

Forecast Financial Statements

Ministry for the Environment

Statement of Forecast Comprehensive Income for the year ending 30 June 2012

	Note	2009/10	2010/11		2011/12
		Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		57,133	62,883	57,626	63,859
Department(s)		820	430	430	434
Other revenue		1,916	16,856	11,990	21,495
Gains		10	5	5	5
Interest		-	-	-	-
Total Income		59,879	80,174	70,051	85,793
Expenses					
Personnel		27,418	27,689	28,020	29,386
Operating	1	30,861	50,650	40,107	54,424
Depreciation and amortisation		1,278	1,381	1,470	1,499
Capital charge		278	449	449	479
Finance costs		-	-	-	-
Other		-	-	-	-
Total Expenses		59,835	80,169	70,046	85,788
Net Surplus / (Deficit)		44	5	5	5
Other comprehensive income		-	-	-	-
Total Comprehensive Income		44	5	5	5

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2012

	Note	2009/10	2010/11		2011/12
		Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		5,101	5,992	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		5,101	5,992	5,992	5,992
Changes in Taxpayers' Funds					
Comprehensive income for the period		44	5	5	5
Repayment of surplus		(44)	(5)	(5)	(5)
Capital contribution		891	10	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		891	10	-	-
Balance at 30 June					
General funds		5,992	6,002	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		5,992	6,002	5,992	5,992

Forecast Statement of Financial Position as at 30 June 2012

	Note	2009/10	2010/11		2011/12
		Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		3,080	14,338	7,630	9,554
Debtors and other receivables		7,094	500	7,206	6,206
Prepayments		225	100	100	100
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		10,399	14,938	14,936	15,860
Non-current Assets					
Property, plant and equipment		1,290	1,116	1,135	901
Intangible assets		1,938	1,730	1,198	508
Other non-current assets		-	-	-	-
Total Non-current Assets		3,228	2,846	2,333	1,409
Total Assets		13,627	17,784	17,269	17,269
Liabilities					
Current Liabilities					
Creditors and other payables		4,659	8,340	8,340	8,340
Repayment of surplus		44	5	5	5
Employee entitlements		2,011	2,401	2,011	2,011
Other current liabilities		-	-	-	-
Total Current Liabilities		6,714	10,746	10,356	10,356
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		921	1,036	921	921
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		921	1,036	921	921
Total Liabilities		7,635	11,782	11,277	11,277
Taxpayers' Funds					
General funds		5,992	6,002	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		5,992	6,002	5,992	5,992
Total Liabilities and Taxpayers' Funds		13,627	17,784	17,269	17,269

Statement of Forecast Cash Flows for the year ending 30 June 2012

	Note	2009/10	2010/11		2011/12
		Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		54,844	62,883	57,626	63,859
Department(s)		579	430	616	434
Other		1,664	16,856	11,692	22,495
Interest		-	-	-	-
Payments to:					
Suppliers		(32,869)	(50,813)	(36,903)	(54,596)
Employees		(27,769)	(27,526)	(27,848)	(29,214)
Capital charge		(278)	(449)	(449)	(479)
Goods and services tax (net)		(101)	-	559	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	(3,930)	1,381	5,293	2,499
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		11	5	5	5
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(335)	(375)	(375)	(375)
Intangible assets		(756)	(210)	(329)	(200)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(1,080)	(580)	(699)	(570)
Cash Flow from Financing Activities					
Capital contribution		891	10	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(998)	(5)	(44)	(5)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(107)	5	(44)	(5)
Net Increase / (Decrease) in Cash		(5,117)	806	4,550	1,924
Cash at the beginning of the year		8,197	13,532	3,080	7,630
Cash at the end of the year		3,080	14,338	7,630	9,554

Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and Ministerial expectations at the time the statements were finalised.

The main assumptions are as follows:

- The department's activities will remain substantially the same as for the previous year focusing on the Government's priorities. These priorities include the reform of the Resource Management Act, implementation of the Emissions Trading Scheme, improving New Zealand's freshwater management, and establishment of the Environmental Protection Authority.
- Personnel costs are based on 320 full time equivalent staff which takes into account staff turnover.
- Operating costs are based on historical experience and various other factors that are believed to be reasonable under the circumstances.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.
- Estimated year end information for 2010/11 is used as the opening position for the 2011/12 forecasts.

These assumptions are adopted as at 31 March 2011.

Factors that could lead to material differences between the forecast financial statements and the 2011/12 actual financial statements include:

- Changes to the baseline budget through new initiatives, or technical adjustments.

Statement of Entity-Specific Accounting Policies

The Ministry for the Environment has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of Ministry for the Environment, prepared in accordance with section 38 of the Public Finance Act 1989.

Ministry for the Environment is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Ministry for the Environment is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the Secretary for the Environment on 31 March 2011. The Secretary for the Environment is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

Specific Accounting Policies

Rental Income

Rental income is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease. Lease incentives granted are recognised evenly over the term of the lease as a reduction in total rental income.

Leases

Finance leases

The Ministry for the Environment is not permitted to enter into finance leases under the Public Finance Act 1989.

Expenses

Grants/subsidies

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specific criteria have been fulfilled and notice has been given to the Crown.

Property, Plant and Equipment

Capitalisation thresholds applied are set out below:

- IT equipment/hardware - \$1,500.
- All other property, plant and equipment - \$1,500.

Depreciation

The estimated useful lives of property, plant and equipment are set out below:

- Furniture and fittings - 5 to 8 years.
- Office equipment - 5 years.
- Computer hardware - 3 to 4 years.

Intangible Assets

Capitalisation thresholds applied are set out below:

- Purchased software - \$1,500.

The estimated useful lives of intangible assets are set out below:

- Purchased software - 3 years.
- Purchased software licences - 3 to 8 years.

Cost Allocation

The Ministry derives the costs of outputs using a cost allocation system. 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 equivalent staff.

'Direct costs' are those costs directly attributed to an output. 'Indirect costs' are those costs that cannot be directly associated with a specific output.

Notes to the Financial Statements

Note 1 - Operating Expenses

	2009/10	2010/11		2011/12
	Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants (including contractors) fees	9,676	10,796	11,719	10,086
Audit fees	154	140	154	154
International travel	883	1,200	984	900
Domestic travel	1,407	1,825	722	900
Training	202	800	502	700
Recruitment costs	208	400	480	500
Network operating costs	765	1,450	951	900
Operating leases and property costs	3,089	3,250	3,007	3,002
Contributions and sponsorship	2,761	1,591	-	-
Administration of the Waste Act Recoverable Costs	1,632	1,306	1,249	1,249
Administration of the RMA Call-ins and applications to the EPA Recoverable Costs	1,600	16,035	11,265	20,142
Land Use and Carbon Analysis System	5,152	6,554	3,754	9,154
Other	3,261	5,303	5,320	6,737
Total	30,861	50,650	40,107	54,424

Note 2 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2011

	2009/10	2010/11		2011/12
	Actual \$000	In 2010 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus / (deficit)	44	5	5	5
Add / (less) non-cash items				
Depreciation and amortisation expense	1,278	1,381	1,470	1,499
<i>Total non-cash items</i>	1,278	1,381	1,470	1,499
Add / (less) items classified as investing or financing activities				
(Gains) / losses on disposal property, plant and equipment	(12)	(5)	(5)	(5)
<i>Total items classified as investing or financing activities</i>	(12)	(5)	(5)	(5)
Add / (less) movements in working capital items				
(Inc) / Dec in debtors and other receivables	(2,880)	-	(112)	1,000
(Inc) / Dec in prepayments	(43)	-	125	-
Inc / (Dec) in creditors and other payables	(1,812)	-	3,810	-
Inc / (Dec) in employee entitlements	(390)	-	-	-
<i>Net movements in working capital items</i>	(5,125)	-	3,823	1,000
Add / (less) movements in non-current liabilities				
Inc / (Dec) in employee entitlements	(115)	-	-	-
Net cash from operating activities	(3,930)	1,381	5,293	2,499