

Forecast Financial Statements

Ministry for the Environment

Statement of Forecast Financial Performance for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Income					
Crown		49,503	61,296	61,296	78,320
Department(s)		467	428	428	428
Other revenue		281	2,969	2,969	667
Gains		6	5	5	5
Interest		-	-	-	-
Total Income		50,257	64,698	64,698	79,420
Expenses					
Personnel		21,443	24,505	24,505	23,484
Operating	1	27,370	38,924	38,924	53,864
Depreciation and amortisation		582	1,036	1,036	1,789
Capital charge		177	228	228	278
Finance costs		-	-	-	-
Other		9	-	-	-
Total Expenses		49,581	64,693	64,693	79,415
Net Surplus / (Deficit)		676	5	5	5

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Balance at 1 July					
General funds		2,043	3,039	3,039	3,712
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		2,043	3,039	3,039	3,712
Changes in Taxpayers' Funds					
Income and Expense for the Period					
Net surplus / (deficit) for the year		676	5	5	5
Total gains / (losses) taken to equity		-	-	-	-
Total Income and Expense for the Period		676	5	5	5
Other Changes					
Repayment of surplus		(676)	(5)	(5)	(5)
Capital contribution		996	673	673	1,604
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		996	673	673	1,604
Balance at 30 June					
General funds		3,039	3,712	3,712	5,316
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		3,039	3,712	3,712	5,316

Forecast Statement of Financial Position as at 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		10,249	7,390	7,390	8,051
Debtors and other receivables		1,231	350	350	350
Prepayments		155	100	100	100
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		11,635	7,840	7,840	8,501
Non-current Assets					
Property, plant and equipment		3,031	2,325	2,325	1,385
Intangible assets		296	832	832	2,715
Other non-current assets		-	-	-	-
Total Non-current Assets		3,327	3,157	3,157	4,100
Total Assets		14,962	10,997	10,997	12,601
Liabilities					
Current Liabilities					
Creditors and other payables		9,193	5,880	5,880	5,880
Repayment of surplus		676	5	5	5
Employee entitlements		1,300	785	785	785
Other current liabilities		-	-	-	-
Total Current Liabilities		11,169	6,670	6,670	6,670
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		754	615	615	615
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		754	615	615	615
Total Liabilities		11,923	7,285	7,285	7,285
Taxpayers' Funds					
General funds		3,039	3,712	3,712	5,316
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		3,039	3,712	3,712	5,316
Total Liabilities and Taxpayers' Funds		14,962	10,997	10,997	12,601

Statement of Forecast Cash Flows for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		49,503	61,296	61,296	78,320
Department(s)		452	572	572	428
Other		381	3,060	3,060	667
Interest		-	-	-	-
Payments to:					
Suppliers		(27,225)	(42,252)	(42,252)	(53,930)
Employees		(20,871)	(25,089)	(25,089)	(23,418)
Capital charge		(177)	(228)	(228)	(278)
Goods and services tax (net)		(643)	646	646	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	1,420	(1,995)	(1,995)	1,789
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		6	5	5	5
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(1,326)	(422)	(422)	(390)
Intangible assets		(82)	(444)	(444)	(2,342)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(1,402)	(861)	(861)	(2,727)
Cash Flow from Financing Activities					
Capital contribution		996	673	673	1,604
Other financing cash inflows		-	-	-	-
Repayment of surplus		(1,902)	(676)	(676)	(5)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(906)	(3)	(3)	1,599
Net Increase / (Decrease) in Cash		(888)	(2,859)	(2,859)	661
Cash at the beginning of the year		11,137	10,249	10,249	7,390
Cash at the end of the year		10,249	7,390	7,390	8,051

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.
- Personnel costs are based on 300 full time equivalent staff.
- 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 2007/08 is used as the opening position for the 2008/09 forecasts.

These assumptions are adopted as at 02 April 2008.

Factors that could lead to material differences between the forecast financial statements and the 2008/09 actual financial statements include:

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

Department-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.

Statement of Entity-Specific Accounting Policies

Revenue

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 specified 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 years.
- Office equipment - 5 years.
- Computer hardware - 3 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.

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

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Operating expenses (as currently estimated) include:				
Consultants (including contractors) fees	11,823	14,887	14,887	15,970
Overseas travel	874	1,332	1,332	1,482
Domestic travel	1,319	1,417	1,417	1,446
Grants, contributions and sponsorships	2,931	3,162	3,162	3,200
Rental, leasing and other property costs	2,638	3,090	3,090	3,183
Training	445	653	653	650
Network Operating Expenses	926	1,116	1,116	1,100
Research and Development (calculation of carbon sinks under the Kyoto Protocol)	3,221	4,468	4,468	10,506
Planning and Reporting (Carbon Neutral Public Service)	-	550	550	2,100
Other - Invest in offsets for six lead agencies under Carbon Neutral Public Service initiative	-	150	150	5,000
Other - Further the work relating to the implementation of the Waste Minimisation and Resource Recovery Bill	-	-	-	2,893
Other - Hosting of World Environment Day	-	2,937	2,937	-
Other - Costs associated with implementing the Emissions Trading Scheme (forums, technical advisory groups, iwi engagement, public awareness)	-	768	768	900
Other	3,193	4,394	4,394	5,434
Total operating expenses	27,370	38,924	38,924	53,864

Note 2 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the Year Ended 30 June 2009

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Net surplus / (deficit)	676	5	5	5
Add / (less) non-cash items				
Depreciation and amortisation expense	582	1,036	1,036	1,789
Total non-cash items	582	1,036	1,036	1,789
Add / (less) items classified as investing or financing activities				
(Gains) / losses on disposal of property, plant and equipment	3	(5)	(5)	(5)
Total items classified as investing or financing activities	3	(5)	(5)	(5)
Add / (less) movements in working capital items				
(Inc) / Dec in debtors and other receivables	(558)	881	881	-
(Inc) / Dec in prepayments	(22)	55	55	-
Inc / (Dec) in creditors and other payables	399	(3,313)	(3,313)	-
Inc / (Dec) in employee entitlements	205	(515)	(515)	-
Net movements in working capital items	24	(2,892)	(2,892)	-
Add / (less) movements in non-current liabilities				
Inc / (Dec) in employee entitlements	135	(139)	(139)	-
Net movements in non-current liabilities	135	(139)	(139)	-
Net cash from operating activities	1,420	(1,995)	(1,995)	1,789