

Forecast Financial Statements

Ministry for the Environment

Statement of Forecast Comprehensive Income for the year ending 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		54,095	63,859	52,194	52,830
Department(s)		640	434	1,213	-
Other revenue		5,645	21,495	454	5
Gains		4	5	5	5
Interest		-	-	-	-
Total Income		60,384	85,793	53,866	52,840
Expenses					
Personnel		27,418	29,386	26,694	25,994
Operating	1	30,967	54,424	25,133	25,148
Depreciation and amortisation		1,421	1,499	1,555	1,214
Capital charge		449	479	479	479
Finance costs		-	-	-	-
Other		76	-	-	-
Total Expenses		60,331	85,788	53,861	52,835
Net Surplus / (Deficit)		53	5	5	5
Other comprehensive income		-	-	-	-
Total Comprehensive Income		53	5	5	5

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		5,992	5,992	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		5,992	5,992	5,992	5,992
Changes in Taxpayers' Funds					
Comprehensive income for the period		53	5	5	5
Repayment of surplus		(53)	(5)	(5)	(5)
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		-	-	-	-
Balance at 30 June					
General funds		5,992	5,992	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		5,992	5,992	5,992	5,992

Forecast Statement of Financial Position as at 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		4,324	9,554	4,315	4,457
Debtors and other receivables		6,641	6,206	6,803	7,200
Prepayments		416	100	200	200
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		11,381	15,860	11,318	11,857
Non-current Assets					
Property, plant and equipment		1,541	901	1,323	1,090
Intangible assets		1,433	508	1,046	740
Other non-current assets		-	-	-	-
Total Non-current Assets		2,974	1,409	2,369	1,830
Total Assets		14,355	17,269	13,687	13,687
Liabilities					
Current Liabilities					
Creditors and other payables		5,364	8,340	4,390	4,390
Repayment of surplus		53	5	5	5
Employee entitlements		1,999	2,011	1,999	1,999
Other current liabilities		-	-	-	-
Total Current Liabilities		7,416	10,356	6,394	6,394
Non-current Liabilities					
Provisions		-	-	373	373
Employee entitlements		947	921	928	928
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		947	921	1,301	1,301
Total Liabilities		8,363	11,277	7,695	7,695
Taxpayers' Funds					
General funds		5,992	5,992	5,992	5,992
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		5,992	5,992	5,992	5,992
Total Liabilities and Taxpayers' Funds		14,355	17,269	13,687	13,687

Statement of Forecast Cash Flows for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		55,198	63,859	50,194	52,433
Department(s)		(162)	434	2,003	-
Other		5,797	22,495	1,502	5
Interest		-	-	-	-
Payments to:					
Suppliers		(31,443)	(54,596)	(25,608)	(25,273)
Employees		(27,251)	(29,214)	(26,588)	(25,869)
Capital charge		(449)	(479)	(479)	(479)
Goods and services tax (net)		452	-	107	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	2	2,142	2,499	1,131	817
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		(292)	(375)	(375)	(375)
Intangible assets		(568)	(200)	(717)	(300)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(854)	(570)	(1,087)	(670)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(44)	(5)	(53)	(5)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(44)	(5)	(53)	(5)
Net Increase / (Decrease) in Cash		1,244	1,924	(9)	142
Cash at the beginning of the year		3,080	7,630	4,324	4,315
Cash at the end of the year		4,324	9,554	4,315	4,457

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 and operation of the Emissions Trading Scheme, improving New Zealand's freshwater management and the management of the Exclusive Economic Zone (EEZ).
- Personnel costs are based on 285 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 2011/12 is used as the opening position for the 2012/13 forecasts.

These assumptions are adopted as at 16 April 2012.

Factors that could lead to material differences between the forecast financial statements and the 2012/13 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 the 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 16 April 2012. 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

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants (including contractors) fees	12,607	10,086	10,120	9,850
Audit fees	170	154	170	185
International travel	1,009	900	1,104	900
Domestic travel	983	900	722	800
Training	471	700	380	650
Recruitment costs	516	500	122	150
Network operating costs	744	900	838	950
Operating leases and property costs	2,972	3,002	2,090	2,200
Contributions and sponsorship	285	-	200	200
Administration of the Waste Act Recoverable Costs	1,077	1,249	1,319	1,319
Administration of the RMA Call-ins and applications to the EPA Recoverable Costs	4,801	20,142	-	-
Land Use and Carbon Analysis System	5,332	9,154	7,046	6,550
Other	-	6,737	1,022	1,394
Total	30,967	54,424	25,133	25,148

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

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus / (deficit)	53	5	5	5
Add / (less) non-cash items				
Depreciation and amortisation expense	1,421	1,499	1,555	1,214
<i>Total non-cash items</i>	1,421	1,499	1,555	1,214
Add / (less) items classified as investing or financing activities				
(Gains) / losses on disposal property, plant and equipment	72	(5)	(5)	(5)
<i>Total items classified as investing or financing activities</i>	72	(5)	(5)	(5)

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Add / (less) movements in working capital items				
(Inc) / Dec in debtors and other receivables	905	1,000	(424)	(397)
(Inc) / Dec in prepayments	(191)	-	-	-
Inc / (Dec) in creditors and other payables	503	-	-	-
Inc / (Dec) in provisions	(636)	-	-	-
Inc / (Dec) in employee entitlements	(11)	-	-	-
<i>Net movements in working capital items</i>	570	1,000	(424)	(397)
Add / (less) movements in non-current liabilities				
Inc / (Dec) in employee entitlements	26	-	-	-
Net cash from operating activities	2,142	2,499	1,131	817