

Forecast Financial Statements

Ministry for the Environment

Statement of Forecast Comprehensive Income for the year ending 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		65,689	78,320	65,470	68,475
Department(s)		521	428	429	426
Other revenue		1,598	667	2,521	4,134
Gains		9	5	5	5
Interest		-	-	-	-
Total Income		67,817	79,420	68,425	73,040
Expenses					
Personnel		23,996	23,484	27,202	27,689
Operating	1	33,768	53,864	39,608	43,462
Depreciation and amortisation		915	1,789	1,332	1,501
Capital charge		228	278	278	383
Finance costs		-	-	-	-
Other		20	-	-	-
Total Expenses		58,927	79,415	68,420	73,035
Net Surplus / (Deficit)		8,890	5	5	5
Other comprehensive income		-	-	-	-
Total Comprehensive Income		8,890	5	5	5

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		3,039	3,712	3,712	5,101
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		3,039	3,712	3,712	5,101
Changes in Taxpayers' Funds					
Comprehensive income for the period		8,890	5	5	5
Repayment of surplus		(8,890)	(5)	(5)	(5)
Capital contribution		673	1,604	1,389	891
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		673	1,604	1,389	891
Balance at 30 June					
General funds		3,712	5,316	5,101	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		3,712	5,316	5,101	5,992

Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		18,488	8,051	10,434	12,224
Debtors and other receivables		1,186	350	574	500
Prepayments		154	100	100	100
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		19,828	8,501	11,108	12,824
Non-current Assets					
Property, plant and equipment		1,824	1,385	1,616	1,432
Intangible assets		1,463	2,715	2,263	2,432
Other non-current assets		-	-	-	-
Total Non-current Assets		3,287	4,100	3,879	3,864
Total Assets		23,115	12,601	14,987	16,688
Liabilities					
Current Liabilities					
Creditors and other payables		8,162	5,880	7,530	8,340
Repayment of surplus		8,890	5	5	5
Employee entitlements		1,522	785	1,522	1,522
Other current liabilities		-	-	-	-
Total Current Liabilities		18,574	6,670	9,057	9,867
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		829	615	829	829
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		829	615	829	829
Total Liabilities		19,403	7,285	9,886	10,696
Taxpayers' Funds					
General funds		3,712	5,316	5,101	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		3,712	5,316	5,101	5,992
Total Liabilities and Taxpayers' Funds		23,115	12,601	14,987	16,688

Statement of Forecast Cash Flows for the year ending 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		65,689	78,320	65,470	68,475
Department(s)		470	428	624	426
Other		698	667	2,938	4,208
Interest		-	-	-	-
Payments to:					
Suppliers		(34,630)	(53,930)	(40,176)	(42,815)
Employees		(23,574)	(23,418)	(27,045)	(27,526)
Capital charge		(228)	(278)	(278)	(383)
Goods and services tax (net)		813	-	(167)	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	9,238	1,789	1,366	2,385
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		9	5	5	5
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		214	(390)	(340)	(375)
Intangible assets		(1,219)	(2,342)	(1,584)	(1,111)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(996)	(2,727)	(1,919)	(1,481)
Cash Flow from Financing Activities					
Capital contribution		673	1,604	1,389	891
Other financing cash inflows		-	-	-	-
Repayment of surplus		(676)	(5)	(8,890)	(5)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(3)	1,599	(7,501)	886
Net Increase / (Decrease) in Cash		8,239	661	(8,054)	1,790
Cash at the beginning of the year		10,249	7,390	18,488	10,434
Cash at the end of the year		18,488	8,051	10,434	12,224

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 will shift its activities to focus on the Government's priorities. These priorities include the reform of the Resource Management Act, the redesign and implementation of the Emissions Trading Scheme, improving New Zealand's freshwater management, and creating an Environmental Protection Agency.
- 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 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 3 April 2009.

Factors that could lead to material differences between the forecast financial statements and the 2009/10 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 the 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.

The 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 the 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 8 April 2009. 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

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants (including contractors) fees	16,529	22,193	22,193	21,843
Audit fees	142	164	164	145
International travel	995	1,218	1,218	1,200
Domestic travel	1,369	1,566	1,566	1,650
Training	440	505	505	800
Recruitment costs	332	646	646	350
Network operating costs	1,091	1,287	1,287	1,450
Operating leases and property costs	2,924	3,078	3,078	3,200
Contributions and sponsorship	5,350	3,036	3,036	4,928
Administration of the Waste Act Recoverable Costs	-	-	-	2,260
Other	4,596	5,903	5,903	5,636
Total	33,768	39,596	39,596	43,462

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

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus / (deficit)	8,890	5	5	5
Add / (less) non-cash items				
Depreciation and amortisation expense	915	1,789	1,332	1,501
Total non-cash items	915	1,789	1,332	1,501
Add / (less) items classified as investing or financing activities				
(Gains) / losses on disposal property, plant and equipment	11	(5)	(5)	(5)
Total items classified as investing or financing activities	11	(5)	(5)	(5)
Add / (less) movements in working capital items				
(Inc) / Dec in debtors and other receivables	(138)	-	612	74
(Inc) / Dec in prepayments	1	-	54	-
Inc / (Dec) in creditors and other payables	(737)	-	(632)	810
Inc / (Dec) in employee entitlements	221	-	-	-
Net movements in working capital items	(653)	-	34	884
Add / (less) movements in non-current liabilities				
Inc / (Dec) in employee entitlements	75	-	-	-
Net cash from operating activities	9,238	1,789	1,366	2,385