Achieved. In addition to working in partnership with local government, iwi, and industry as part of many work programmes, the Ministry undertook some specific activities aimed at strengthening partnerships with particular sectors and organisations.

Local government

The Ministry ran three Chief Executive Environment Forum meetings during the year under review. The meetings were co-chaired by the Ministry for the Environment's Chief Executive, and a local government representative. The Ministry also provided secretariat services to these meetings.

In May 2007 the forum was refocused. Meetings now centre on strategic items that require high-level discussion and decision making. Feedback from attendees at the Chief Executives' Environment Forum validates its usefulness and meetings are all attended by both local and central government.

Industry

To strengthen partnerships with key stakeholders, industry liaison meetings were held in Wellington, Auckland and Christchurch throughout 2006/07. The Ministry involved the Ministry of Economic Development in our June round of industry liaison meetings in order to develop stronger partnerships across government on progressing sustainability outcomes.

Community and environmental organisations

The Ministry organises targeted non-governmental organisation (NGO) meetings to engage and consult with these key stakeholders for the Ministry. At these meetings the Ministry communicates information regarding the Ministry's major work programmes and priorities and NGOs are given the opportunity to discuss their current work priorities.

The Talk Environment Roadshow is the Ministry's annual national stakeholder engagement event, enabling the Ministry to directly interact with up to 1,600 members of the community through meetings across New Zealand. The feedback received at these meetings informs the Ministry on its current and future work programmes.

In April 2007, the Ministry facilitated the organisation of the first Hui for Environment Centres. This was an opportunity for the Ministry, and personnel from all Environment Centres around the country to get together and share ideas about the operation of the centres in their regions and identify the opportunities that exist to further develop the centres.

Bioethics Council

Advise the Minister for the Environment on appointments to the Bioethics Council

Achieved. The State Services Commission delivered its Bioethics Council Review Report to Ministers in May 2006. The Review confirmed the continuing value of the Council, and recommended a number of measures to strengthen its work. The Minister was briefed on proposals in response to the review — including in relation to the establishment of an *ad hoc* Ministerial Coordination Group on Bioethics. In addition, the Ministry provided the Minister with advice on the appointment of four new members to the Bioethics Council and the appointment of an existing member as Chair.

Ministerial servicing

The Ministry for the Environment's performance in relation to ministerial correspondence and parliamentary questions is shown in the table below.

Ministerial Correspondence				Parliamentary Questions		
	Expected performance for 2006/07	Actual Performance		Expected performance for 2006/07	Actual Performance	
		2005/06	2006/07		2005/06	2006/07
Quantity	1,200	1,613	2,374	200	93	478
Timeliness	Within 20 working days	94% were completed within 20 working days	91% were completed within 20 working days	Within five working days of being placed in the Notice Paper	97% of the answers were provided by the stipulated deadline	93% of the answers were provided by the stipulated by deadline
Quality	90% of first drafts accepted by the Minister	95% of first drafts were accepted by Ministers	87% of first drafts were accepted by Ministers	95% of first drafts accepted by Ministers	100% of first drafts were accepted by Ministers	95% of first drafts were accepted by Ministers

Vote Environment

Output Class: Administration of the Sustainable Management Fund

This output class covers the purchase of policy advice on the allocation of funds to other parties, and the administration and management of Sustainable Management Fund (SMF) contracts. This includes:

- advising on the size of allocation and payments to approved providers in accordance with criteria in the SMF Guide for Applicants 2006/07
- monitoring SMF expenditure, including completing technical audits
- making payments to, and monitoring, the Landcare Trust.

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.

Resources employed

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
638	Crown	662	662	662
638	Total revenue	662	662	662
546	Total expenses	519	662	662
92	Net surplus	143	0	0

Review of output achievements

Advise on the size of allocation and payments to approved providers in accordance with criteria in the Sustainable Management Fund (SMF) Guide for Applicants 2006/07

Achieved. Communication regarding the size and allocation of payments to approved providers was consistent with the criteria detailed in the Guide for Applicants.

Monitor SMF expenditure and complete technical audits

Achieved. The SMF expenditure was closely monitored through a comprehensive database established for the purpose of technical audits. Two technical audits were completed in 2006/07.

Make payments to and monitor the Landcare Trust

Achieved. All payments were made on time and the Landcare Trust was monitored via quarterly reports.

Allocate Funding

- *Seek a minimum of 200 applications. Seek feedback from applicants via a survey with an 80 per cent satisfaction rating*

Partially achieved. A total of 167 applications were received. The implementation of a new on-line eligibility test reduced the number of applications submitted which ensured that only relevant applications were received. The results of a feedback survey indicated that 97 per cent of applicants were satisfied with the process.

- *Hold one contestable funding round to allocate funding to projects to achieve long-term environmental objectives*

Achieved. One funding round was completed in 2006/07 to allocate funding for 2007/08. The scope of the fund expanded to include a three-year commitment for some projects to ensure the achievement of long-term environmental outcomes.

- *Hold the contestable funding round by 30 June 2007*

Achieved. The contestable funding round was held from December 2006 to February 2007.

Manage contracts

- *Ninety-five per cent of contracts to remain on track*

Not achieved. Ninety per cent of contracts remained on track. The delays to the other ten per cent of contracts are due to factors outside of the Ministry's control, such as the weather. None of these delays affected the ability of the provider to complete their project.

- *Ninety-five per cent of contracts meet the contract requirements*

Achieved. Ninety-six per cent of contracts met the contract requirements for 2006/07.

- *Ninety-five per cent of contracts are assessed as no risk or without problems*

Achieved. Ninety-six per cent of contracts were managed without perceived risks or problems.

- *Manage all SMF contracts, including a minimum of one visit per contract*

Achieved. The Ministry visited the project managers of each SMF contract at least once during the year.

- *Assess the outputs of each contract and gain technical advice where necessary*

Achieved. A technical adviser was allocated to each contract. These advisers assisted in the assessment of milestones and outputs upon completion of each contract.

- *Financially audit a minimum of 10 contracts each year*

Not Achieved. The Ministry audited two contracts in 2006/07. Plans were in place to improve the financial review function in 2007/08.

- *Timeliness is dependent on the timeframe of each contract*

Eighty per cent of contracts were completed to agreed timeframes.

Landcare Trust

- *Landcare Trust achieves 98 per cent of deliverables*

Achieved. Landcare Trust achieved 100 per cent of its deliverables in 2006/07.

- *Enter into a contract with Landcare Trust to assist and encourage the establishment and maintenance of Landcare groups by providing support through trained coordinators, developing information networks and working with industry groups*

Achieved. A contract was entered into for this purpose.

- *Quarterly reports are received and feedback given within 20 working days of the quarter*

Achieved. All reports were received on time and feedback given within 20 days of the quarter.

Vote Environment

Output Class: Environmental Assistance to the Pacific Islands

This output class includes the provision of environmental assistance related to the clean-up of contaminated sites in the Cook Islands.

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 are 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 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
0	Other	164	0	292
0	Total revenue	164	0	292
0	Total expenses	164	0	292
0	Net surplus	0	0	0

Review of output achievements

Work with the waste sector on an overseas Development Assisted Programme to assist in the removal of unwanted legacy scrap metal from the Cook Islands

Achieved. During the year the Ministry removed 894 tonnes of scrap metal from the Cook Islands through an Overseas Development Assisted Programme. The ferrous metal, batteries and end-of-life cars were shipped back to New Zealand for recycling. Non-ferrous metal was sold on the international scrap metal market for recycling.

Vote Environment

Output Class: Bioethics Council

This output class provides for the effective operation of the Bioethics Council. This Council is a ministerial advisory committee. Its role is to:

- provide independent advice to Government on biotechnological issues involving 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.

All outputs were delivered to the Ministers' specifications.

Resources employed

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
1,117	Crown	1,333	1,333	1,333
6	Departmental	7	6	6
1,123	Total revenue	1,340	1,339	1,339
873	Total expenses	1,306	1,339	1,339
250	Net surplus	34	0	0

Review of output achievements

Provide administrative support and research material for the Bioethics Council

Achieved and ongoing. Feedback from the Council on the Ministry's support is positive. The secretariat has provided the Bioethics Council with comments and frameworks for the Bioethics Council submissions to Select Committees and government ministries.

The secretariat participated in and presented at a number of national and international forums and continues to raise the profile of the Council. The secretariat assisted in organising eight focus groups on the cultural, ethical and spiritual dimensions of stem-cell research, the results of which will prepare the Bioethics Council for a large public dialogue on this issue. The feedback and focus groups were completed by 30 June 2007.

The secretariat produced a brochure for the Council's upcoming project on pre-birth testing. Another 200 people and organisations were added to the database of those interested in the Council's work and participating in the pre-birth testing project. In conjunction with evaluation

organisations, the secretariat is developing a deliberative online forum for the pre-birth testing project and has designed an evaluation framework for testing the project's success.

Lead the whole-of-government approach by coordinating government agencies able to contribute to the Council's effectiveness

Achieved and ongoing. The secretariat regularly meets with officials from a range of government agencies. The Ministry hosted a one-day seminar on recent approaches to citizen engagement has been actively involved in assisting the formulation of the State Services Commission's e-government guidelines.

Collaborate with similar international groups to procure relevant research information to assist the Council

Achieved. The secretariat established close links with researchers in Austria, the United Kingdom, Australia, Canada, Asia and the United States of America.

Assist with the coordination of public dialogue and participation in Council activities

Achieved and ongoing. The secretariat is currently undertaking planning and implementation of the Bioethics Council's public engagement processes project on pre-birth testing.

Support the Bioethics Council

- *Feedback from the Council on the Ministry's support is positive*

Achieved. The relationship between the Ministry and Toi te Taiao: the Bioethics Council and the possibility of a joint project has been an agenda item at two meetings between the Ministry's Chief Executive and the Council's Chair. The positive nature of the relationship is indicated in the minutes of the Council's February 2007 meeting, which are available on the Council's website.

- *Assist in organising eight focus groups on the cultural, ethical and spiritual dimensions of stem-cell research, the results of which will prepare the Bioethics Council for a large public dialogue on the issue*

Achieved. Nine focus groups were organised on the topic of human embryo research. Human embryos are needed to conduct human embryonic stem cell research. An analysis of the focus group research is available on the Council's website.

- *Feedback and focus groups to have been completed by 30 June 2007*

Achieved. The analysis of the focus group research was completed by October 2006.

In addition the Ministry:

- launched the *Human Embryo Research* information booklet on 24 July 2006
- held the 'Talking Embryos' public seminar on 25 September 2006, attendance of approximately 275 individuals
- completed the web-based dialogue on the use of embryos for research
- trialled a new process for public engagement
- conducted initial discussions on the *Real People* publication

- Organised a day-long seminar on new approaches to engaging and deliberating with the public, attended by 35 people from central and local government, and NGOs.

The Council has:

- contracted a Canadian company with specialist expertise in designing and conducting online deliberation
- published a brochure on pre-birth genetic testing
- made comments to the Ministry of Health on the *Guidelines on Using Cells from Established Human Embryonic Stem Cell Lines for Research*
- made a submission to the Ministry of Health on the discussion document and guidelines *Guidelines on the Use of Human Tissue for Future Unspecified Research Purposes*
- made a submission to the Health Select Committee on the Human Tissue Bill
- made a submission to the Ministry of Health 'New Born Blood Spot cards: Consent, Storage and Use'.

Vote Climate Change and Energy Efficiency

Output Class: Policy Advice – Energy Efficiency and Conservation

This output class covers the monitoring of the Energy Efficiency and Conservation Authority (EECA). 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 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
216	Crown	216	216	216
216	Total revenue	216	216	216
94	Total expenses	208	216	216
122	Net surplus	8	0	0

Review of output achievements

Monitor EECA

- *The Minister is satisfied with the advice given by the Ministry*
- *Provide formal advice to the Minister on matters relating to energy efficiency, at least on a quarterly basis*
- *Advice on EECA's quarterly report will be received by the Minister no later than one month after the quarter end.*

Achieved and ongoing. The Ministry provided the Minister of Energy with regular updates on performance issues relating to EECA, as relevant to the Minister's responsibilities under the Crown Entities Act 2004, the Public Finance Act 1989 and the Energy Efficiency and Conservation Act 2000 (the EEC Act).

The Ministry monitored the performance of EECA throughout the year, through regular liaison meetings with key management and board officials. The Minister was updated on issues arising

through quarterly briefings and additional briefings as required. In addition the Ministry assisted EECA with development of its Statement of Intent for 2007–2010 and Output Plans.

To assist with his responsibilities under the Energy Efficiency and Conservation Act, the Ministry advised the Minister of Energy on the appointment of an existing Member, first as Deputy Chair and later Chair, and on four new appointments to EECA's Board arising during 2006/07.

Provide policy advice on energy efficiency and conservation issues

Achieved. In combination with the EECA, the Ministry of Economic Development (MED), the Ministry of Transport (MoT) and the Department of Building and Housing (DBH), the Ministry provided advice on a range of policy and strategic initiatives. The more significant of these are contributing to EECA's review of the New Zealand Energy Efficiency and Conservation Strategy and MED's review of the New Zealand Energy Strategy.

Other policy programmes included the development of the Vehicle Fuel Economy Labelling Scheme (with EECA and MoT), Solar Water Heating (with EECA and DBH), Home Energy Rating Scheme (with EECA) and the EnergyWise Homes policy package (with EECA, DBH and MED).

Manage the transfer of funds for the Crown loan scheme

Achieved. The Ministry transferred payments totalling \$1.22m for Crown loans managed by EECA to fund energy efficiency improvements by public sector organisations such as District Health Boards and schools.

Advise the Minister on matters relating to energy efficiency and conservation, and the use of renewable sources of energy in New Zealand

Achieved. Advice was provided on renewable energy (wind farms) consent applications (in conjunction with the Minister), and a range of renewable fuel programmes (including wood pellet burners in schools and transport biofuels obligations and research).

Administer the Energy Efficiency and Conservation Act (2000) and administer energy efficiency regulations

Achieved. The Ministry provided advice on a programme of minor amendments to the Energy Efficiency and Conservation Act 2000. This helped to maintain its efficacy in providing for practical delivery of programmes, such as Mandatory Energy Performance Labelling and their associated standards.

The Ministry monitored appointments to EECA's Board, development of the replacement New Zealand Energy Efficiency and Conservation Strategy, and the promulgation of Minimum Energy Performance Standards and other regulations as outlined above.

Vote Climate Change and Energy Efficiency

Output Class: Policy Advice and Implementation – Climate Change

This output class covers policy advice from the Ministry 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 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
6,738	Crown	8,085	8,271	8,271
53	Departmental	60	55	55
6,791	Total revenue	8,145	8,326	8,326
6,083	Total expenses	8,035	8,326	8,326
708	Net surplus	110	0	0

Review of output achievements

Develop cost-effective abatement measures that preserve the competitiveness of New Zealand business

Achieved. This programme was part of the business opportunities work managed by the climate change implementation team. It consisted of several areas of work:

- overseeing the Energy Intensive Business scheme operated by EECA, where 19 projects associated with small to medium enterprises were granted funding in 2006/07, with a total 1,755 tonnes of CO₂ reduced
- working with large industrial firms on a voluntary basis to measure and benchmark emissions targets. This work was limited due to the overlaps with the climate change policy development
- advising firms on offsetting their emissions and carbon neutrality.

Develop and implement policies aimed at reducing greenhouse gas emissions from key sectors including agriculture, small and medium enterprises and energy-intensive businesses, local government and transport:

- *key stakeholders including agriculture, small and medium enterprises and local government are consulted on, and agree with, key elements of the Cabinet-approved work programme.*
- *develop an agreed work programme, with the long-term goal of reducing New Zealand's emissions*
- *work programme for the next 3–5 years will be taken to, and agreed upon, by Cabinet by 30 September 2006.*

Achieved. In July 2006 the Minister Responsible for Climate Change Issues announced a work programme for reducing New Zealand greenhouse gas emissions.

Five discussion documents were prepared across government outlining options for reducing greenhouse gas emissions. Consultation on the five climate change discussion documents took place between December 2006 and March 2007. Over 150 meetings, hui, and workshops took place throughout the country with over 4,000 people attending. Over 3,000 written submissions were received.

On the basis of the consultation, the Government decided to progress design options for an economy-wide emission trading scheme, a 'cap and trade' system, covering all greenhouse gases.

Assisting local government to reduce emissions

Communities for Climate Protection (CCP) is a voluntary programme funded by the Ministry which aims to empower local councils to reduce greenhouse gas emissions from their own operations and from their communities. A review of the programme was undertaken in 2006/07. This found that the programme has delivered on its objectives and that it has value in supporting councils to measure, plan and monitor emission reductions. The CCP-NZ contract has been extended to June 2008. The CCP-NZ programme currently has 27 member councils covering approximately 75 per cent of the New Zealand population.

Encouraging businesses to invest in projects that reduce emissions

Achieved. The Ministry monitored 41 Projects to Reduce Emissions Agreements. Three projects were opened in 2006/07 these included; Awapuni Landfill Gas Cogeneration Project (Palmerston North), Te Rere Hau Wind Farm (Palmerston North) and the Christchurch City Council Burwood Landfill Gas Project.

Develop materials and information to help key sectors prepare for the impacts of climate change

Achieved and ongoing. Cabinet papers on *Helping New Zealand Prepare for and Adapt to Climate Change and Climate Change Policy: Communications and Engagement Plan* were approved by Cabinet.

The Ministry engaged with stakeholders on the adaptation work programme and formed partnerships with the Institution of Professional Engineers, the insurance sector, Local Government New Zealand and the Lifelines Engineering Group.

The Ministry commissioned the National Institute of Water and Atmospheric Research (NIWA) to take the global climate change projections produced by climate models and produce detailed estimates of the likely impacts around New Zealand. Some of the Ministry's climate change guidance material is being updated using this research, including: *Coastal Hazards and Climate Change*, *Climate Change Impacts Assessment Manual*, *Planning for Climate Change – A Guide for Local Government* and *Climate Change Impacts on New Zealand*. Other Ministry climate change information will be updated as this climate change projections research develops.

The Ministry published several climate change publications, including:

- a series of three publications for the general public: *Preparing for and adapting to climate change*, *Taking action on climate change*, and *Understanding climate change*
- a climate change impacts map for New Zealand
- a webpage with targeted information on impacts and adaptation for the Engineering Lifelines sector.

Ensure New Zealand's response to climate change takes account of the latest information on relevant science and technology

Achieved. The 2006/07 year has seen the release of the latest findings by the Intergovernmental Panel on Climate change (IPCC). The IPCC has released three reports summarising research on climate change. These covered:

- science
- impacts and the need for adaptation
- potential for mitigation of greenhouse gas emissions.

The Ministry worked with the Royal Society, NIWA and the Resource Management Law Association to disseminate this information around New Zealand.

The Ministry has commissioned NIWA to produce detailed estimates of the likely impacts around New Zealand.

Implement a public awareness and education programme on climate change and keep all New Zealanders informed about climate change science

Achieved. A public awareness and education programme was approved by Cabinet in October 2006. It included a range of engagement mechanisms and communications activities to ensure that stakeholders, including the general public, could be informed about activities to reduce emissions and were able to contribute to developing and implementing climate change policy.

Represent New Zealand at multilateral and bilateral international forums

Achieved. Supported by direction from Cabinet, the Ministry participated in the second meeting of the Parties to the Kyoto Protocol (COP/MOP 2), in conjunction with the 12th session of the Conference of the Parties to the Climate Change Convention (COP 12), in Nairobi from 6 to 17 November 2006. The Ministry worked within the United Nations Framework Convention on Climate Change (UNFCCC) process to help ensure that the outcomes of the Nairobi Climate Change Conference in November 2006 were aligned with New Zealand's views.

The Ministry was involved in other formal United Nations meetings, such as the high-level preparatory meeting in Switzerland (14–15 September 2006), the Sessions of the Subsidiary Bodies, 7–18 May 2007, in Bonn, and two UNFCCC workshops on deforestation avoidance.

As part of the Australia-New Zealand Climate Change Partnership, the Ministry held meetings in Wellington, visited the United States as part of the United States-New Zealand Climate Change Partnership, and delivered on initiatives under both formal partnerships.

On an informal level, the Ministry held bilateral meetings with Canada, United Kingdom, European Community, Ireland, Brazil, Argentina, and Chile, amongst others. Ministry staff attended the OECD Annex 1 Experts Group meetings; Centre for Clean Air Policy Future Actions Dialogue meetings; Carbon Market Insights 2007, Denmark; and the International Emissions Trading Association (IEA/IETA/EPRI) 6th annual workshop on international emissions trading.

Coordinate the preparation of New Zealand's annual Greenhouse Gas Inventory

Achieved. Several reports were prepared under the UNFCCC and the Kyoto Protocol and were submitted within the agreed timeframes. As New Zealand's designated 'single national entity' for the greenhouse gas inventory, the Ministry continues to lead all-of-government teams to improve the inventory and projections of greenhouse gas emissions and removals.

Initial report under the Kyoto Protocol: New Zealand submitted its initial report on 1 September 2006 before the 1 January 2008 deadline. An international expert review reviewed the report and the associated greenhouse gas inventory from 19–24 February. New Zealand submitted revised estimates following in-country visits and answered additional queries from the expert review team.

Annual Greenhouse Gas Inventory: New Zealand submitted the 1990–2005 inventory report to the UNFCCC Secretariat on 4 May 2007. The inventory submission was within the agreed timeframe of six weeks after 15 April 2007. The delay was to allow time to implement improvements identified by the initial review under the Kyoto Protocol. In 2006/07 the Ministry also produced its first 16-page summary of key facts from the inventory for the public.

Net position report: an update of the projected balance of units under the Kyoto Protocol was prepared as of May 2007. The update included additional improvements identified by the 2005 review of the net position report. The 2007 update was delayed to include Fonterra's announcement of a higher milk solids payout. The draft update was provided to the Minister in June 2007. The 2007 update is being reviewed by international experts, to be completed in September 2007.

Advise on the development of regulations under the Climate Change Response Act (2002)

Achieved. The Ministry worked with MED on the development of regulations to support the administration of the New Zealand Emission Unit Register.

Vote Climate Change and Energy Efficiency

Output Class: Carbon Monitoring Programme

This output class involves the implementation of the New Zealand Land Use and Carbon Analysis System (formerly the New Zealand Carbon Accounting System). The system to ensure that a comprehensive reporting system, which meets international rules for reporting under the Kyoto Protocol and enables New Zealand to claim the maximum number of sink credits, is provided. It is also required to be appropriate to New Zealand's national greenhouse gas inventory, support New Zealand climate change forest policy development through to 2012 and beyond, and deliver further benefits including an all-of-government purchase of satellite imagery suitable for land use mapping.

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 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue:			
4,759	Crown	4,731	9,976	5,445
4,759	Total revenue	4,731	9,976	5,445
4,610	Total expenses	4,731	9,976	5,445
149	Net surplus	0	0	0

Review of output achievements

Collect data on indigenous forests, regenerating scrub forests and the soils beneath

Achieved. The Ministry completed a five-year data collection programme and transferred plot-sheet information on measurements in 1,372 indigenous forest plots to a database. Ongoing work has now begun to quality-assure the data in preparation for analysing carbon stocks.

Collect data on soils to estimate carbon stocks and stock change

Achieved. The Ministry collected data and completed lab analysis for 420 natural forest soils plots during a five-year data collection programme. The data is currently being collated electronically, together with historical data, in preparation for quality assurance and analysis.

Collect data on soils undergoing land use change (eg, from pasture to forestry and vice versa)

This work programme is planned for 2007/08.

Collect data on planted production forestry growth

Achieved. A data collection programme was initiated for planted forests. Field plot measurements started in winter 2007. These will be supplemented by the use of LiDAR (laser heighting) for airborne remote sensing of tree heights where physical access is not possible. LiDAR measurements will start in summer 2008.

Progress work into land use, land use change and the forestry underpinning science and science capability

Achieved. Research studies confirmed that it is feasible to estimate carbon stocks directly from airborne LiDAR measurements. This has been validated by international experts.

Analyse data for tracking the land use change from 1990

Achieved. The programme to map land use at 1990 started in February 2007. Land cover for the first two regions has been mapped, with the full programme scheduled to be completed in September 2008.

Develop and manage the coordination of the carbon accounting and monitoring system

Achieved. A project management methodology was developed and implemented. The associated project planning included an analysis of the benefits to be delivered and a plan for their realisation. A comprehensive set of business requirements for the project was documented.

The database development was reviewed, and a decision was made to delay the workstream until appropriate documentation of business and system requirements have been undertaken. The first phase of the database is now planned to be implemented in early 2009. This will support thorough testing of the system prior to the first Kyoto report due in April 2010.

Analysis, allometric model development and provision to other science related to data collected

Achieved. A five-year research contract with SCION is satisfactorily providing the underpinning model development for the carbon accounting project.

3 Financial Statements for the Ministry for the Environment

Performance Indicators for the Year Ended 30 June 2007

	Unit	Actual 30/06/2007	Supplementary estimates 30/06/2007
Operating results			
Revenue: Crown	\$000	49,503	50,653
Revenue: departments and other	\$000	748	725
Output expenses	\$000	49,581	51,378
Gain on sale of assets	\$000	6	5
Net surplus	\$000	676	5
Working capital			
Net current assets	\$000	466	90
Current ratio	Ratio	1.04	1.01
Resource utilisation			
Fixed assets			
Total fixed assets at year-end	\$000	3,327	3,610
Value per employee	\$000	11.6	12.4
Additions as % of fixed assets	%	40.9	45.9
Fixed assets as % of total assets	%	22.2	33.9
Taxpayers' funds			
Level at year-end	\$000	3,039	3,085
Level per employee	\$000	10.6	10.6
Net cash flows			
Surplus/(deficit) from operating activities	\$000	1,420	(1,992)
Surplus/(deficit) from investing activities	\$000	(1,402)	(1,730)
Surplus/(deficit) from financing activities	\$000	(906)	(860)
Net increase/(decrease) in cash held	\$000	(888)	(4,582)
Human resources			
Staff turnover	%	19.1	13.0
Average length of service	Years	3.9	4.1
Total staff	No.	286	290

Statement of Financial Performance for the Year Ended 30 June 2007

Actual 30/06/2006 \$000		Notes	Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Revenue				
45,305	Crown		49,503	54,817	50,653
824	Other	1	754	438	730
46,129	Total revenue		50,257	55,255	51,383
	Expenditure				
19,219	Personnel	2	21,250	19,785	21,020
24,303	Operating	3	27,572	34,563	29,680
558	Depreciation	4	582	749	525
147	Capital charge	5	177	153	153
44,227	Total expenditure		49,581	55,250	51,378
1,902	Net surplus from operations		676	5	5

Statement of Financial Position as at 30 June 2007

Actual 30/06/2006 \$000		Notes	Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
2,043	Taxpayers' funds		3,039	3,543	3,085
2,043	Total taxpayers' funds		3,039	3,543	3,085
	Represented by:				
	Current assets				
11,137	Bank		10,249	3,663	6,555
133	Pre-payments		155	100	120
673	Debtors and receivables	6	1,231	0	350
11,943	Total current assets		11,635	3,763	7,025
	Non-current assets				
2,303	Fixed assets	7	2,076	3,165	3,610
175	Work in progress	7	1,251	0	0
14,421	Total assets		14,962	6,928	10,635
	Current liabilities				
9,042	Creditors and payables	8	9,473	2,080	6,145
815	Employee entitlements	9	1,020	650	785
1,902	Provision for repayment of surplus to the Crown	10	676	5	5
11,759	Total current liabilities		11,169	2,735	6,935
	Non-current liabilities				
619	Employee entitlements	9	754	650	615
12,378	Total liabilities		11,923	3,385	7,550
2,043	Net assets		3,039	3,543	3,085

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 2007

Actual 30/06/2006 \$000	Note	Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
1,843	Taxpayers' funds brought forward as at 1 July	2,043	2,043	2,043
1,902	Net surplus from operations	676	5	5
1,902	Total recognised revenues and expenses for the year	676	5	5
200	Capital contribution	996	1,500	1,042
(1,902)	Provision for repayment of surplus to the Crown	(676)	(5)	(5)
2,043	Taxpayers' funds as at 30 June	3,039	3,543	3,085

Statement of Cash Flows for the Year Ended 30 June 2007

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Cash flows from operating activities			
	Cash provided from:			
45,305	Supply of outputs to Crown	49,503	54,817	50,653
389	Supply of outputs to departments	452	428	557
219	Supply of outputs to others	381	5	491
1,859	Net GST	0	0	0
	Cash disbursed to:			
(19,100)	Personnel expenses	(20,799)	(19,715)	(21,022)
(22,539)	Operating expenses	(27,297)	(34,563)	(32,518)
(147)	Capital charge	(177)	(153)	(153)
0	Net GST	(643)	0	0
5,986	Net cash flows from operating activities	1,420	819	(1,992)
	Cash flows from investing activities			
	Cash provided from:			
13	Sale of fixed assets	6	5	5
	Cash disbursed to:			
(1,510)	Purchase of fixed assets	(1,408)	(1,900)	(1,735)
(1,497)	Net cash flows from investing activities	(1,402)	(1,895)	(1,730)
	Cash flows from financing activities			
	Cash provided from:			
200	Capital contributions	996	1,500	1,042
	Cash disbursed to:			
(975)	Repayment of surplus to Crown	(1,902)	(2,506)	(1,902)
(775)	Net cash flows from financing activities	(906)	(1,006)	(860)
3,714	Net increase/(decrease) in cash held	(888)	(2,082)	(4,582)
7,423	Opening cash balance at 1 July	11,137	5,745	11,137
11,137	Closing cash and deposits as at 30 June	10,249	3,663	6,555

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

Reconciliation of Net Operating Surplus to Net Cash Flow from Operating Activities for the Year Ended 30 June 2007

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000
1,902	Net surplus from operations	676
	Add non-cash items	
558	Depreciation	582
	Add non-cash provision	
9	Increase/(decrease) in provisions for employee entitlements	340
	Add/(less) movements in working capital items	
(74)	Decrease/(increase) in pre-payments	(22)
1,656	Decrease/(increase) in debtors and receivables	(558)
1,945	Increase/(decrease) in creditors and payables	399
	Add/(less) investing activity	
(10)	Net loss/(gain) on sale of fixed assets	3
5,986	Net cash flow from operating activities	1,420

Statement of Commitments as at 30 June 2007

The commitments 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 of contracts for the Ministry's computer systems. All commitments are disclosed at current rental rates.

	30/06/2007 \$000	30/06/2006 \$000
Operating and accommodation lease commitments (GST exclusive)		
Not later than one year	10,377	9,396
Later than one year but not later than two years	5,601	2,762
Later than two years but not later than five years	14,252	6,179
Later than five years	17,320	4,008
Total operating and lease commitments	47,550	22,345
Capital commitments	0	0
Total commitments	47,550	22,345

Statement of Contingencies as at 30 June 2007

There were no contingent liabilities as at 30 June 2007. (2006: Nil)

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

Statement of Unappropriated Expenditure for the Year Ended 30 June 2007

Departmental appropriations

Departmental output classes were produced within appropriation (30 June 2006: no unappropriated expenditure).

Non-departmental appropriations

The Ministry has incurred no unappropriated expenditure during the 2006/07 year.

Statement of Departmental Expenditure and Appropriations for the Year Ended 30 June 2007

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Appropriation* 30/06/2007 \$000
Vote Environment			
Appropriations for classes of outputs			
31,302	Environmental Policy Advice	34,618	35,098
546	Administration of Sustainable Management Fund	519	662
873	Toi te Taiao: the Bioethics Council	1,306	1,339
719	Waitaki Decision-Making Body	0	0
0	Environmental Assistance to the Pacific Islands	164	292
33,440	Total	36,607	37,391
Vote Climate Change and Energy Efficiency			
Appropriation for departmental output class			
94	Policy Advice – Energy Efficiency and Conservation	208	216
6,083	Policy Advice – Climate Change	8,035	8,326
4,610	Carbon Monitoring Programme	4,731	5,445
10,787	Total	12,974	13,987
Capital Appropriation			
200	Capital contribution	996	1,042

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

Statement of Non-Departmental Expenditure and Appropriations for the Year Ended 30 June 2007

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Appropriation* 30/06/2007 \$000
	Vote Environment		
	Appropriations for non-departmental output classes		
1,778	Clean up of orphan Crown contaminated sites	3,132	3,278
3,706	Development and implementation of sustainable management	3,738	3,844
11,699	Hazardous substances and new organisms assessment and management	9,397	9,397
400	Sustainable land management: promotion and training	400	400
17,583	Subtotal	16,667	16,919
	Appropriations for other expenses to be incurred by the Crown		
20	Montreal Protocol on Ozone Protection	(6)	20
6	Subscription to Basel Convention	9	14
123	United Nations Environment Programme	333	336
1,362	Legal and Environment Centre Grants	1,270	1,378
47	International Subscriptions	24	83
1,558	Subtotal	1,630	1,831
19,141	Total for Vote Environment	18,297	18,750
	Vote Climate Change and Energy Efficiency		
	Appropriations for non-departmental output classes		
13,671	Energy Efficiency and Conservation Authority	15,515	15,515
13,671	Subtotal	15,515	15,515
	Appropriations for other expenses to be incurred by the Crown		
6,144	Energy efficiency and renewable energy grants and assistance	5,740	7,938
46	Framework Convention on Climate Change	93	102
345,905	Kyoto Protocol Liability	48,440	0
300	Contribution to Climate Change Development Fund	299	300
352,395	Subtotal	54,572	8,340
	Capital investment in organisations other than departments		
1,242	Crown Energy Efficiency	1,221	2,758
1,242	Subtotal	1,221	2,758
367,308	Total for Vote Climate Change and Energy Efficiency	71,308	26,613

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

The movement in the Kyoto Protocol Liability reflects a re-measurement in the provision for the Crown's liability under the Kyoto Protocol. The re-measurement in the provision takes account of the revision in the price for Kyoto-compliant emission units, the re-estimation of the net emission position, and movements in the \$US/\$NZ exchange rate.

In accordance with Section 4(2)(a) of Part One of the Public Finance Amendment Act 2004, changes in assets and liabilities due to re-measurement do not require appropriations.

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

Statement of Accounting Policies for the Year ended 30 June 2007

Reporting entity

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

These are the financial statements of the Ministry for the Environment prepared pursuant to 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 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 2006/07 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 2007, direct costs accounted for 73% of the Ministry's costs (2006: 68%).

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 2007, indirect costs accounted for 27% of the Ministry's costs (2006: 32%).

(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:

	Useful life (years)	Depreciation rate (%)
Furniture and fittings	5–8	12.5–20
Office equipment	5	20
Computer software	3	33
Computer hardware	3	33

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, 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 and retirement leave have been calculated on an actuarial basis, based on the present value of expected future entitlements. These have been provided for in 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 at 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. The GST payable or receivable at balance date is included in Creditors and payables or Debtors and receivables.

(xii) Taxation

The Ministry is exempt from income tax in terms of the Income Tax Act 2004. 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 yet to be performed.

(xiv) Contingencies

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

(xv) Taxpayers' funds

Taxpayers' funds are 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.

(xvii) Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current year.

Notes to the Financial Statements for the Year Ended 30 June 2007

1. Other revenue

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
413	Departmental	467	428	428
398	Other	281	5	297
13	Gain on sale of fixed assets	6	5	5
824	Total other revenue	754	438	730

2. Personnel costs

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

3. Operating expenses

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
6,166	General and administration	4,975	4,160	3,670
3,028	Other operating costs	3,659	3,773	5,025
1,796	Rental and leasing	1,752	2,049	1,692
13,191	Consultancy	17,038	24,539	19,168
119	Audit fees for financial statements	126	42	125
0	Audit fees for NZIFRS transition	13	0	0
3	Loss on sale of fixed assets	9	0	0
24,303	Total operating expenditure	27,572	34,563	29,680

4. Depreciation

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
233	Furniture and fittings	221	262	225
25	Office equipment	24	39	25
31	Computer software	93	209	100
269	Computer hardware	244	239	175
558	Total depreciation charge	582	749	525

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 2007 was 7.5% (2006: 8.0%).

6. Debtors and receivables

	Actual 30/06/2007 \$000	Actual 30/06/2006 \$000
Trade debtors	235	320
Less provision for doubtful debts	0	0
GST receivable	996	353
Total debtors and receivables	1,231	673

7. Fixed assets

	Cost 30/06/2007 \$000	Accumulated depreciation 30/06/2007 \$000	Net book value 30/06/2007 \$000	Cost 30/06/2006 \$000	Accumulated depreciation 30/06/2006 \$000	Net book value 30/06/2006 \$000
Furniture and fittings	1,891	509	1,382	1,840	288	1,552
Office equipment	178	121	57	211	154	57
Computer software	460	164	296	378	71	307
Computer hardware	1,074	733	341	1,110	723	387
Total fixed assets	3,603	1,527	2,076	3,539	1,236	2,303

Work in progress as at 30 June 2007 relates to:

- (i) the development of the New Zealand Carbon Accounting System which will assist New Zealand in assessing its compliance with the Kyoto Protocol
- (ii) the development of a Contract Management System.

8. Creditors and payables

	Actual 30/06/2007 \$000	Actual 30/06/2006 \$000
Trade creditors	6,747	5,124
Accruals	2,616	3,840
Fixed asset payable	110	78
Total creditors and payables	9,473	9,042

9. Employee entitlements

	Actual 30/06/2007 \$000	Actual 30/06/2006 \$000
Current employee entitlements		
Annual leave and retention/refresher leave	917	702
Retirement and long-service leave	103	113
Total current employee entitlements	1,020	815
Non-current employee entitlements		
Retirement and long-service leave	754	619
Total non-current employee entitlements	754	619
Total employee entitlements	1,774	1,434

The retirement and long-service leave were valued by Aon Consulting as at 30 June 2007. The major assumptions used in the actuarial valuation were:

- a discount rate has been used by finding the weighted averages of returns on government stock of different terms as at 30 June 2007. The rates used range from 6.27 per cent to 7.37 per cent depending on the term of the liability for each employee
- a salary growth rate of 3.8 per cent for the first year and then a long-term annual rate of salary growth of 3 per cent per year
- a promotional salary scale derived from the experience of New Zealand superannuation schemes.

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 because of changes in market interest rates. Under the Public Finance Act 1989, 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 2007 (2006: 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 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Variance \$000
Crown Revenue	49,503	54,817	5,314
Personnel	21,250	19,785	(1,465)
Consultancy	17,038	24,539	7,501

Crown Revenue was lower than budget mainly due to a reallocation of \$4.707 million from 2006/07 to future outyears for the Carbon Monitoring Programme, to reflect the updated costings of the New Zealand Carbon Accounting System.

Personnel costs were higher than budget due to increased staff numbers.

Consultancy costs were lower than budget partly due to the reallocation of \$4.707 million from 2006/07 to future outyears for the Carbon Monitoring Programme. Also, several work programmes were either not completed in 2006/07 or were completed using resources within the Ministry.

(ii) Statement of financial position

	Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Variance \$000
Bank	10,249	3,663	(6,586)
Debtors and receivables	1,231	0	(1,231)
Creditors and payables	9,473	2,080	(7,393)

The Ministry extended its year-end Accounts Payable cut-off to enable invoices from suppliers/providers to be included in the 2006/07 accounts. This resulted in higher than budget Bank and Creditors and payables balances at year-end.

Debtors and receivables comprised mainly GST receivable. This is higher than budget due to the lower Crown Revenue and the higher Trade creditors at year-end.

14. Subsequent events

No significant events, which would materially affect the financial statements, occurred between 30 June 2007 and the date of signing the financial statements (2006: 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.

16. Implementation of New Zealand International Financial Reporting Standards (NZ IFRS)

In December 2002, the New Zealand Accounting Standards Review Board announced that the New Zealand International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007, with earlier adoption optional.

In 2003, the Minister of Finance announced that the Crown would first adopt NZ IFRS for its financial year beginning 1 July 2007.

Implementation Working Group

In October 2005, a government-wide 'Adoption of International Financial Reporting Standards' working group, led by the Ministry for the Environment, was established. The purpose of this working group was to:

- assess the implications of adopting NZ IFRS in 2007
- implement any changes identified
- identify accounting issues that might affect each department
- share information and provide support.

This project has been completed and the Ministry expects its annual financial statements for the year ending 30 June 2008 to be fully compliant, as appropriate for public benefit entities, with NZ IFRS.

Changes in Accounting Policies on Transition to NZ IFRS

In complying with NZ IFRS for the first time, the Ministry will need to restate amounts previously reported under current New Zealand accounting standards (NZ GAAP) using NZ IFRS. This will also require a restatement of opening balances in the Statement of Financial Position as at 1 July 2007, with any necessary transitional adjustments being recognised mainly against Tax Payers' Funds at that date.

The anticipated changes in accounting policies from the transition to NZ IFRS are presented below. It is important to note that this is a summary of the potential impacts as they apply only to the Ministry's general purpose financial reporting. It should also be noted that the actual impact of adopting NZ IFRS may vary from the information presented below, and that the variation may be material. Also, the potential areas of impact from adoption of NZ IFRS may change materially as implementation unfolds and new standards are promulgated.

(i) Computer Software

Currently all computer software is classified under fixed assets in the Statement of Financial Position. Under NZ IFRS, computer software is to be classified as an intangible asset provided it is not an integral part of the related hardware. As this is a reclassification within the Statement of Financial Position, there will be no impact on the net assets of the Ministry.

(ii) Receivables and Advances

Currently all receivables and advances are recorded at estimated realisable value after providing for doubtful debts. Under NZ IFRS, non-current receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The amortised portion will be recognised as an expense in the Statement of Financial Performance or the Schedule of Expenses.

Other Changes in Accounting Policies on Transition to NZ IFRS

(i) Land

Under NZ IFRS 1, preparers of general-purpose financial reporting have a number of transitional exemptions available to them. The one exemption of most relevance to the Ministry relates to the recognition of land under the non-departmental schedules. The Ministry can elect to measure the land at the date of transition to NZ IFRS at its fair value and use that fair value as its deemed cost at that date.

Any decision on whether to apply this exemption will be made in direct consultation with Treasury.

4 Non-Departmental Schedules

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 approximately \$95 million of non-departmental payments, \$3 million of non-departmental revenue and receipts, \$29 million of assets, and \$711 million of liabilities on behalf of the Crown for the year ended 30 June 2007.

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 2006/07.

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.

Crown Revenue and Receipts for the Year ended 30 June 2007

(GST exclusive where applicable)

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Vote: Environment			
	Current revenue			
	Non-tax revenue			
0	Catchment Works Loans – interest	0	0	0
469	Coastal royalties	727	400	400
469	Total non-tax revenue	727	400	400
	Capital receipts			
645	Catchment Works Loans – principal	643	643	643
645	Total capital receipts	643	643	643
1,114	Total Crown revenue and receipts for Vote: Environment	1,370	1,043	1,043
	Vote: Climate Change and Energy Efficiency			
	Capital receipts			
1,226	Crown Energy Efficiency Loans	1,254	1,508	1,508
1,226	Total capital receipts	1,254	1,508	1,508
1,226	Total Crown revenue and receipts for Vote: Climate Change and Energy Efficiency	1,254	1,508	1,508

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

Schedule of Expenses for the Year ended 30 June 2007

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 58.

(GST exclusive where applicable)

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Vote: Environment			
17,583	Non-departmental output classes	16,667	16,919	16,919
1,558	Other expenses to be incurred by the Crown	1,630	1,831	1,831
2,430	GST input tax credit expense	2,131	2,287	2,537
21,571	Total non-departmental expenses for Vote: Environment	20,428	21,037	21,287
	Vote: Climate Change and Energy Efficiency			
13,671	Non-departmental output classes	15,515	15,282	15,515
352,395	Other expenses to be incurred by the Crown	54,572	6,269	8,340
2,244	GST input tax credit expense	2,963	2,644	2,932
1,242	Capital investment in organisations other than departments	1,221	2,000	2,758
369,552	Total non-departmental expenses for Vote: Climate Change and Energy Efficiency	74,271	26,195	29,545

Schedule of Assets as at 30 June 2007

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

Actual 30/06/2006 \$000		Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementary estimates 30/06/2007 \$000
	Current assets			
14,844	Cash	14,740	7,961	14,094
1,931	Accounts receivable	2,172	0	2,391
18	Pre-payments	0	0	0
	Non-current assets			
2,408	Investments in Crown Entities	2,408	2,408	2,408
3,486	Term receivables and advances	2,734	5,985	3,633
6,813	Crown Land	6,813	6,813	6,813
29,500	Total non-departmental assets	28,867	23,167	29,339

In regard to the implementation of New Zealand International Financial Reporting Standards (NZ IFRS) refer to Note 16 on Page 67.

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

Schedule of Liabilities as at 30 June 2007

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

Actual 30/06/2006 \$000		Note	Actual 30/06/2007 \$000	Main estimates 30/06/2007 \$000	Supplementar y estimates 30/06/2007 \$000
Liabilities					
8,979	Trade creditors and accruals		7,150	4,200	8,200
655,748	Kyoto Protocol provision	1	704,188	581,995	578,130
664,727	Total non-departmental liabilities		711,338	586,195	586,330

Statement of Commitments as at 30 June 2007

At 30 June 2007 there were no operating or capital commitments in relation to the activities undertaken by the Ministry on behalf of the Crown (2006: nil).

Statement of Contingencies as at 30 June 2007

At 30 June 2007 there were no known contingent liabilities or assets. No indemnities or guarantees were given under the Public Finance Act 1989 in relation to the activities undertaken by the Ministry on behalf of the Crown (2006: nil).

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

Note to the Financial Statements 30 June 2007

1. Provision for New Zealand's obligation under the Kyoto Protocol

Analysis of provision for Kyoto Protocol obligation	Actual 30/06/2007 million	Actual 30/06/2006 million
	Emission Units ¹	Emission Units
Kyoto Target (Assigned Amount Units)	309.5	307.6
Less AAUs allocated to emission-reducing projects	7.5	7.5
Total commitment target	302.0	300.1
Projected emission units		
Agriculture	203.1	198.7
Energy (including transport) and industrial processes	195.1	193.0
Waste	7.0	6.5
Solvent and other product use	0.3	0.3
Total projected emission units	405.5	398.5
Removals via forests	79.0	78.2
Deforestation emissions	-21.0	-21.0
Net removals via forests	58.0	57.2
Net projected emission units	347.5	341.3
Deficit in units	45.5	41.2
	\$ million	\$ million
Deficit in \$ millions	704	656

New Zealand ratified the Kyoto Protocol in December 2002. This international agreement commits New Zealand to reducing its average net emissions of greenhouse gases over 2008–2012 (the first commitment period of the Kyoto Protocol or CP1) to 1990 levels or to take responsibility for the difference. New Zealand can meet its commitment through emissions reductions and use of the Kyoto Protocol flexibility mechanisms such as Joint Implementation, the Clean Development Mechanism, and offsetting increased emissions against carbon removed by forests.

The most recent estimate of New Zealand's net obligation is \$NZ704 million (2006: \$NZ656 million). This obligation is based on a deficit of 45.5 million emission units and a carbon price of \$US11.90 per unit. The carbon price in New Zealand dollars equates to \$NZ15.48, using the

¹ One emission unit is equivalent to one tonne of greenhouse gas emissions converted to carbon dioxide equivalents by the global warming potential.

30 June 2007 exchange rate of \$US0.7689 = \$NZ1. (30 June 2006: \$US0.6063 = \$NZ1, and carbon price \$US9.65 per unit).

Provisions by their nature are more uncertain than most other items in the statement of financial position. Fluctuations in the value of the estimate may occur through changes in the assumptions underlying the quantum, movements in the price of carbon and the exchange rate with the United States dollar.

The quantum of the deficit has been compiled from agricultural, forest sink and deforestation projections provided by the Ministry of Agriculture and Forestry, energy (including transport) and industrial processes projections from the Ministry of Economic Development and waste projections from the Ministry for the Environment. The estimate includes the effects of refinements in modelling processes and updated assumptions on variables such as economic growth, population growth and oil prices as at May 2007. The projections use the latest information from the national inventory of greenhouse gas emissions and removals submitted to the United Nations Framework Convention on Climate Change Secretariat on 4 May 2007. Due to improvements in the Greenhouse Gas Inventory, New Zealand's Assigned Amount Units have increased by 1.9 million. The new assigned amount has now been submitted to the Kyoto Protocol Compliance Committee and is unlikely to change from 309.5 million units.

Net removals via forests are reported after deducting 21 million tonnes for estimated deforestation of pre-1990 forests. This estimate assumes policy interventions to operationalise the Government's current policy (established in October 2002) to cap its liability for deforestation at this amount. In the absence of policy interventions, and assuming current market conditions prevail, a deforestation intentions survey conducted in 2006 indicated likely deforestation of 41 million tonnes, which would result in a deficit for the Crown of 65.5 million units, and increase the liability to \$NZ1.014 billion.

AEA Technology, an independent UK based firm, has assessed the robustness of the assumptions and methodologies underpinning the projections and found them to be sound and reasonable.

The carbon price has been determined by the Treasury. The Allen Consulting Group have reviewed this work and are satisfied that the methodology (and data sources) applied is a robust high level approach, and that \$US11.90 is a reasonable carbon price estimate at this time for valuing New Zealand's possible future liabilities under the Kyoto Protocol.

No liability or contingent liability for periods beyond 2012 has been recognised, as New Zealand currently has no specific obligations beyond the First Commitment Period. The architecture of any obligations in future periods has yet to be negotiated.

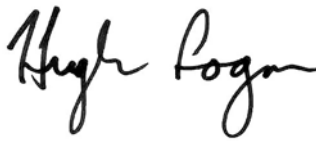
Subsequent to 30 June 2007, the Government has agreed in principle that as part of its climate change response an Emissions Trading Scheme (ETS) will be implemented. The Government is engaging with stakeholders on the proposed ETS before final decisions are taken. The proposed ETS is a "cap and trade" scheme; that is, the level of emissions is capped with responsibility devolved to emitters to reduce emissions and/or trade emission units to ensure the net position (total emissions less purchased emission units) meet this cap. The impact on the Crown's net obligation cannot be quantified at this stage as final decisions such as volume and allocation of units have not yet been taken. For further information on the proposed ETS, please refer to <http://www.climatechange.govt.nz/>

Statement of Responsibility

In terms 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 2007.



Hugh Logan
Chief Executive
28 September 2007

Countersigned by:



Rochelle Davis
Chief Financial Officer
28 September 2007

Audit Report

To the readers of the Ministry for the Environment's financial statements and performance information for the year ended 30 June 2007

The Auditor-General is the auditor of 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 on his behalf. The audit covers the financial statements, statement of service performance and schedules of non-departmental activities included in the annual report of the Ministry for the year ended 30 June 2007.

Unqualified opinion

In our opinion:

- The financial statements of the Ministry on pages 53 to 68:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Ministry's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Ministry on pages 17 to 52:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.
- The schedules of non-Departmental activities on pages 69 to 74 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 2007.

The audit was completed on 28 September 2007, and is the date at which our opinion is expressed.

The basis of our 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 the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance 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 and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. 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 and statement of service performance disclosures are adequate.

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

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

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-Departmental activities 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 2007. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) 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.

Other than the audit, 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 financial statements and Statement of Service Performance

This audit report relates to the financial statements and the statement of service performance of Ministry for the Environment for the year ended 30 June 2007 included on the Ministry for the Environment's web-site. The Chief Executive is responsible for the maintenance and integrity of the Ministry for the Environment's web site. We have not been engaged to report on the integrity of the Ministry for the Environment's web site. We accept no responsibility for any changes that may have occurred to the financial statements and the statement of service performance since they were initially presented on the web site.

The audit report refers only to the financial statements and the statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and the statement of service performance. 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 statement of service performance and related audit report dated 30 September 2007 to confirm the information included in the audited financial statements and statement of service performance presented on this web site.

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

5 Environmental Report

The Ministry's environmental performance for the 2006/07 financial year is measured using the following key parameters: materials used, waste produced and energy used (including transport energy). The Ministry's carbon footprint is also reported on.

The Ministry's environmental performance is expressed throughout this chapter both as overall totals and totals per full-time equivalent staff member totals (FTE)².

Overview

The Ministry's environmental policy statement commits us to continually improving our operational environmental performance. Our focus is on using energy and materials efficiently, minimising waste and emissions, and purchasing more sustainable goods and services. We monitor progress and publish the results each year in this report.

The Ministry's head office, where most staff work, is located close to public transport and to other government agencies where staff are likely to attend most meetings.

The construction of Environment House was completed in 2005 with input from the Ministry. Although unable to influence the exterior fabric of the building, the Ministry was able to set some sustainable building principles for the heating, cooling, ventilation system, and fit-out of the building. Environment House is fitted with energy-efficient lighting, motion sensors, and a sophisticated building management system which led to it being considered a highly energy-efficient office building in New Zealand in June 2006. Other sustainable building principles include the use of low-flow taps and showerheads, dual-flush toilets, and the use of Environmental Choice-certified products such as paint and carpet. Staff are encouraged to minimise energy use, for example using the stairs rather than the lifts and to turn off computers when not in use.

The Ministry also provides recycling facilities on each floor for paper, glass, cans, plastic, and food waste.

The Ministry purchases environmentally friendly products wherever possible, for example cleaning products which carry an Environmental Choice ecolabel, and recycled paper for photocopiers and printers.

² Although FTE and total occupancy figures are within three per cent of each other, we use FTE figures to calculate totals per staff member as we believe it is the best indication of time spent by staff in the building using resources.

FTE total represents the employed time at work as a decimal. For example, a full-time staff member is 1.00, a half-time staff member is 0.50. This figure does not include contractors, but it does include permanent, fixed termers, casuals and staff on secondment out of the organisation. Staff on parental leave and leave without pay have an FTE of 0.

To calculate the total Ministry FTE for a given year, an average is used. This is derived from FTE numbers at the end of the previous financial year and the end of the current year. While the Wellington office currently records FTE figures yearly, the Auckland and Christchurch offices record their FTE figures monthly.

Highlights and areas for improvement

The 2006/07 financial year yielded both significant highlights and areas in which to focus improvements for the 2007/08 year. The major outcomes of this year's environmental performance include:

- energy use per full-time equivalent staff member decreased by four per cent from the 2005/06 year
- vehicle use per full-time equivalent staff member (including Ministry and rental cars) decreased by seven per cent from the 2005/06 year
- over 99 per cent of office paper used included recycled content and was chlorine-free.

The Ministry should focus on reducing domestic and international air travel in 2007/08, as air travel increased by six per cent per full-time equivalent staff member from the 2005/06 year. The Ministry's carbon footprint increased as a result of this air travel.

Materials Used

Publications

The Ministry produced 114 new publications and reprinted 27 publications in 2006/07. This is a 22 per cent decrease in total publications from 2005/06 (164 new publications and 17 reprints). The total paper content of printed publications weighed 11 tonnes, a 57 per cent decrease from 2005/06 (26 tonnes). Per full-time equivalent staff member (FTE), paper content of publications weighed 41kg, a 61 per cent decrease from 2005/06 (104kg per FTE).

Nineteen per cent of the Ministry's total publications were reprints in 2006/07, up from nine per cent in 2005/06. The Ministry continues to limit the initial print runs of major publications to the minimum required. Thirty-five per cent of new publications were web-based.

An estimated 95 per cent of paper used in Ministry publications was chlorine-free in 2006/07, down from 99 per cent in 2005/06. By weight, 78 per cent of paper used in Ministry publications was recycled, down from 93 per cent in 2005/06.

The result for 2006/07 (78 per cent) shows that the Ministry is increasingly opting to use recycled paper stocks where possible (60 per cent in 2003/04; 65 per cent in 2004/05). The unusually high result for 2005/06 (93 per cent) resulted from unusually large print runs of several key publications which were printed on 100 per cent recycled paper stock. These made up the bulk of the publications weight in the 2005/06 year. Where possible the Ministry continues to use paper that is chlorine-free and contains recycled content.

Office paper³

The Ministry used 10.3 tonnes of A4 copier paper in 2006/07, an 18 per cent increase from 2005/06 (8.7 tonnes of copier paper). Per FTE the Ministry used 15.3 reams of copier paper, an eight per cent increase from 2005/06 (14.2 reams per FTE). This increase is despite Ministry initiatives to provide some staff with 19 inch computer screens to facilitate on-screen reading of large documents.

The increase in office paper results from the development of several very large publications in the Ministry, such as the state of the environment report *Environment New Zealand 2007*. Publications such as this require copies of chapters to be printed for review by many people to ensure accuracy. The Ministry continues to work to reduce office paper use through paper saving measures such as defaulting computers to printing duplex rather than single-sided.

Over 99 per cent of office paper reams used in 2006/07 contained recycled content, up from 97 per cent in 2005/06. Of these, 79 per cent had 100 per cent recycled content and 20 per cent had 50 per cent recycled content. Over 99 per cent of paper was chlorine free, the same as in 2005/06.

Stationery data³

The Ministry used 868kg of compliment slips, business cards and headed paper in 2006/07, a 169 per cent increase from 2005/06 (323kg of compliment slips, business cards and headed paper). Per FTE the Ministry used 3.2kg of compliment slips, business cards and headed paper, a 147 per cent increase from 2005/06 (1.3kg of compliment slips, business cards and headed paper per FTE). Recycled content was used in 100 per cent of compliment slips, business cards and headed paper in both years.

The increase in stationery use results from increased stakeholder engagement activity by the Ministry in significant work areas such as climate change and the new sustainability work programmes.

Procurement

We have incorporated sustainable procurement clauses into our cleaning contracts and practice sustainable procurement across the Ministry. For example, we only purchase sanitary paper that meets the Environmental Choice New Zealand standard for recycled paper products or is made from pulp (100 per cent recycled). All Ministry cleaning products meet the relevant Environmental Choice New Zealand specifications and where possible, all new appliances are required to have a four Energy Star rating or better. The Ministry has recently agreed to a Govt³ Action Plan which will help further improve procurement practices in the Ministry.

³ Note that the Wellington office data is derived from usage estimates (based on volumes of office paper and stationery ordered), while the Auckland and Christchurch offices record actual usage of office paper and stationery.

Table 1: Benchmarking our performance: Publications, paper and stationery

	2006/07	2005/06	2004/05	2003/04
Weight of publications per FTE (kg)	41	104	62	56
Reams of copier paper per FTE (number)	15.3	14.2	12.3	14.0
Weight of stationery used per FTE (kg)	3.2	1.3	–	–

Key targets and commitments	Progress at 30 June 2007
Review reduction targets for office paper use. Continue to encourage reduction in the number of reams of paper used per FTE.	Ongoing: Work under way.
Continue to produce more of our publications as web or email-only publications.	Ongoing: The percentage of web-only publications flattened off in 2006/07. This may suggest we have reached our maximum proportion of web-only publications.
Continue to monitor the use of stationery, including envelopes, and take action to reduce this.	Ongoing: Continue to monitor our stationery usage throughout 2007/08, with a view to identifying specific reasons for the increases, and taking action to reduce this.
New target: Continue to monitor the use of chlorine-free and recycled paper in publications throughout 2007/08.	N/A (new target).
Whenever possible, publications will be printed on paper that is at least 60 per cent recycled.	

Waste

The contribution of the Kids Environment crèche, a tenant in Environment House, was excluded from the waste audit in 2006/07. This year's waste total therefore cannot be benchmarked against previous years' figures.

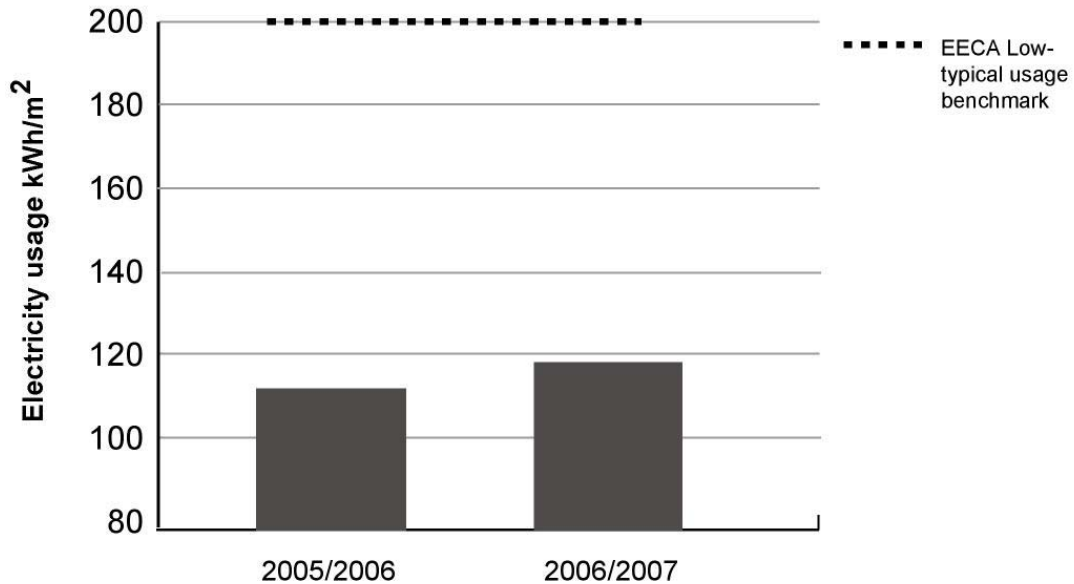
The Ministry sent 56.7 tonnes of material to be recycled or composted in 2006/07. The majority of material sent for recycling was paper, accounting for 35.4 tonnes or 132kg per FTE. Other recyclables such as plastic bottles, aluminium cans and glass made up 14.8 tonnes, 56kg per FTE. The total amount of material sent for composting was 6.5 tonnes, or 24kg per FTE.

In 2006/07 the total amount of waste disposed of to landfill by the Ministry was 2.6 tonnes, or 10kg per FTE. The waste audit for 2006/07 determined that 1.15 tonnes, or 4kg per FTE, could have been recycled or composted. As the Ministry works to reduce its overall waste volumes in 2007/08, it will particularly look to reduce the amount of recyclable or compostable waste disposed of to landfill.

Key targets and commitments	Progress at 30 June 2007
Determine new waste reduction target and identify steps to achieve it.	Ongoing: Work under way.

Energy

Figure 1: Ministry for the Environment electricity usage per square metre



The Ministry’s Auckland staff moved to a new office in July 2005. The new office now records and pays for heating, ventilation, and air conditioning (HVAC). At the previous Auckland office, HVAC was paid as a fixed cost as part of the lease arrangements and thus not recorded as energy use. For this reason, the Ministry’s electricity usage for 2005/06 and 2006/07 cannot be benchmarked against previous years.

The Ministry used 706,926kWh of electricity in 2006/07, a five per cent increase from 2005/06 (674,268kWh). Per FTE, the Ministry used 2,643kWh of electricity, a four per cent decrease from 2005/06 (2,752kWh per FTE). Per square metre, the Ministry used 119kWh of electricity in 2006/07, a seven per cent increase from 2005/06 (111kWh per square metre).

Table 2: Benchmarking our performance: Energy use

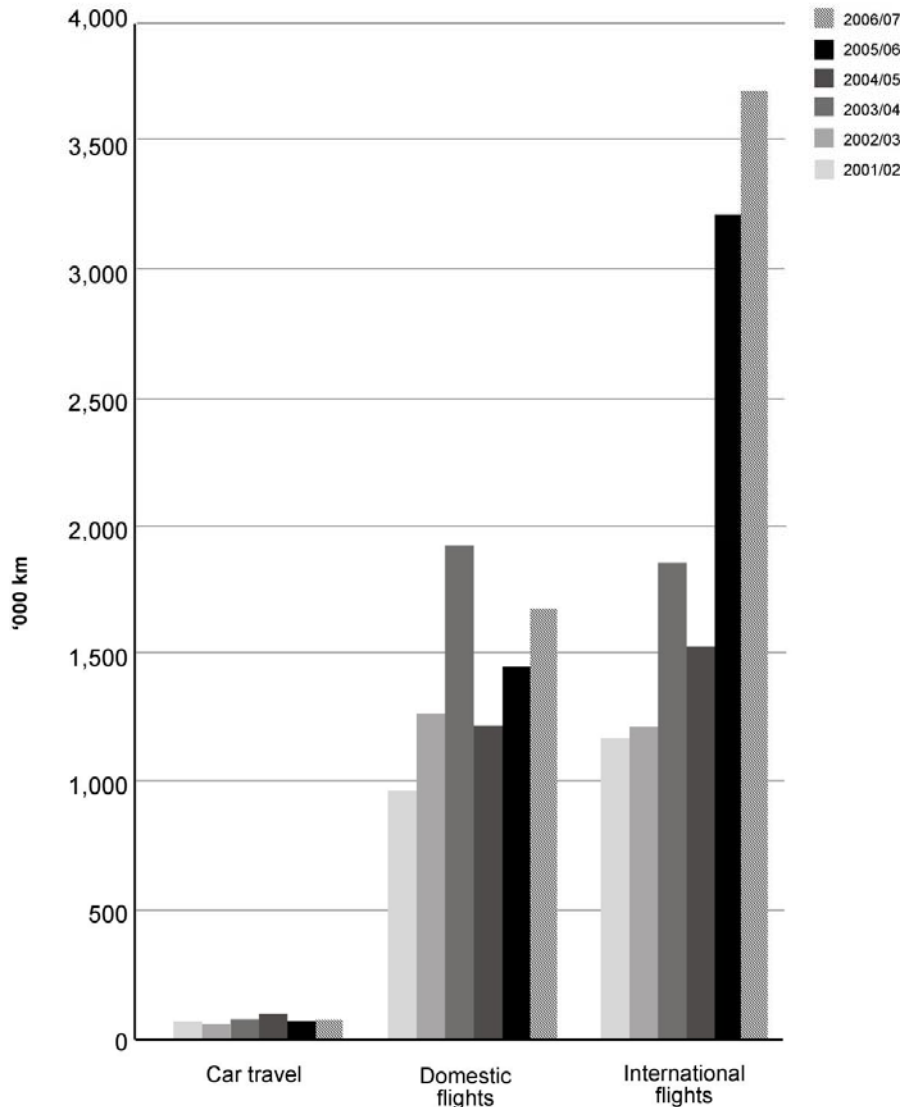
	2006/07	2005/06	Low-typical usage benchmark*
Electricity use per FTE (kWh)	2,643	2,752	
Electricity use per square metre (KWh)	119	111	200-280

* Energy Efficiency and Conservation Authority (EECA)

Key targets and commitments	Progress at 30 June 2007
Maintain office energy performance within the low EECA benchmark.	Achieved/ongoing: Continue to monitor energy use and measures to maximise energy efficiency.

Business Travel

Figure 2: Ministry for the Environment travel analysis



Staff drove 75,361km in our three Ministry hybrid cars and rental cars, a two per cent increase from 2005/06 (74,204km). Per FTE this equates to 282km, a seven per cent decrease from 2005/06 (303km per FTE).

In 2006/07, Ministry staff travelled a total of 54,126km in taxis. Employees who pay for a taxi personally and are reimbursed later are not included in this figure. Taxi use was not measured in previous years. The Ministry has recently taken steps to help reduce taxi usage. Ministry staff have been reminded that bus tickets are available for travel across town to help limit taxi usage. We will continue to monitor taxi usage in future years.

Ministry staff flew 1,663,681km domestically in 2006/07, a 23 per cent increase from 2005/06 (1,354,851km). Per FTE this equates to 6,221 domestic kilometres, a 13 per cent increase from 2005/06 (5,529km flown per FTE).

Ministry staff flew 3,683,176km internationally in 2006/07, a 12 per cent increase from 2005/06 (3,283,391km). Per FTE this equates to 13,773 international kilometres, a three per cent increase from 2005/06 (13,400km flown per FTE).

The increase in air travel results from the Ministry's increased workload and outputs from the climate change work programme, local government work programmes and the new sustainability initiatives. The Ministry's increased international air travel is due to staff representing New Zealand interests in international climate change negotiations and negotiations for environmental provisions in new free trade agreements.

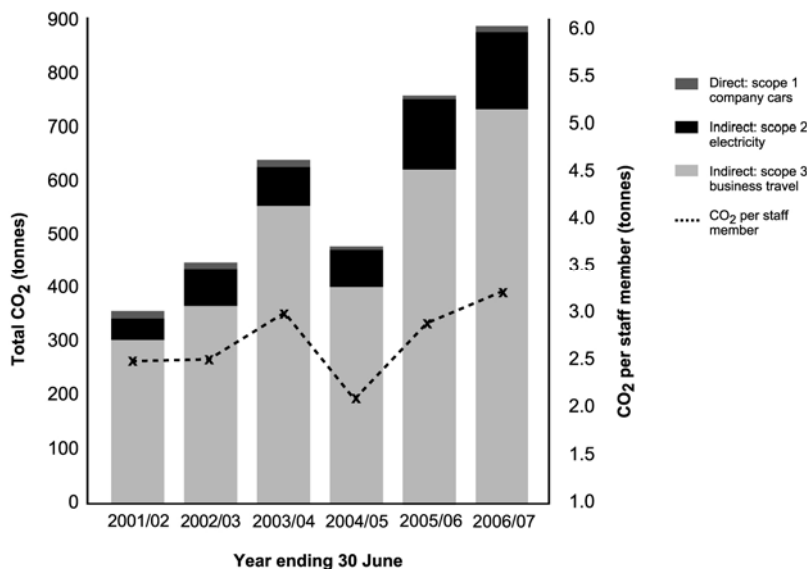
Table 3: Benchmarking our performance: Business travel

	2006/07	2005/06	2004/05	2003/04
Ministry and hire car travel per FTE (km)	282	303	410	414
Domestic air travel per FTE (km)	6,221	5,529	5,439	9,484
International air travel per FTE (km)	13,773	13,400	6,633	9,665

Key targets and commitments	Progress at 30 June 2007
Monitor air travel and understand and report back on the reasons for any fluctuation year to year, with a view to reducing business travel per FTE.	Ongoing: Continue to monitor travel throughout 2007/08.

Carbon Footprint

Figure 3: Ministry for the Environment CO₂ equivalent emissions



Note

- (1) 2006/07 data includes CO₂ emissions from taxi usage. None of the other years listed do so. Taxi emissions contributed 1.6 per cent (14.1 tonnes) to the Ministry's total CO₂ emissions in 2006/07 (897 tonnes).
- (2) 2006/07 data uses the most up-to-date CO₂ emission factors for petrol and electricity.

The Ministry’s carbon footprint is made up of emissions from energy use as noted in the legend in figure three. In line with standard practice, it does not include emissions from the Ministry’s waste disposed of to landfill, or embedded emissions in materials used.

The Ministry generated a minimum⁴ of 896.8 tonnes of carbon dioxide (CO₂)-equivalent emissions in 2006/07, a 22 per cent increase from 2005/06 (737.8 tonnes). The Ministry’s CO₂ equivalent emissions were 3.4 tonnes per FTE, an 11 per cent increase from 2005/06 (3.0 tonnes per FTE). The increase is due to our increased domestic and international air travel. Carbon dioxide emissions from taxi use were also able to be measured for the first time and are included in the 2006/07 calculation. We will continue to include taxi usage emissions in future reporting.

Table 4: Benchmarking our performance: CO₂ equivalent emissions

	2006/07	2005/06	2004/05	2003/04
CO ₂ -equivalent emissions per FTE (tonnes)	3.4	3.0	2.1	3.2
Key targets and commitments		Progress at 30 June 2007		
Monitor our CO ₂ -equivalent emissions to understand and report back on the reasons for any fluctuation year to year, and take action to reduce them in line with our commitment to be carbon-neutral by 2012.		Ongoing: Continue to monitor our CO ₂ -equivalent emissions throughout 2007/08.		

In conclusion, the Ministry can be proud of its environmental performance in a number of areas. Policies continue to be developed and implemented to help raise staff awareness of areas for improvement. However, there are also some areas where our environmental performance could improve, for example in reducing domestic and international air travel. A focus on reducing our domestic and international air travel will help reduce the Ministry’s carbon footprint in line with our commitment to be carbon neutral by 2012. Attention will be given to this in 2007/08.

⁴ Note that while calculated in accordance with international Greenhouse Gas (GHG) accounting protocols, in common with many organisations reporting on their CO₂ impact, our CO₂ figure represents a minimum only.

6 Management of the Ministry

Human Resources

In 2006/07 the Ministry's Human Resources team provided a range of initiatives to enhance the organisation's capability. The Ministry's graduate recruitment programme proved successful, with the recruitment of 16 high-quality graduates. This focus on recruitment was also supplemented with an extensive coaching programme, with an aim to add real value to staff skill and knowledge. In addition, the Ministry provided staff with an extensive in-house training and development programme that included a record number of high-quality courses and participants.

Significant emphasis was placed on the Pay and Equity Review led by the Department of Labour. The Ministry completed its review on time and within budget. The Review Committee played a key role in ensuring the project's success and many of the recommendations from the review will inform the Ministry's future organisational development plan in 2007/08.

Progress was made with the Ministry's Human Resources Management Information System. The development of the system proved valuable in supporting a range of activities related to employee data. Significant refinements were made to the online Performance Management, Learning & Development, and Occupational Safety and Health modules, the benefits of which will be realised in 2007/08 and beyond.

The Ministry's internal Climate Survey last carried out in 2004/05 again proved a useful means to assess the work culture in 2006/07. The results of the survey were generally positive and will provide a useful source of information to inform future organisational planning.

Equal Employment Opportunities

The Ministry is a member of the Equal Employment Opportunities (EEO) Trust Employers Group and works to ensure that procedures for recruitment, selection, promotion, training, career development and conditions of employment are designed to provide equal opportunities and, where appropriate are based on merit.

We aim to ensure that no person is disadvantaged in any way on the basis of sex, marital status, age, religious belief, colour, sexual orientation, race, ethnic or national origins or disability.

The Ministry continues to progress its EEO objectives as set out in the EEO guidelines to 2010 Programme. The recently completed Pay and Equity Review will be an important guide for addressing any equity issues.

Stakeholder Relationships

Developing and nurturing relationships with our stakeholders continued to be a key focus for the Ministry during 2006/07. Through the Talk Environment Roadshow, Chief Executives' Environment Forum (CEEF) and stakeholder liaison meetings, the Ministry has strengthened its relationships and has sought input from stakeholders into the Ministry's work.

The 2006 Talk Environment Roadshow saw close to 2,000 people from various walks of life, industry, local government and the community attend a series of meetings held across

New Zealand. The Talk Environment Roadshow is a great opportunity for our stakeholders to provide input into the Ministry's current and emerging work programmes. Feedback from the Roadshow meetings was incorporated into current work programmes, where appropriate.

The CEEF is a meeting between chief executives from all regional councils, Local Government New Zealand, and central government departments concerned with the environment and resource management. Four CEEF meetings were held in the 2006/07 financial year. The meetings were all well attended, particularly by regional council chief executives. The forum aims to: develop a working partnership between central and regional government; support leadership in areas of mutual interest; undertake joint strategic planning and programmes of action; and encourage open discussion of environmental issues. Feedback from the last meeting indicates that chief executives appreciate the strategic nature of this forum. Update papers are circulated well in advance of each meeting. Only strategic items that result in direction and action are discussed on the day.

Outside the above major events, the Ministry has continued to have regular contact and liaison meetings with its key stakeholders. Feedback received has indicated that the Ministry is accessible and open in relationships with its stakeholders. This work area is still developing, and will continue to improve the connection between the Ministry and its stakeholders.

Information Management

The Ministry continues to build on its information management capability. We refined and implemented internal processes to better manage our information technology and information management systems.

A number of significant information initiatives were completed in 2006/07, including:

- implementation of video conferencing facilities at Environment House
- implementation of a new intranet, incorporating a Web Content Management System for managing and publishing content on our intranet
- requirements written for a new Financial Management Information System and a Stakeholder Management system
- the PERSEUS web survey tool, used for a number of Ministry purposes
- implementation of a workflow-based Contract Management system.

In 2007/08 the Ministry will update its Information Management Strategy. One of the key deliverables will be the selection of a Financial Management Information System. Another will be the integration of a Retention and Disposal Schedule, in line with the Public Records Act 2005.

The Information Management team will also define the Ministry's requirements to improve the management and reporting of ministerial correspondence.

The Land Use Carbon Analysis System (LUCAS) project will be processing images to establish the 1990 baseline position required for the Kyoto Protocol. Information will continue to be gathered for New Zealand's planted forest stock to ensure the accuracy of data already collected for natural forests. In addition, the Ministry will continue with the development of the LUCAS database that holds the images, performs carbon calculations and produces the reports required for the Kyoto Protocol.

Crown Entity Monitoring

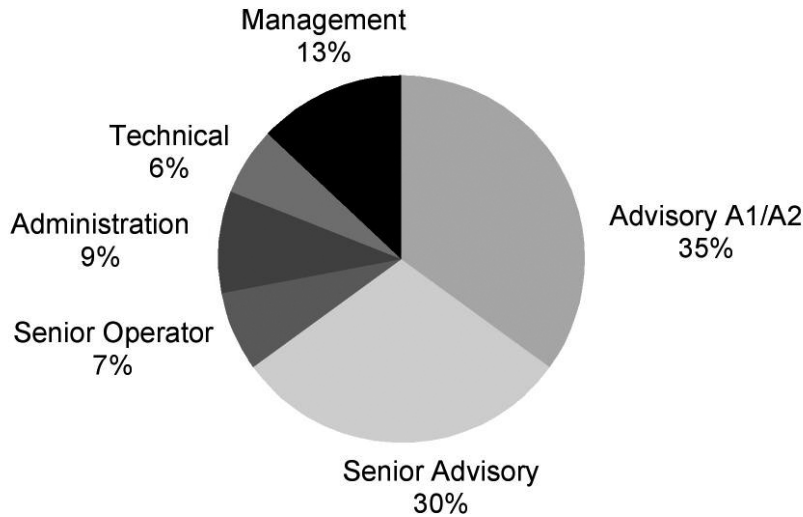
The Environmental Risk Management Authority

During the 2006/07 financial year, the Ministry continued to monitor the performance of the Environmental Risk Management Authority (ERMA New Zealand), on behalf of the Minister for the Environment. The Ministry held six-weekly liaison meetings with the executive of ERMA New Zealand to discuss emerging issues, potential risks and progress on matters of relevance to ERMA New Zealand. Senior Ministry staff also maintained regular contact with the Chief Executive of ERMA New Zealand to ensure any key issues were addressed quickly and effectively. Additional meetings were held as required, both with the Chair of the Authority and with ERMA New Zealand staff. The Ministry also reviewed quarterly reports and drafts of other key accountability documents received from the Authority, to monitor ERMA New Zealand's progress against its annual objectives.

The Energy Efficiency and Conservation Authority

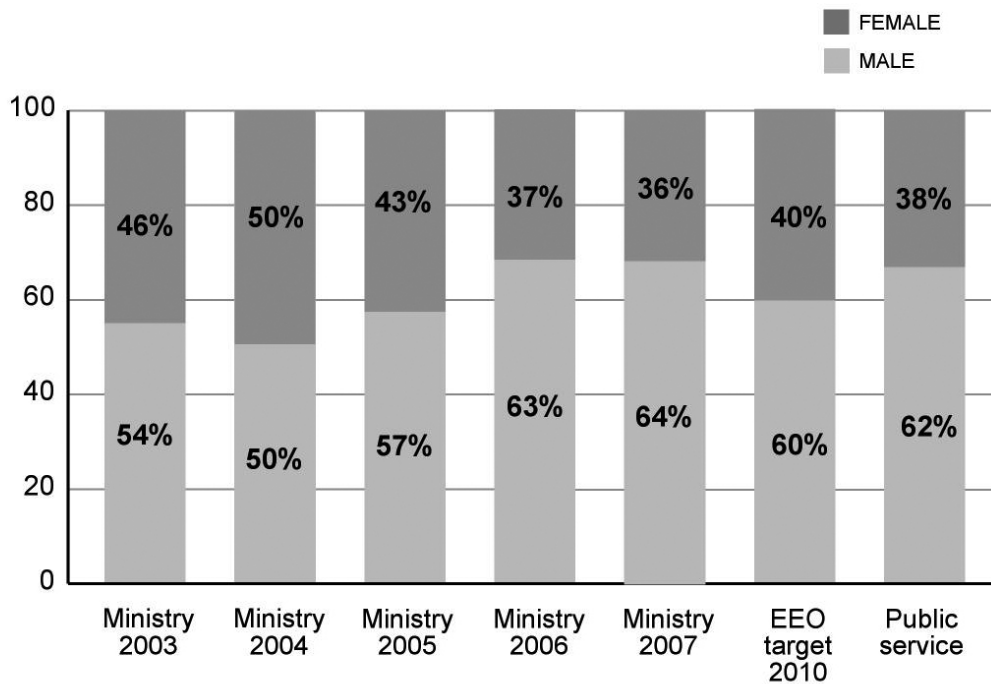
During the 2006/07 financial year, the Ministry continued to monitor the performance of the Energy Efficiency and Conservation Authority (EECA), on behalf of the Minister of Energy. The Ministry held regular liaison meetings with EECA's management team to discuss emerging issues, potential risks and progress on matters of relevance to EECA. Senior Ministry staff maintained regular contact with EECA's Chief Executive, held weekly informal meetings with senior EECA staff and attended weekly meetings between the EECA executive and Jeanette Fitzsimons in her role as Government Spokesperson on Energy Efficiency and Conservation. Ministry staff also reviewed quarterly reports and drafts of other key accountability documents received from the Authority, to monitor EECA's progress against its key outputs.

Profile of Ministry Staff at 30 June 2007



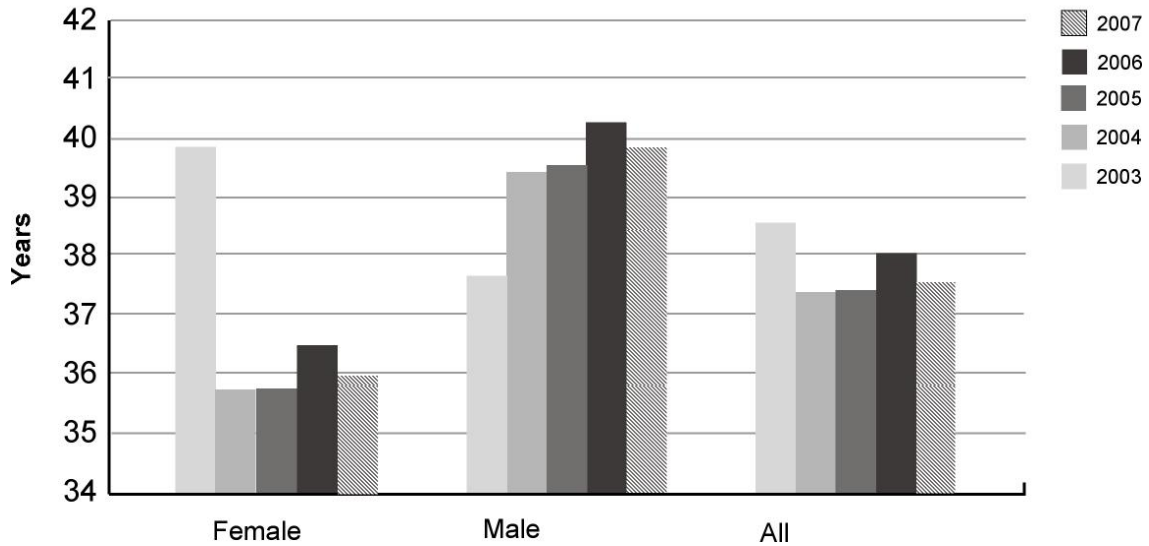
The number of Ministry's staff as at 30 June, grew from 274 in 2006 to 286 in 2007, due to the Ministry's expanded work programmes for 2006/07. The profile of the Ministry has remained similar to that of previous years with an increase in the proportion of advisers (from 68% to 72%)

Representation of women in management at 30 June 2007



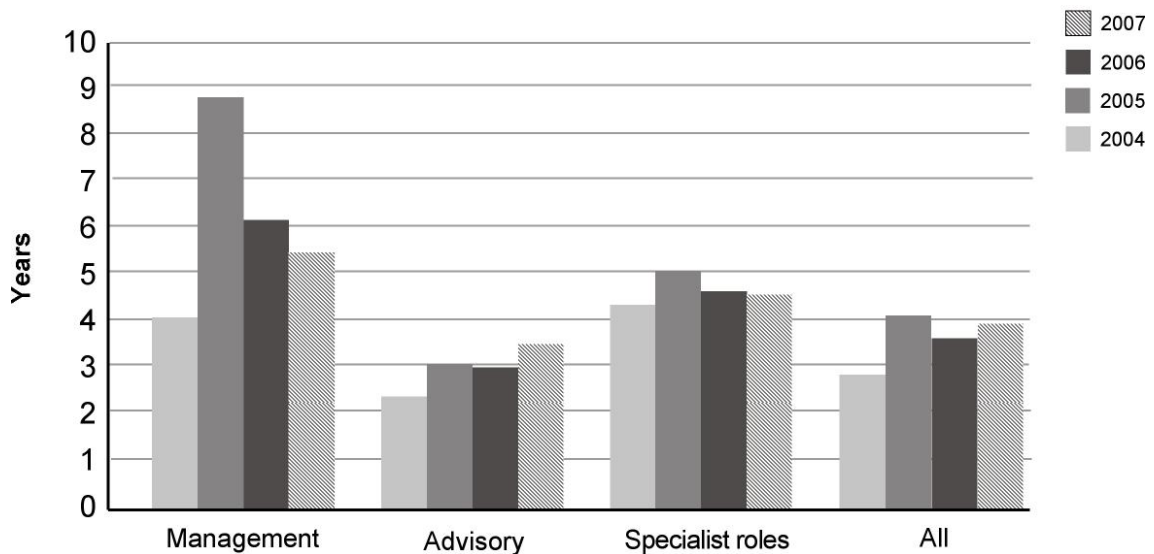
In 2007 there was a slight drop in the proportion of women in management, from 37 per cent in 2006 to 36 per cent in 2007. The Ministry is slightly below the EEO target for 2010 of 40 per cent and the overall public service (38%) representation of women in management.

Average age of Ministry for the Environment staff at 30 June 2007



At 30 June 2007, the average age for all Ministry staff was 37.5 years. The Ministry's average age has dropped slightly from last year's 38 years. Ministry staff are still relatively youthful, many of them having joined the Ministry in our graduate recruitment drives. A high percentage of the graduates recruited for the programme are female, which shows in the youthful average age of the female employees compared with that of their male counterparts.

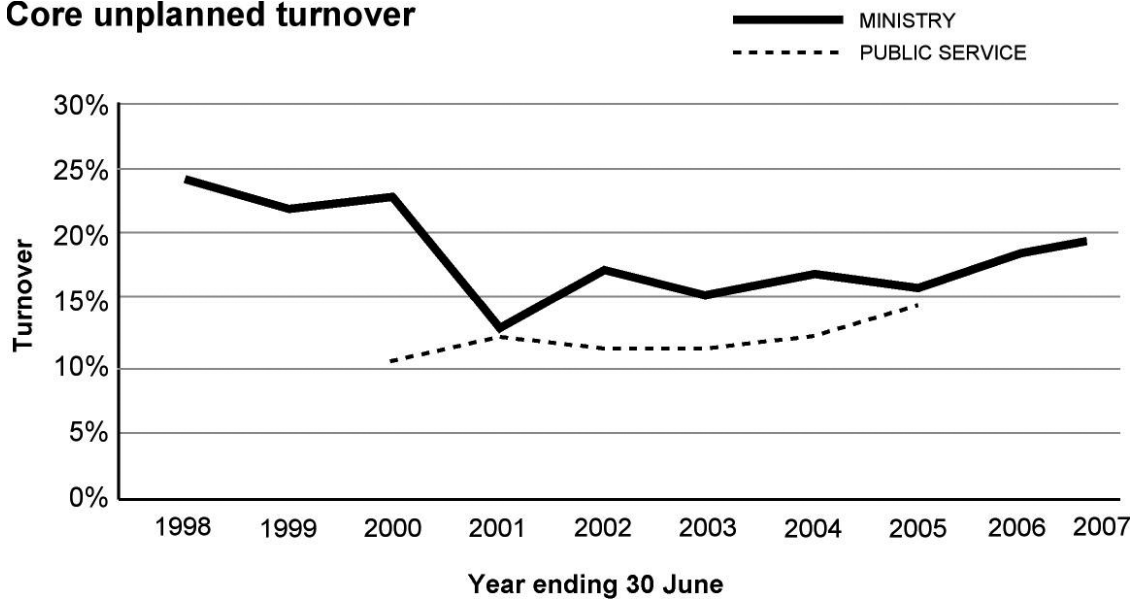
Average length of service at 30 June 2007



The average length of service is 3.9 years, representing a slight increase from 2006. Those in management positions and, to a lesser extent, those in specialist roles have a longer service record compared with policy advisers.

The decrease in length of service for those in management positions is a reflection of turnover. The 2007 figure of 5.4 years of service is still ahead of the four years service in 2004.

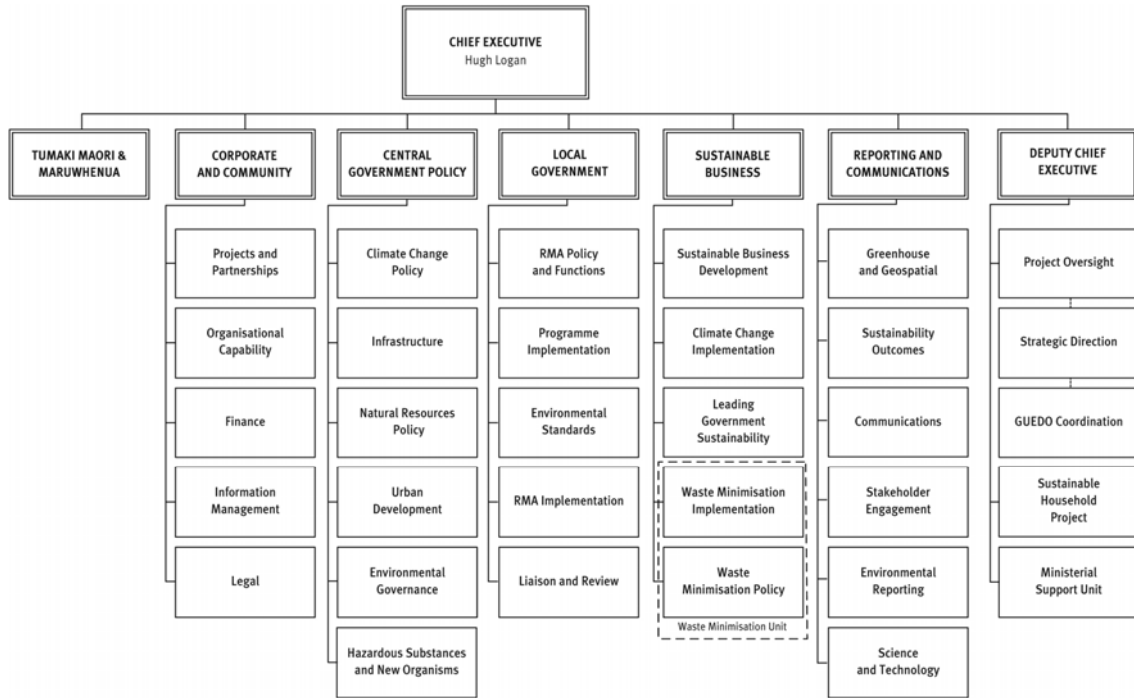
Core unplanned turnover



Turnover for this financial year is 19.1 per cent, an increase on the previous year's turnover rate of 18.3 per cent. Much of this turnover has been from those in advisory and management positions; 31 female staff compared to 18 male staff have resigned. Of these figures 24 female staff and 12 male staff were in advisory positions.

Management Structure

The Ministry is made up of seven business groups that meet a range of different work priorities. In 2007 the Ministry realigned its structure, moving some work programmes between groups to balance and improve the alignment of workload amongst each group. Group names changed to reflect changes in the realignment. The groups and their teams are shown in the table below:



Advisory Bodies/Ministerial Committees 2006/07

Bioethics Council

Statutory basis

There is no statutory basis requiring the Council to exist. The Council was established by a Cabinet minute as a ministerial advisory group.

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.

Board of Inquiry to consider the proposed national policy statement on electricity transmission

Statutory basis

A Board of Inquiry is appointed under section 47 of the Resource Management Act to enquire into and report on a proposed national policy statement.

Purpose

A Board of Inquiry was appointed in February 2007 to consider the proposed national policy statement on electricity transmission.

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 members' 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 Efficiency and Conservation Authority (EECA)

Statutory basis

Energy Efficiency and Conservation Act 2000.

Purpose

EECA comprises the Authority (a board of six to eight members appointed by the Minister of Energy) and its executive agency (appointed by the Authority and led by a Chief Executive). The Authority's purpose is 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 New Zealand)

Statutory basis

Hazardous Substances and New Organisms Act 1996.

Purpose

ERMA New Zealand comprises three formal elements: the Authority (a board of six to eight members appointed by the Minister for the Environment), Ngā Kaihautū Tikanga Taiao (up to eight members appointed by the Authority who are responsible for advising it about Māori interests and concerns), and an executive agency (appointed by the Authority and led by a Chief Executive). The Authority's responsibilities include assigning controls to manage the risks associated with hazardous substances and new organisms, considering applications for the introduction of new hazardous substances and new organisms, and overseeing the management regime for hazardous substances and new organisms.

Flood Risk Management Technical Reference Group

Statutory basis

There is no statutory basis requiring this group to exist.

Purpose

This is a local government and sector reference group used to provide advice on developing a national policy statement on flood risk management.

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.

Māori Water Reference Group (Wai Māori)

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

To act as a steering committee for the development of the New Zealand Carbon Accounting System. To monitor progress and consider risks.

Professional Development Scheme for RMA Decision-Makers Advisory Group

Statutory basis

There is no statutory basis requiring this group to exist.

Purpose

The members of the group are experienced RMA practitioners. They are responsible for providing an overview of the 'Making Good Decisions' decision-maker accreditation training programme, including provision of strategic advice on course material (and peer review of this material), complaints, and the future direction of the programme.

Quality Planning Website Management Panel

Statutory basis

There is no statutory basis requiring this group to exist.

Purpose

The panel comprised representatives from the New Zealand Planning Institute, Local Government New Zealand, the Resource Management Law Association and the New Zealand Institute of Surveyors. Panel members are responsible for providing a strategic overview on both the content and direction of the Quality Planning website. They also act as a conduit to each of their respective partner organisations and are responsible for promoting the website to their membership.

Stormwater from Roads Reference Group – National Direction

Statutory basis

The formation of this group was required by Cabinet minute.

Purpose

This is a local government and industry reference group tasked to scope the need for national direction in stormwater management from roads.

Septic Tank 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 a national environmental standard addressing septic tank management.

Special tribunals to consider the Oreti River Water Conservation Order application and the application to amend the Buller River Water Conservation Order

Statutory basis

The appointment of a special tribunal to consider an application for a water conservation order is required under section 202 of the Resource Management Act 1991.

Purpose

A special tribunal was appointed in September 2006 to consider an application for a water conservation order on the Oreti River and provide a report and recommendation to the Minister. A special tribunal was appointed in August 2006 to consider an application to amend the Buller River water conservation order and provide a report and recommendations to the Minister.

Sustainable Development Water Programme of Action – Ministerial Advisory Group

Statutory basis

There is no statutory basis requiring this group to exist. This group was established by joint Ministers of Agriculture and Forestry, and for Environment to provide policy advice to the Sustainable Water Programme of Action (refer CAB Min (06) 11/11). This group was established in August 2005.

Purpose

The Ministerial Advisory Group reports to the Ministers for the Environment, and of Agriculture and Forestry and underpins the successful delivery of the Sustainable Water Programme of Action goals through partnerships and collaboration.

The Ministerial Advisory Group, among other tasks:

- assists Ministers in the implementation of the Sustainable Water Programme of Action by advising on the priority that should be accorded to various water management issues and methods to address them
- provides independent perspectives and strategic direction on priorities or focus for future action in implementing the Sustainable Water Programme of Action

- provides assistance, as required and appropriate, in consultation with non-government stakeholders involved with implementing the Sustainable Water Programme of Action Strategy
- acts as a sounding board for the Ministers on the implementation of the Sustainable Water Programme of Action.

Sustainable Development Water Programme of Action – Stakeholder Reference and Stakeholder Engagement Groups

Statutory basis

There is no statutory basis requiring these groups to exist. With the exception of the Iwi Chief Executives' Environment Forum these groups were established in 2006 to provide input to the Sustainable Development Water Programme.

Purpose

The following reference and stakeholder groups provide input into the development of policy under the programme:

- Iwi Chief Executives' Environment Forum
- Regional Affairs Committee Water Subcommittee
- Regional Council – Resource Managers (RMG) Sub-Group on Water
- Non-Governmental Organisations Environmental Reference Group
- Agricultural Sector Partnership Liaison Group
- Electricity Generators Reference Group
- Ecological Flows Technical Working Group
- Water Measuring Devices Working Group (disestablished 2007 as specific policy work completed).

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 with Responsibility for 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

1. Soil Conservation and Rivers Control Act 1941
2. Environment Act 1986
3. Resource Management Act 1991
4. Ozone Layer Protection Act 1996
5. Hazardous Substances and New Organisms Act 1996
6. The Energy Efficiency and Conservation Act 2000
7. Climate Change Response Act 2002.
8. Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
9. Fiordland (Te Moana o Atawhenua) Marine Management Act 2005
10. Resource Management (Waitaki Catchment) Amendment Act 2004

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