

Annual report

for the year ended 30 June 2021



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Presented to the House of Representatives pursuant to
section 44(1) of the Public Finance Act 1989 and
section 23 of the Environment Act 1986



Parliamentary Commissioner for the Environment
Te Kaitiaki Taiao a Te Whare Pāremata

Parliamentary Commissioner for the Environment
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The Rt Hon Trevor Mallard
Speaker
House of Representatives
Parliament Buildings
Wellington

Mr Speaker

In accordance with section 23 of the Environment Act 1986, I am pleased to submit my annual report for the year ended 30 June 2021.

Yours faithfully

A handwritten signature in black ink, consisting of a long horizontal stroke on the left that curves upwards and then down to a vertical line, with a short horizontal stroke extending to the right from the top of the vertical line.

Rt Hon Simon Upton

Parliamentary Commissioner for the Environment
Te Kaitiaki Taiao a Te Whare Pāremata

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Chroicocephalus novaehollandiae ssp. scopulinus, red-billed gulls

Overview

Over the past year, I have released reports resulting from three major investigations: estuary management, environmental science funding and the impact of tourism on the environment. These reports made sixteen recommendations to Parliament, with a further recommendation from one of the two submissions I made on Crown Entity consultation documents. I am pleased that of the five recommendations responded to by Government, three have been partially adopted.

I am currently working on five wide-ranging investigations. Two of these investigations follow on from previous reviews. These reviews, together with the need to track an extremely ambitious governmental reform programme, leave limited capacity to respond to emerging issues or public concerns.

Broader forces influenced the timing and direction of advice I released in 2020/21. My report on the management of estuaries was delayed as I waited for the Essential Freshwater package to be finalised. It was pleasing to see the Government agree to adopt three of my four key recommendations.

When I embarked on my investigation into the environmental impacts of the tourism industry, the upheaval caused by Covid-19 was still in the future. By the time my investigation had concluded, a complete hiatus on international visitor travel to and from New Zealand had ensued. As a result, I found myself adjusting recommendations from ones that sought to influence business-as-usual, to ones that made the best use of the close-down to enable international tourism to New Zealand to resume on a different basis.

My review of the prioritisation and funding of environmental research fell within the period the Minister of Research, Science and Innovation has been incubating an overhaul of the government science system. My main recommendation was for funds to be allocated by people with an understanding of what environmental research entails, and the expertise to ensure there is a clear line of sight to a national environmental strategy. While the outcomes of the reform are yet to be made public, my report was released in time for its recommendations to be considered in this process.

This past year has seen the election of the 53rd Parliament. As an Officer of Parliament, I view Parliament as my primary audience. With the formation of a new Government, I took the opportunity to introduce myself to as many new Members as possible. In a similar style to the Briefings to Incoming Ministers that ministries and departments provide, I produced a Briefing for Incoming Parliamentarians outlining my role and how I can work with Members. I followed this up by meeting new Members and tried to meet the environment caucus committees of each party. At the event, I met with the entire caucus of both the Green Party and ACT.

The new Government has initiated wide-ranging and ambitious reforms, many of which touch on the environment. The independent review of local government, the Three Waters reform programme and resource management reforms will all have a large bearing on the environment. I will follow these reform processes closely to advise on how well they mesh together. My first such comments on resource management reform were made on the eve of the election in my Salmon Lecture.

It has been two and a half years since I released my assessment of the nutrient management model Overseer. One of my key recommendations was that the model should be comprehensively evaluated by an independent group with full access to the source code. Over the past fifteen months, an independent Science Advisory Panel appointed by the Government has reviewed whether the farm management model can be used to regulate nitrogen leaching from farms into waterways. The panel's report has since been released and has revealed serious shortcomings. I will continue to follow developments closely.

In Budget 2021, the Government committed \$25 million over the next three years to establish an “enduring environmental monitoring and reporting system”. This is a direct response to recommendations from my 2019 report reviewing the effectiveness of the environmental reporting system. However, this budget is narrowly focused on targets and limits as part of the resource management reform. Significant further work will be needed in the years to come to fully devise and run an effective monitoring system for the environment more broadly. I shall be monitoring this closely.

This year also marks the release of He Pou a Rangi – the Climate Change Commission's first package of advice to the Government on how Aotearoa can reach its climate targets. My first piece of work as Commissioner was refining my predecessor's suggestions on how an independent Climate Commission would work in the New Zealand context. In that report, I recommended that the Climate Commission play an advisory role in proposing carbon budgets. That advice has now been presented, and I await with interest the formal adoption of the Government's first three emissions budgets out to 2035, and the release of New Zealand's first emissions reduction plan at the end of this year.

With many reforms under way in the environmental area, critical issues of implementation and sequencing will be as important as policy aspirations. It will be important for Parliament to take a close interest in how some of these major reforms will actually work in practice. I hope to be able to provide useful assistance to select committees as policy is turned into law.



Simon Upton

Parliamentary Commissioner for the Environment

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Hericium coralloides, coral tooth fungus

Tirohanga whānui

I te tau kua pahure ake nei, kua tukuna e au ngā pūrongo e puta mai ana i ngā whakatewhatewhatanga hira e toru: te whakahaere pūahatanga, te pūtea pūtaiao taiao me te pānga o te tāpoi ki te taiao. Tekau mā ono ngā tūtohu i roto i ēnei pūrongo i tukuna ki te Pāremata, me tētahi atu tūtohu anō mai i tētahi o ngā tāpaetanga e rua i tukuna e au mō ngā tuhinga akoako Hinonga Karauna. E koa ana au, e toru ngā tūtohu o ngā tūtohu e rima ka uruparetia e te Kāwanatanga, kua āhua whakamanahia.

Ināiane, e mahi ana au i runga i ngā whakatewhatewhanga matawhānui e rima. E rua ēnei whakatewhatewha ka puta mai i ētahi arotake o mua. Nā ēnei arotake, me te hiahia ki te haurapa i te hōtaka whakahou kāwanatanga tino awhero, i iti rawa ai te raukaha ki te urupare ki ngā take hou, ngā āwangawanga o te hunga tūmatanui rānei.

Kua whakaweawe ngā tōpana whānui i te wā me te ahunga o te tohutohu i tukuna e au i te 2020/21. I takaroa taku pūrongo mō te whakahaere pūahatanga ina tatari ana au kia whakaotia te pūhera Wai Māori Waiwai. E koa ana au kia kite i whakaae te Kāwanatanga ki te whakamana i ngā tūtohu e toru o aku tūtohu matua e whā.

I te wā i tīmata taku whakatewhatewha ki ngā pānga taiao o te ahumahi tāpoi, kāore anō kia tae mai ngā raruraru o te Kowheori-19. I te wā i oti taku whakatewhatewha, kua aukatinga katoatia te haerenga mai a ngā manuhiri ki Aotearoa me te wehenga atu. Nā reira, i whakarerekē e au ngā tūtohu mai i te rapu ki te whakaaweawe i te pakihi o ia rā, ki te whakawhirinaki kē ki te katinga o te tāpoi ā-ao ki Aotearoa kia tīmata anō i runga i te tūāpapa rerekē.

I taka taku arotake o te whakaarotau me te pūtea mō te rangahau ki te wā i te whakarite te Minita o te Rangahau, Pūtaiao me te Auahatanga i te whakahounga o te pūnaha pūtaiao kāwanatanga. Ko taku tino tūtohu kia tohaina ngā pūtea e ngā tāngata e mārama ana ki te kaupapa o te rangahau pūtaiao, me te pūkenga kia whakatūturuhia he tirohanga mārama ki te rautaki taiao ā-motu. Ahakoa kāore anō ngā putanga o te whakahou kia tukuna ki te ao tūmatanui, nā te moata o te tuku i taku pūrongo i āhei aku tūtohu kia whaiwhakaarohia i roto i tēnei hātepe.

I te tau kua pahure ake nei kua pōtīhia te Pāremata nama 53. Nā te mea he Āpiha au nō te Pāremata, ki a au ko te Pāremata te hunga mātakitaki matua mōku. I te waihangananga o te Kāwanatanga hou, i whāi wāhi au ki te tūtaki atu ki te nuinga o ngā Mema hou. Waihoki, e āhua ōrite ana ki ngā Whakamōhiotanga ki ngā Minita Hou e whakaratohia ana e ngā manatū me ngā tari, i whakaputa au i te Whakamōhiotanga mō ngā Mema Pāremata Hou e whakahua ana i taku mahi, ā, me pēhea taku mahi tahi me ngā Mema. I muri i tēnei i tūtaki au ki ngā Mema hou, ā, i whakamātau au ki te tūtaki ki ngā komiti uepū taiao o ia rōpū tōrangapū. Heoi anō, i tūtaki au ki te uepū katoa o te Rōpū Kākāriki me ACT.

Kua tīmata te Kāwanatanga hou i ngā whakahou whānui, awhero hoki, he maha e pā ana ki te taiao. E aronga nui ana ki te taiao tō te arotake motuhake o te kāwanatanga ā-rohe, te hōtaka whakahou o Ngā Wai e Toru, me ngā whakahou whakahaere rauemi. Ka āta tirohia e au ēnei hātepe whakahou kia tuku tohutohu mō te pai o te pāhekoheko. Ko aku kōrero pērā tuatahi mō te whakahou whakahaere rauemi i tukuna i te pō i mua i te pōtitanga, i roto i taku kauhau Salmon.

Kua rua me te hāwhe ngā tau i muri i taku tuku i taku aromatawai o te tauira whakahaere taiora, Overseer. Ko tētahi o aku tūtohu matua kia aromātaia rawatia te tauira e tētahi rōpū motuhake me te āhei ki te waehe mātāpuna. I roto i ngā marama tekau mā rima kua pahure, kua arotakehia e te Paewhiri Tohutohu Pūtaiao motuhake i whakatūria e te Kāwanatanga mēnā ka āhei te whakamahi i te tauira whakahaere pāmu ki te whakarite i te rere o te hauota mai i ngā pāmu ki ngā arawai. Kua whakaputaina te pūrongo a te paewhiri, ā, kua whāki i ngā tino hē kei roto. Ka āta whai tonu au i ngā whanaketanga.

I roto i Tahua 2021, i whakaritea e te Kāwanatanga te \$25 miriona i roto i ngā toru tau e heke mai nei ki te whakatū i te “pūnaha pūmau aroturuki me te pūrongo ā-taiao”. He urupare tōtika tēnei ki aku tūtohu mai i taku pūrongo o 2019 e arotake ana i te whai hua o te pūnaha pūrongo taiao. Heoi anō, he arotahi whāiti tō tēnei tahua ki ngā whāinga me ngā tepenga hei wāhanga nō te whakahou whakahaere rauemi. He mahi nui rawa e hiahiatia tonutia ana i roto i ngā tau e heke mai nei kia tino whakarite me te whakahaere i te pūnaha aroturuki whai hua mō te taiao matawhānui. Ka āta aroturuki au i tēnei.

E tohu ana hoki tēnei tau i te whakaputanga nā He Pou a Rangi – the Climate Commission i te pūhera tohutohu tuatahi ki te Kāwanatanga me pēhea a Aotearoa e whakatutuki i ana whāinga āhuarangi. Ko taku mahi tuatahi hei Kaikōmihana ko te whakapakari i ngā marohi a te Kaikōmihana i mua i a au me pēhea te Kōmihana Āhuarangi motuhake e whakatinanahia ai ki te horopaki o Aotearoa. I roto i tērā pūrongo, i tūtohua e au me tū te Kōmihana Āhuarangi hei kaitohutohu ki te marohi i ngā tahua waro. Ināianei, kua tāpaetia taua tohutohu, ā, e tatari ana au ki te whakamanatanga ōkawa a te Kāwanatanga i ngā tahua putanga e toru tuatahi tae atu ki te tau 2035, me te whakaputa i te whakamahere whakaiti putanga tuatahi o Aotearoa i te mutunga o tēnei tau.

Nā te mea he maha ngā whakahou e whakahaeretia ana ki te takiwā o te taiao, he ōrite te hira o ngā take waiwai o te whakatinana me te whakaraupapa ki te hira o ngā tūmanako kaupapahere. He mea nui kia āta tiro te Pāremata he pēhea ngā whakahou matua nei e mahia ana i te ao. Ko taku tūmanako ka taea e au te tuku i te āwhina whai take ki ngā komiti whiriwhiri ina hurihia ana te kaupapahere ki te ture.



Simon Upton

Te Kaitiaki Taiao a Te Whare Pāremata

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Agathis australis, kauri

The role of the Parliamentary Commissioner for the Environment

By passing the Environment Act 1986, Members of Parliament voted to create the Office of the Parliamentary Commissioner for the Environment. The office was established to provide members with independent, robust advice about environmental matters.

As an independent Officer of Parliament, I report to Parliament as a whole, not to a government minister. This is both a privilege and a responsibility. I have a unique opportunity to provide both ministers and opposition spokespeople with independent advice on any matters that may have an impact on the quality of the environment. It is up to Members of Parliament what they do with my recommendations and advice.

With the assistance of a small team, I have to focus on issues where I can add value. My broad approach is twofold. I look for those areas that are not yet in the spotlight or may be neglected. Work on these issues can alert relevant agencies and the wider community to problems that may need more sustained attention. I also maintain an engagement with environmental issues, such as water quality and climate change, that have proved difficult to tackle and seem to be almost permanently on the agenda. In these cases, I hope that some independent analysis from a fresh angle can help move the debate forward.

The Commissioner's team

My office is based in Wellington close to Parliament. I have 18 advisory staff who possess a wide range of skills and knowledge.

The team is truly multi-disciplinary, with advisors spanning fields as varied as analytical modelling, biology, chemistry, ecology, economics, finance, forestry, geography, geology, history, law, literature, marine science, mātauranga Māori, physics, planning, policy, resource management, risk analysis, social science, soil science, statistics and tikanga Māori. We are fortunate to be supported by an excellent administrative unit.

Legal functions

The Environment Act 1986 lays out the functions and powers of the Commissioner. These form the basis of my ability to investigate environmental issues, processes and public agencies. The functions are wide-ranging and are set out in section 16(1) of the Environment Act 1986 as follows:

- a) review the system of agencies and processes established by the Government to manage the allocation, use and preservation of natural and physical resources, and report to the House of Representatives
- b) investigate the effectiveness of environmental planning and environmental management carried out by public authorities, and advise them on remedial action
- c) investigate any matter where the environment may be or has been adversely affected, advise on preventive measures or remedial action and report to the House of Representatives
- d) at the request of the House of Representatives or any select committee, report on any petition, bill or other matter that may have a significant effect on the environment
- e) on the direction of the House of Representatives, inquire into any matter that has had or may have a substantial and damaging effect on the environment and report to the House
- f) undertake and encourage the collection and dissemination of information relating to the environment
- g) encourage preventive measures and remedial actions for the protection of the environment.

Our mission and values

In preparing, reporting and communicating advice to Parliament, we use the following shared mission and values to guide our work.

Our mission

To maintain or improve the quality of the New Zealand environment by providing robust independent advice that influences decisions.

Our values

Excellence

The questions we raise and the solutions we propose are based on sound science and reasoned argument. We are accountable to the people of New Zealand and deliver value for the funding we receive.

Determination

We bravely and constructively question the status quo. We persist in communicating the results of our work in different ways to maximise its usefulness.

Generosity of spirit

We work together in an open collegial way, sharing our expertise, listening carefully and not rushing to judgment. We actively acknowledge decisions and actions that benefit the environment.

Innovation

Our independence empowers us to think freely and creatively. We strive to get beyond describing problems to proposing solutions.

Effectiveness

Others trust and respond to our advice. Our work has a lasting and tangible impact on the New Zealand environment.

Tā mātau koromaki me ā mātau uara

Tā mātau koromaki

He pupuri, he whakapai ake i te taiao ki tērā e tika ana mā te tuku tohutohu motuhake whai kaha e mārama ai ngā whakatau.

Ā mātau uara

Hiranga

Ko ā mātau pātai me ngā whakautu he ū ki te pūtaiao matatau, he mārama hoki. Ka noho haepapa mātau ki te iwi o Aotearoa me te tuku uara mō ngā pūtea ka whakawhiwhia mai.

Manawa nui

He kaha te tuku pātai kia pai ake ngā āhuratanga. Ka ngana mātau ki te whakaputa i ngā hua o ā mātau mahi mā ngā tikanga rerekē kia kaha ai te whai take.

Te wairua manaaki

Ka mahi tahi mātau i runga i te mana ōrite, te whakawhiti whakaaro, te āta whakarongo, ā, kia kaua e pukā te whakawā. Ka whakaae ki ngā whakataunga me ngā mahi e hua ai te taiao.

Auahatanga

Nā te pararau kore e tuwhera, e auaha te whakaaro. Ka ngana ki te whakatika raruraru, kaua te noho i roto i te pouri.

Tōtikatanga

Ka pono, ka ora hoki te tangata i ā mātau tohutohu. Ko ngā pānga, he pūmau te whai hua ki te taiao o Aotearoa.

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Hooker Valley Track, Aoraki/Mount Cook National Park

Reports, advice and other work

The core work of my office is to provide advice to decision makers to maintain or improve the quality of Aotearoa New Zealand's environment. The majority of this advice is derived from in-depth investigations.

Investigations arise in a variety of ways. They may be raised by Members of Parliament, prompted by letters from the public or flow from issues uncovered in the course of our enquiries or previous investigations. The result of an investigation takes the form of a report presented to Parliament. Reports may contain recommendations to ministers or be purely informative. My staff and I work hard to ensure that reports are evidence-based and accurate, and that any recommendations are both practical and likely to be effective.

Advice is also delivered through submissions on proposed law changes, presentations to select committees and as comment on policy proposals to government agencies.

While formal reporting is fundamental, I also use a variety of other means to communicate my work to parliamentarians and the public, including presentations and speeches, regular meetings with Members of Parliament, media comment and material on my website.

Reports

Reports resulting from environmental investigations form the backbone of our work programme and ensure that my advice is founded on a strong evidence base.

This year I presented three investigative reports to Parliament:

- *Managing our estuaries*
- *A review of the funding and prioritisation of environmental research in New Zealand*
- *Not 100% – but four steps closer to sustainable tourism.*

Managing our estuaries

My investigation into estuaries found that there is no environmental policy dedicated to managing them and they tend to be a low priority in the legislation that does apply to them.

The report, released in August 2020, used five estuaries (New River Estuary, Pelorus Sound/Te Hoiere, Tauranga Harbour, Te Awarua-o-Porirua Harbour and Whāingaroa Harbour) as case studies to illustrate some of the environmental challenges they face and how they are managed. Each of the case studies explores how historical and current land-based practices have impacted the health and human uses of the estuary.

Estuaries act as waste traps for pollution carried downstream by rivers and from ports and coastal communities. Centuries of forest clearance have swollen the sediment loads entering our waterways, while in recent decades, intensive farming practices have resulted in unprecedented nitrogen levels flowing downstream. Population growth – and the associated discharge of treated and untreated sewage and stormwater from houses and industry – has led to further sedimentation and pollution.

It became clear through the investigation that the issues crippling estuaries are already well documented, but action to address them has often stalled. Managing estuaries is about managing the pressures that cumulatively affect them. Yet the Resource Management Act 1991 and other legislative tools designed to control these pressures divide the environment up in ways that cut estuaries off from the landscapes of which they are part. The report's main recommendation was to manage estuaries with the catchments that feed them to allow for true ki uta ki tai (mountains to sea) management.

For this to take place, I recommended including every estuary in one or more freshwater management units within the National Policy Statement for Freshwater Management (NPS-FM). This would require councils to set clear limits to deal with pollutants, develop estuary-specific values and attributes, and undertake rigorous monitoring using standardised measures.

The Government has already acted, or partially acted, on three of the four recommendations from the report. The Government has:

- agreed to include estuaries as part of freshwater management units in the NPS-FM
- reactivated the Managing Upstream project, which will help in the development of estuarine-specific attributes and limits under the NPS-FM
- supported a workshop with regional councils to standardise estuaries monitoring.

The only recommendation not specifically mentioned by Government is the proposal that marine species harvested in estuaries be added to the definition of mahinga kai in the NPS-FM. This would allow councils to aim for estuarine conditions where desired marine species are plentiful enough for long-term harvest, and the range of desired species is present across all life stages. This would help to ensure that the mauri of those areas or resources is sustained for future generations.

A review of the funding and prioritisation of environmental research in New Zealand

In December 2020, I released a report that reviewed the way public investment in environmental research is prioritised and funded. I found that current arrangements were fragmented, with no single agency responsible for guiding the investment. I also found there was no line of sight between various government science strategies and funding priorities.

The review sprang from my November 2019 evaluation of the Environmental Reporting Act 2015, which drew attention to huge gaps in both data and understanding of key environmental issues affecting New Zealand.

I then turned to the environmental science funding system to clarify how funding was allocated, what was funded and what could be done to address those data and research gaps.

Core environmental monitoring and the maintenance of collections and databases are long-term projects that require steady funding for years, if not decades. However, the current science funding system tends to prioritise excellence, impact and novelty, leaving continued and underpinning studies on fundamental topics overlooked or underfunded. Without funding for consistent monitoring, reliable databases and well-focused environmental research, New Zealand may not be able to make sense of the data that we do collect and thereby focus research in the areas that most need it.

The report proposed a new funding system that ringfences the roughly \$225 million central government already spends on environmental research. This dedicated funding would be explicitly linked to an environmental research strategy developed by a group of experts familiar with environmental research and led by the Ministry for the Environment. The strategy would help ensure the core research required to tackle Aotearoa's key environmental issues is not neglected. I proposed two models for distributing the research funds, one of which would involve the establishment of an Environmental Research Council.

There has been no formal response from the Government or the Ministry of Business, Innovation and Employment. In her annual Letter of Expectations to Crown Research Institutes, the Minister of Research, Science and Innovation stated that she expects them to "actively co-operate in advancing the consistency of environmental datasets and insights following the Parliamentary Commissioner for the Environment's report to Parliament." I understand the report's recommendations are being factored into the Minister's thinking about the future of the science system.

In evidence provided to the Environment Committee, a spokesperson from the Ministry for the Environment agreed with the ten attributes I listed as required for an environmental funding system to allocate funding effectively. The spokesperson also supported my recommendation for the establishment of an independent Environmental Research Council comprised of specialists as it would be "more effective for delivering the needed environmental research" and would "reduce fragmentation and directly link funding to strategy by coordinating the research needs of the sector as a whole".

The chief executive of the Environmental Protection Authority recently wrote to me noting that if implemented, the recommendations made in the report would make the Environmental Protection Authority's job more effective:

“For the EPA, we need good environmental data that can support our work. Without good environmental data good decision making is difficult. ... We strongly agree that the environmental research strategy should take into account the current, medium and long-term issues that are preoccupying those who seek to manage Aotearoa New Zealand’s environment and should link to the priorities the Government articulates.”

Strong support was also received and published by several New Zealand learned societies.

A third report is being developed for release in the upcoming financial year. It will explore the link between environmental quality and wellbeing by evaluating current attempts by government agencies to integrate wellbeing analysis into budgetary decisions. Following the publication of this report, a synthesis document will be released that joins the dots between the three reviews.

Not 100% – but four steps closer to sustainable tourism

Following my 2019 report on the environmental impacts of tourism, *Pristine, popular... imperilled?*, in February 2021 I released a second report containing targeted recommendations on four environmental pressures associated with tourism.

The first report found that while tourism is marketed as environmentally benign, the reality is rather different. Greenhouse gas emissions from tourists flying to and from New Zealand, a loss of wildness and natural quiet in popular parts of our national parks, and pressure on wastewater networks and solid waste infrastructure in our towns and cities were increasing as millions of people visited our country every year.

The follow-up report urged the Government to use the temporary respite from international visitors due to Covid-19 travel restrictions to transition to a form of tourism that is less environmentally harmful – and more resilient – than its predecessor.

In the report, I put forward four proposals:

- Introduce a departure tax that reflects the environmental cost of flying internationally from New Zealand.
- Make any future central-government funding for tourism infrastructure conditional on environmental criteria and aligned with mana whenua and the local community’s vision for tourism development.
- Clarify and strengthen the tools the Department of Conservation can use to address the loss of wildness and natural quiet at some of Aotearoa’s most spectacular natural attractions.
- Strengthen the existing standard for self-contained freedom camping, improve oversight of the certifying process and extend the collection of infringement fees and fines to rental car agencies.

The recommendations were well-received by Tourism Industry Aotearoa and other sector groups. One month after the release, I gave an address to industry and academic representatives at the Otago Tourism Policy School annual forum in Queenstown. I received positive feedback from attendants around many of the recommendations.

There was strong media and public interest in the report. It was covered by every major New Zealand media outlet, with 42 unique news items and 86 total news items (including syndicated content) about the report in the month following release. There were several waves of

coverage, with subsequent stories drawing comments from Air New Zealand among others. I was also interviewed by several international media outlets about my departure tax recommendation.

The Government has not formally responded to the report, but there has been reference to it in government work. The Minister of Tourism has noted on several occasions that the report will inform the recently announced Tourism Industry Transformation Plan. Several of the report's recommendations have been incorporated into the Government's consultation on freedom camping.

The Government has indicated that it is not undertaking any work on my proposal for a departure tax. However, correspondence from the Prime Minister and Minister of Tourism indicates that work on the International Visitor Conservation and Tourism Levy is underway – though no final decisions have been made. I will continue to explain why a departure tax is for the moment the only legally sustainable and fair way to tackle the challenge climate change poses to the future of our tourism industry.

To date, I am unaware of any work commencing on my destination management planning recommendations. Recent announcements on better managing tourist access to Milford Sound may presage further announcements on how access to the most popular parts of the conservation estate could be managed.

Advice

In addition to full-scale investigations, I have made submissions on the following bills, national policy statements and other consultative documents:

- draft of He Pou a Rangi – the Climate Change Commission's first package of advice to Government
- the New Zealand Infrastructure Commission's *Infrastructure for a Better Future: Aotearoa New Zealand Infrastructure Strategy Consultation Document*.

After the election of the 53rd Parliament, I sent a letter to all incoming parliamentarians briefing them on my role, my current investigations and how I can assist them in their work. The submissions and briefing are available on my website.

I also sent letters to relevant ministers, including the Prime Minister, about the uptake of some recent recommendations.

Salmon Lecture 2020 – Resource Management Act Reform: coming full circle

In July 2020, the report of a review panel chaired by Tony Randerson QC recommended a comprehensive reform of the resource management system in New Zealand.

The proposed scale of the reform and the importance of getting it right requires informed discussion. In October, I devoted considerable time and resource to contributing to that debate by delivering the Resource Management Law Association's 2020 Salmon Lecture to the Association for Resource Management Practitioners. The lecture was my contribution to support, build on and, where I thought necessary, critique the Randerson Panel's recommendations before the Government presented its own reform proposals in February 2021.

My Salmon Lecture endorsed many of the changes proposed by the Randerson Panel as being long overdue, but raised concerns about the extent to which the scheme of the new legislation would protect the environment. I presented a detailed analysis of the case for reform and proposed some alternative drafting to ensure the continued protection of the environment.

Public engagement

Raising levels of awareness and public debate is a priority so ensuring that work is accessible and accurate is important.

The office also receives, in confidence, a steady stream of correspondence from members of the public raising issues of environmental concern. This year, I received 54 concerns.

With a small staff, I cannot investigate every issue. If I do not investigate a particular concern, I direct the complainant to the appropriate legally mandated body. If a response has been slow, I often follow up on the complainant's behalf. Monitoring these requests provides a useful gauge of the state of environmental management and the adequacy of regulations. It can help inform what direction investigations take.

I also accept a selected number of speaking engagements. These provide an opportunity to communicate the results of investigations with key audiences. Some I have given over the past year include:

- a concluding speech at the Environmental Defence Society conference
- an address to the New Zealand Farm Forestry Association
- a speech at the Otago Tourism Policy School annual forum.

Current and future work

There are numerous environmental issues worthy of investigation. For that reason, it is important that future work is carefully prioritised and planned to ensure it is pertinent and 'adds value' for Members of Parliament and the wider public.

Tens of thousands of **exotic plants** have been introduced into New Zealand over the years. Some of these plants have the ability to transform ecosystems, significantly degrading our natural and agricultural environments. The control of exotic plants in productive landscapes has received the bulk of public attention and funding. The risks these plants pose to the integrity of native ecosystems has had a lower profile. I have conducted a system-wide review of how the risks of exotic plant species are managed with a particular focus on native ecosystems. The investigation is nearing completion and a report will be published this year.

Exploring the **integration of environmental information in wellbeing budgets** is the topic of a third report that builds on the thinking behind my work on environmental reporting and environmental science funding. The project aims to understand how long-term thinking about environmental risks and opportunities can be used to inform the strategic priorities of wellbeing budgets. I am also developing advice on how analytic tools can effectively use environmental information to inform fiscal choices and trade-offs between competing policies.

I am also investigating the **system of regulations for chemicals** across their lifecycle from import or manufacture through to use and disposal. My intent is to examine the extent to which the regulatory system considers environmental fate. The investigation scope encompasses organic and inorganic chemicals that have applications in both rural and urban settings, and both point and diffuse discharges. Four examples that cover different use patterns and receiving environments will be used to illustrate how the regulatory system works for different types of chemicals.

Environmental issues are often dealt with in isolation, with regulatory and other interventions that cause duplication, inefficiency or unnecessary cost. But the environment recognises no such distinction. I am testing a hypothesis that a tailored **landscape approach to using and managing land** will result in better climate, freshwater, soil and biodiversity outcomes than a uniform nationwide approach. I will also consider how such an approach could be funded by recycling the revenue from a levy on biological greenhouse gas emissions. Two case studies (one in Northland and one in Southland) will be used to illustrate how such an approach could work in practice.

Urban green space such as parks, reserves, gardens, sports fields and private yards provide people with a connection to nature, valuable habitat for indigenous species, and ecosystem services such as temperature regulation and aquifer recharge. There is currently a strong push to increase the supply of housing to improve housing affordability. This risks urban green space being either gradually eroded or not adequately provided for. This project aims to provide insight into how urban green space in New Zealand has changed over time and assess the barriers that hinder its provision.

The Government is undertaking a massive **reform agenda**: replacing the Resource Management Act 1991 with three new acts; the three waters infrastructure and service provision reform; and a review of local government. These three reform programmes all impact the environment and our system of environmental management to varying degrees. I will be following all three reform programmes closely.

I am also maintaining a watching brief on the marine environment, environmental health, soils, biodiversity, waste management and New Zealand's environmental regulatory system.

My office will continue to provide submissions on legislation before the House and respond to letters from members of the public expressing concerns about the environment.

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Clianthus puniceus, kākā beak

The office

Organisational health

The capability and productivity of my staff is fundamental to the effectiveness of the office.

My work requires a high level of capability across a broad spectrum of disciplines. Hiring decisions are made with this in mind. I am also committed to developing an equal employment opportunities environment where diversity and inclusion is sought and valued. Where I do not have staff with discipline-specific knowledge, I engage consultants to fill the gaps.

Retaining excellent staff is both my highest priority and my biggest challenge. In employing highly competent people, I am aware that they will always have opportunities elsewhere. Competition for these people is intense and larger agencies can provide more career opportunities and higher remuneration. Faced with this, I endeavour to make my office a stimulating place to work, with interesting topics to tackle, a good work-life balance, and a supportive and rewarding environment where excellence is valued.

The past year has seen us continue to improve a flexible approach to work. Last year, Covid-19 required staff to work independently from home, testing our business continuity and ability to maintain working relationships from afar.

Staff are now equipped with the technical and organisational support they need to work both at home and in the office. We have also invested in maintaining team morale and team dynamics while working remotely. This has proven to be an efficient way of working, and we will continue to support this to promote healthy work-life balance. The ease and normality of this has changed the working patterns of some staff, with many incorporating working from home into their regular routine.

My staff moved to new premises in December 2020, after only six months in our previous location at Bowen House. While frequent moves have been disruptive, approval of an increased appropriation in the 2021 Budget enabled us to explore a new, permanent home. We have now secured a new premises and will move there in December 2021. Staff have been included in the design and functionality of our new office. I believe this will materially improve the overall attractiveness of what we can offer to staff.

Managers have all completed management and leadership development courses. They hold regular one-on-one and team meetings with their staff, and there are frequent opportunities to raise issues, ask questions, ask for professional development and provide feedback.

Staff need to maintain currency with the full diversity of issues that cut across the environmental domain. To assist, experts are regularly invited to speak with us. In the past year, we have had presentations on environmental health and risk of pandemics from Professor Michael Baker and the University of Otago public health team, how the water services regulator will function by Bill Bayfield from Taumata Arowai, and sea level rise by Professor Andrea Dutton, paleoclimate expert from the University of Wisconsin–Madison.

As of 30 June 2021, there were 21 staff employed within the office (Table 1).

Table 1: Demographic profile of staff as at 30 June 2021.

	2020/21 Staff	2020/21 FTE	2019/20 Staff	2019/20 FTE	2018/19 Staff	2018/19 FTE
Female	10	8.7	13	11.73	13	11.24
Male	11	9.85	8	7.85	7	6.85
Total employees	21	18.55	21	19.58	20	18.09
		Percentage		Percentage		Percentage
Pākehā	12	57%	10	48%	12	60%
Māori	2	10%	3	14%	2	10%
Pasifika	0	0%	-	-	-	-
Other	7	33%	8	38%	6	30%
Total employees	21		21		20	

Training and development

We have a culture of continuous improvement. Staff members are supported to plan their own professional and personal development goals. We view this as an investment in their future.

We involve all employees in our drive for performance and innovation. After the completion of each investigation, we review the project and process, and report back what went well and what did not to other staff. Changes are fed back into the project guidelines to improve future work.

Staff regularly give feedback on each other's work, and we encourage an environment of curiosity, learning and excellence.

In the past financial year, two per cent of the total personnel budget was allocated to staff training and development. Training was undertaken in areas such as leadership, project management, strategic and visual communications, economics and GIS mapping.

We have continued to develop our understanding of te ao Māori in the recognition that it is an essential skill for our workplace. While we do not explicitly follow the ZePA model of te reo Māori revitalisation, the kaupapa of the office reflects the vision of Te Māngai Pāho that te reo Māori and tikanga Māori are spoken, heard, seen and valued. As part of this, staff attend regular waiata sessions.

Staff are supported by our Kaitohu Tuakana Mātauranga Māori to improve mātauranga and tikanga knowledge, te reo Māori and engagement skills. Guidance is also given for external pōwhiri and mihi whakatau when presenting and at general hui. In the past financial year, half of our advisory staff have attended a workshop on effective engagement with Māori. Learnings from this workshop have been applied when fostering relationships with Māori affected by or interested in our areas of work.

Our Kaitohu Tuakana Mātauranga Māori provides feedback at the conclusion of investigations to ensure our internal processes are tested and improved. She has also been engaging with Te Arawhiti to build capability.

Financial statements and statement of service performance

Statement of responsibility

As the Parliamentary Commissioner for the Environment, I am responsible for:

- the preparation of the financial statements, and statements of expenses and capital expenditure and for the judgments expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in the annual report; and
- the accuracy of any end-of-year performance information, whether or not that information is included in the annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Parliamentary Commissioner for the Environment;
- the financial statements fairly reflect the financial position of the Parliamentary Commissioner for the Environment as at 30 June 2021 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Parliamentary Commissioner for the Environment as at 30 June 2022, and its operations for the year ending on that date.

Rt Hon Simon Upton
Parliamentary Commissioner for the Environment
Te Kaitiaki Taiao a Te Whare Pāremata

29 September 2021

Independent Auditor's Report

To the readers of the Parliamentary Commissioner for the Environment's annual report for the year ended 30 June 2021

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The Auditor-General is the auditor of the Parliamentary Commissioner for the Environment (the Commissioner). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Commissioner on pages 23, 32 to 49, that comprise the statement of financial position, statement of commitments, and statement of contingent liabilities and contingent assets as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Commissioner for the year ended 30 June 2021 on pages 28 to 31; and
- the statements of expenses and capital expenditure of the Commissioner for the year ended 30 June 2021 on pages 50 and 51.

Opinion

In our opinion:

- the financial statements of the Commissioner:
 - o present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year ended on that date; and
 - o comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information of the Commissioner:
 - o presents fairly, in all material respects, for the year ended 30 June 2021:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - o complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Commissioner are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

Our audit was completed on 29 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Commissioner for the information to be audited

The Commissioner is responsible for preparing:

- financial statements that present fairly the Commissioner's financial position, financial performance, and cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Commissioner, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.

The Commissioner is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Commissioner is responsible for assessing his office's ability to continue as a going concern. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commissioner, or there is no realistic alternative but to do so.

The Commissioner's responsibilities arise from the Environment Act 1986 and the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Commissioner's Strategic Intentions 2017-2021, the relevant Estimates and Supplementary Estimates of Appropriations 2020/21, and the 2020/21 forecast figures included in the Commissioner's 2019/20 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commissioner's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- We evaluate the appropriateness of the reported performance information within the Commissioner's framework for reporting performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Commissioner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on his office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office of the Commissioner to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Commissioner is responsible for the other information. The other information comprises the information included on pages 1 to 51, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Commissioner in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Office of the Commissioner.



Rehan Badar
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of objectives and service performance

The primary impact that the Parliamentary Commissioner for the Environment seeks is to influence decisions to maintain or improve the quality of the New Zealand environment, and improve the quality of material available to Parliament in debating those decisions. The performance measures below directly and/or indirectly indicate whether I have achieved my mission.

Output: Reports and advice

Reports and advice are the sole output class appropriated through Vote: Parliamentary Commissioner for the Environment, although there are a variety of other activities that result from my work. Outputs include:

- reports of investigations
- presentations to select committees on investigations and other matters
- provision of advice and/or briefings to Members of Parliament on investigations and other matters
- advice and submissions on bills and inquiries to select committees
- submissions on proposed regulations
- follow-up on responses to recommendations made by the Commissioner
- support for interparliamentary delegations
- presentations on environmental issues to a wide variety of groups
- responses to concerns and enquiries from members of the public.

Budgeted and actual expenditure relating to the above output is detailed on pages 50 and 51.

Performance

Table 2 shows performance on measures and targets.

As an Officer of Parliament, I see Members of Parliament as my primary audience. Across the tail end of the 52nd Parliament and the beginning of the 53rd, I met with 69 Members of Parliament.

A key indicator of the effectiveness of my work is the proportion of recommendations made that are adopted by governments over the period of my tenure.

There is no right answer for this indicator. A high percentage of recommendations adopted could indicate too many easy recommendations. A low percentage could indicate a lack of pragmatism or being out of step with political realities. At times, I will challenge current wisdom. Note also that different weights could be ascribed to the recommendations, as some are site-specific or minor, while others address nationally significant and/or cumulative issues.

There is often a lag time – sometimes years – between when reports are released and their impact. That is because it takes time for governments to consider the recommendations and incorporate them into work programmes. Sometimes governments are immediately forthcoming about their intentions, while on other occasions, the adoption of recommendations only becomes apparent as new policies are announced.

This year I have issued 17 recommendations. Of the five recommendations responded to by the Government to date, three have been partially adopted. The rest are still pending.

In calculating the cumulative uptake of responses during a Commissioner's tenure, scores are attributed only to those where a response has been forthcoming. As of 30 June 2021, there have been responses to 56 of the 85 recommendations issued by me since October 2017. The remaining 29 recommendations are mostly from recent reports.

The success rate for the 56 responses was 34 per cent, with 13 recommendations fully actioned (1 point each) and 12 partially actioned (half a point each) (see Table 2).

Occasionally, if uptake of key recommendations in an investigation report has been slow or lacking, I will send a letter to the Minister(s) requesting an update on the response to recommendations. The results of this may flow into a follow-up report. As of yet, I have not instigated any follow-up reports.

Table 2: Performance measures and targets.

Measure	Target 2020/21	Performance 2020/21	Performance 2019/20	Performance 2018/19	Performance 2017/18
Number of briefings given to Members of Parliament during the year	30	69	37	44	25
Proportion of recommendations that are adopted or partially adopted during the tenure of the current Commissioner	65%	34%	38%	81%	0%
Number of reports, commentaries and submissions published during the year [†]	6–8	6	14	9	3
Provision of follow-up report within required time frame ^{††}	100%	0%	0%	0%	0%
Reports and commentaries externally peer reviewed and content checked	100%	100%	100%	100%	100%
Response to public concerns and information requests within required time frames	100%	95%	95%	98%	96%
Capital expenditure is in accordance with capital asset management plan	Achieved	Achieved	Achieved	Achieved	Achieved

[†]Including other advice, such as submissions to ministries and departments, letters to ministers or ministries and general notes.

^{††} Follow-up reports may be done 18 months to two years after the release of a report to track responses to recommendations.

Recommendation uptake

Advice released this year

Of the four recommendations in *Managing our estuaries*, three have been partially adopted and one is pending.

As mentioned, the Ministry for the Environment has committed to the core recommendation to extend the NPS-FM to cover estuaries in similar detail to freshwater. This amendment will need to wait until the reform of the Resource Management Act 1991 indicates what will happen to national direction such as national policy statements.

The Ministry for the Environment has also reactivated the Managing Upstream project, which will help in the development of estuarine-specific attributes and limits under the NPS-FM, which it is currently still working on. The ministry has also supported a workshop with regional councils to standardise estuaries monitoring. As these last two recommendations are still in train, they only count as partial uptake.

None of the specific recommendations from *A review of the funding and prioritisation of environmental research in New Zealand or Not 100% – but four steps closer to sustainable tourism* have been adopted thus far. The Government has, however, drawn attention to the report in pursuing work on tourism policy reform.

Advice from previous years

During the 2020/21 financial year, several key recommendations made in previous years gained traction.

Focusing Aotearoa New Zealand’s environmental reporting system

My 2019 report *Focusing Aotearoa New Zealand’s environmental reporting system* called for improvements to the evidence base underpinning our environmental reporting system. The report recommended developing a comprehensive, nationally coordinated system, and a mandated strategy to prioritise and incrementally fill data gaps.

Our freshwater 2020, published by the Ministry for the Environment in April 2020, publicly stated that the ministry has initiated work to create a more integrated monitoring and reporting system.

In Budget 2021, the Government committed \$25 million over the next three years to establish an “enduring environmental monitoring and reporting system”. The Budget outlined partial adoption of the recommendation to allocate dedicated resourcing to environmental monitoring.

The recommendation to adjust the role of the Secretary for the Environment has also been partially adopted. The appointment of a standing science advisory panel is currently in train, and while this has been established in a voluntary capacity rather than by amending the Environmental Reporting Act 2015 as I advised, this is a significant step in the right direction. Amendment to the Act remains essential if my recommendations are to be fully implemented.

Overseer and regulatory oversight

In my 2018 report *Overseer and regulatory oversight: Models, uncertainty and cleaning up our waterways*, I recommended an independent review of the Overseer model. This was one of the core recommendations of my report.

Funding was provided in Budget 2019 to further improve Overseer. In March 2020, the Ministry for Primary Industries commissioned an independent science advisory panel to undertake a whole-model review, which was released publicly in August 2021. The panel concluded that it did “not have confidence that Overseer’s modelled outputs tell us whether changes in farm management reduce or increase the losses of nutrients, or what the magnitude or error of these losses might be.”

In response to the panel’s review, the Government outlined four options it will explore over the next year. While the options are encouraging, I remain concerned about the continued use of Overseer. An amended version may have a limited application in specific parts of the country, but it can no longer be a central pillar of freshwater quality management. I am disappointed to find no mention of reviewing the current ownership and governance of the Overseer model.

Given the importance of having a good regulatory tool to manage nutrient flows on farms and associated water quality issues and greenhouse gas emissions, I am following the Government’s response to the future of Overseer closely.

Quality assurance

It is vital that the work produced by the office is well researched, argued and communicated. All work is internally reviewed. Major projects, reports and commentaries are externally peer reviewed for technical accuracy.

Response to public concerns and requests

The office receives a range of correspondence from the public about environmental matters. I have set three time frames to respond to public concerns and information requests:

- all correspondence is to be acknowledged within ten working days
- all public concerns and requests for investigations are to receive a response within nine months
- all requests for official information are to be responded to within the statutory time frame of 20 working days.

In 2020/21, 95 per cent of public concerns and information requests were responded to within required time frames. Two official information requests were received and both were responded to within the statutory time frame. We regularly review our processes with a view to continued improvement in this area.

Statement of comprehensive revenue and expense for the year ended 30 June 2021

Actual 2020 \$(000)	Note	Actual 2021 \$(000)	Unaudited Budget 2021 \$(000)	Unaudited Forecast 2022 \$(000)
Revenue				
3,698	Revenue Crown	3,657	3,663	3,791
8	Revenue Other	79	3	3
3,706	Total Revenue	3,736	3,666	3,794
Expenses				
2,460	Personnel costs	(2)	2,322	2,377
58	Depreciation and amortisation	(6,7)	36	52
37	Capital charge	(3)	31	-
1,128	Other operating expenses	(4)	1,133	1,237
3,683	Total Expenses	3,522	3,666	3,794
23	Net Surplus	214	-	-
-	Other Comprehensive Revenue and Expenses	-	-	-
23	Total comprehensive revenue and expenses	214	-	-

Explanations of major variances against the original 2020/21 budget are detailed in note 14.

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2021

Actual 2020 \$(000)	Note	Actual 2021 \$(000)	Unaudited Budget 2021 \$(000)	Unaudited Forecast 2022 \$(000)
Assets				
Current Assets				
769		1,031	659	803
277	(5)	293	277	277
1,046	Total Current Assets	1,324	936	1,080
Non-Current Assets				
97	(6)	83	171	71
97	Total Non-Current Assets	83	171	71
1,143	Total Assets	1,407	1,107	1,151
Liabilities				
Current Liabilities				
292	(8)	323	278	306
22	(9)	214	-	-
218	(10)	259	218	234
532	Total Current Liabilities	796	496	540
532	Total Liabilities	796	496	540
611	Net Assets	611	611	611
Equity				
611		611	611	611
611	Total Equity	611	611	611

Statement of changes in equity for the year ended 30 June 2021

Actual 2020 \$(000)		Actual 2021 \$(000)	Unaudited Budget 2021 \$(000)	Unaudited Forecast 2022 \$(000)
611	Opening Balance	611	611	611
23	Total comprehensive revenue and expense	214	-	-
(23)	Return of operating surplus to the Crown	(214)	-	-
611	Closing Balance	611	611	611

Explanations of major variances against the original 2020/21 budget are detailed in note 14.

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2021

Actual 2020 \$(000)	Actual 2021 \$(000)	Unaudited Budget 2021 \$(000)	Unaudited Forecast 2022 \$(000)
Cash flows from operating activities			
3,698	3,657	3,663	3,791
8	79	3	3
(1,275)	(1,116)	(1,199)	(938)
(2,352)	(2,281)	(2,377)	(2,725)
(37)	(31)	(37)	(31)
(3)	(2)	-	-
39	306	53	100
Cash flows (used in) investing activities			
(18)	(22)	(72)	(72)
(18)	(22)	(72)	(72)
Cash flows (used in) financing activities			
(252)	(22)	-	-
(252)	(22)	-	-
(231)	262	(19)	28
1,000	769	678	775
769	1,031	659	803

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against the original 2020/21 budget are detailed in note 14.

The accompanying notes form part of these financial statements.

Statement of commitments

As at 30 June 2021, the Parliamentary Commissioner for the Environment has no capital commitments (2020: Nil).

Non-cancellable operating lease commitments

The Parliamentary Commissioner for the Environment has entered into an office lease in December 2020 at a monthly cost of \$26,119.33. The lease term expires on 17 October 2023.

The Parliamentary Commissioner for the Environment may terminate this office lease at any time upon two months' written notice, representing the non-cancellable operating lease commitment.

Other non-cancellable commitments

The Parliamentary Commissioner for the Environment has entered into a non-cancellable five-year contract for a photocopier under the Government's All of Government contracts. This contract expires on 31 July 2025.

Actual 2020 \$(000)		Actual 2021 \$(000)
	Non-cancellable operating lease commitments	
7	No later than one year	52
-	Later than one year and no later than five years	-
7	Total operating lease commitments	52
	Other non-cancellable commitments	
2	No later than one year	2
9	Later than one year and no later than five years	7
11	Total other commitments	9

There are no restrictions placed on the Parliamentary Commissioner for the Environment by any of its leasing arrangements.

Statement of contingent liabilities and contingent assets

The Parliamentary Commissioner for the Environment had no known quantifiable or unquantifiable contingent liabilities as at 30 June 2021 (2020: Nil).

The Parliamentary Commissioner for the Environment had no contingent assets as at 30 June 2021 (2020: Nil).

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

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Reporting entity

The Parliamentary Commissioner for the Environment was established under the Environmental Act 1986 and is designated as an Office of Parliament by the Public Finance Act 1989.

As the Commissioner's primary objective is to investigate environmental concerns independent of government, the Parliamentary Commissioner for the Environment has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for the Parliamentary Commissioner for the Environment are for the year ended 30 June 2021 and were authorised for issue on 29 September 2021.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP), and Treasury Instructions.

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. The Parliamentary Commissioner for the Environment qualifies for the reduced disclosure regime as a Tier 2 entity as its expenses are less than \$30 million.

These financial statements comply with PBE accounting standards reduced disclosure regime.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Changes in accounting policies

There have been no changes in the office's accounting policies since the date of the last audited financial statements.

Summary of significant accounting policies

Revenue

Revenue from the Crown is measured based on the Parliamentary Commissioner for the Environment's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Parliamentary Commissioner for the Environment can only incur expenses within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Capital charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Operating leases

An operating lease is a lease that does not transfer substantially all risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expenses over the lease term.

Other expenses

Other expenses are recognised as goods and services are received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits held with banks.

The Parliamentary Commissioner for the Environment is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectible amounts.

A receivable is considered impaired when there is evidence that the Parliamentary Commissioner for the Environment will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be received.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: furniture, fittings and fixtures, computer hardware, office equipment and leasehold improvements.

Assets are shown at cost less any accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$1,000. Assets purchased between 17 March 2020 until 16 March 2021 are capitalised if their cost is greater than \$5,000 to align with the Inland Revenue threshold which was in response to Covid-19. This aligns with the accounting policy of the Parliamentary Commissioner for the Environment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Parliamentary Commissioner for the Environment and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Parliamentary Commissioner for the Environment and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment is recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Furniture and fittings	5–10 years	10–20%
Computer hardware	2.5–4 years	25–40%
Office equipment	2.8–5 years	20–36%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with maintenance of the Parliamentary Commissioner for the Environment's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of each major class of intangible assets have been estimated as follows:

Acquired computer software	3 years	33%
Developed computer software	4 years	25%

Impairment of plant, property and equipment and intangible assets

Property, plant and equipment and intangible assets held at cost and that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the asset's remaining service potential. Value in use is determined by using an approach based on either a depreciated replacement cost approach, restoration cost approach or a service unit approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

The Parliamentary Commissioner for the Environment controls intangible assets with a nil carrying amount. These have not been disposed of as the Parliamentary Commissioner for the Environment still has use of these intangible assets. Refer to note 7.

Payables

Short-term payables are recorded at the amount payable.

Employee entitlements

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and the projected accrual to balance date.

Presentation of employee entitlements

Accrued salaries and wages, and accrued annual leave are classified as current liabilities.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

Equity

Equity is the Crown's investment in the Parliamentary Commissioner for the Environment and is measured as the difference between total assets and total liabilities. Equity has been classified as taxpayer funds.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into on or before the financial year end (30 June). Information on non-cancellable capital and lease commitments are reported in the statement of commitments.

Cancellable commitments that have a penalty or exit costs explicit in the agreement on exercising that option to cancel are reported in the statement of commitments at the lower of the remaining contractual commitment and the value of those penalty or exit costs (i.e. the minimum future payments).

Goods and services tax (GST)

All items in the financial statements and appropriation statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the cost of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Parliamentary Commissioner for the Environment is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision for income tax has been made.

Statement of cost accounting policies

The Parliamentary Commissioner for the Environment only has one output. All costs are allocated directly to that output.

There have been no changes in cost accounting policies since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Parliamentary Commissioner for the Environment has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

Lease classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Parliamentary Commissioner for the Environment.

Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas with an operating lease, no such asset is recognised.

The Parliamentary Commissioner for the Environment has exercised its judgment on the appropriate classification of equipment leases and has determined that no lease arrangements are finance leases.

Budget and forecast figures

Basis of the budget and forecast figures

The unaudited budget for 2020/21 was published in the 2019/20 annual report. It is consistent with the Parliamentary Commissioner for the Environment's financial budget as set out in the Pre-Election Economic and Fiscal Update.

The 2021/22 unaudited forecast figures are for the year ending 30 June 2022. They are consistent with the Parliamentary Commissioner for the Environment's financial budget as set out in the Government's Estimates of Appropriations for the year ending 2021/22.

The budget financial statements have been reported as required by the Public Finance Act 1989 to communicate forecast financial information for accountability purposes.

The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 2020/21 unaudited budget and 2021/22 unaudited forecast figures were prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and comply with PBE FRS 42.

The 2021/22 forecast financial statements were approved for issue by the Commissioner on 20 May 2021. The Commissioner is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Parliamentary Commissioner for the Environment's purpose and activities and are based on a number of assumptions on what may occur during the 2021/22 year.

The main assumptions, which were adopted as at 20 May 2021, were as follows:

- The Parliamentary Commissioner for the Environment's activities and output expectations will remain substantially the same as the previous year.
- Personnel costs are based on 21 full-time equivalent staff positions plus the Commissioner.
- Operating costs are based on historical experience and other factors that are believed to be reasonable in the circumstances. Remuneration rates are based on current wage and salary costs, adjusted for anticipated remuneration changes.

The actual financial results achieved for 30 June 2022 are likely to vary from the forecast information presented, and the variations may be material.

2. Personnel costs

Actual 2020 \$(000)		Actual 2021 \$(000)
2,306	Salaries and wages	2,225
69	Employer contributions to defined contribution plans	66
85	Increase in employee entitlements	31
2,460	Total personnel costs	2,322

The continuing restrictions on travel due to Covid-19 has led to a greater increase in employee entitlements than previously anticipated.

3. Capital Charge

The Parliamentary Commissioner for the Environment pays a capital charge to the Crown on its equity as at 31 December and 30 June each year. The capital charge rate for the year ended 30 June 2021 was five per cent (2020: six per cent).

4. Other operating expenses

Included within other operating costs are:

Actual 2020 \$(000)		Actual 2021 \$(000)
25	Audit fees for the annual report audit	26
266	Operating leases	248
505	Consultancy	516
67	Maintenance	78
101	Accommodation (excluding office lease)	60
26	Communication	28
42	Travel	42
10	Consumables	11
29	Professional fees and development	57
15	Library acquisitions	12
42	General expenses	55
1,128	Total	1,133

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5. Debtors and other receivables

Actual 2020 \$(000)		Actual 2021 \$(000)
Non Exchange		
277	Debtor Crown	277
Exchange		
-	Aged receivables	16
277	Total Debtors and other receivables	293

All debtors and other receivables are current and no provision for impairment is required.

6. Property, plant and equipment

	Furniture and fittings \$(000)	Computer hardware \$(000)	Office equipment \$(000)	Leasehold improvements \$(000)	Total \$(000)
Cost					
Balance at 1 July 2019	236	177	47	489	949
Balance at 30 June 2020	236	192	50	-	478
Additions	1	11	-	10	22
Balance at 30 June 2021	237	203	50	10	500
Accumulated Depreciation					
Balance at 1 July 2019	200	103	45	470	818
Balance at 30 June 2020	205	129	47	-	381
Depreciation expense	6	27	1	2	36
Balance at 30 June 2021	211	156	48	2	417
Carrying amounts					
At 1 July 2019	36	74	2	19	131
At 30 June 2020	31	63	3	-	97
Balance at 30 June 2021	26	47	2	8	83

There are no restrictions over the title of the Parliamentary Commissioner for the Environment's property, plant and equipment, nor are any property, plant and equipment assets pledged as security for liabilities.

7. Intangible assets

	Acquired software \$(000)	Developed software \$(000)	Total \$(000)
Cost			
Balance at 1 July 2019	98	65	163
Balance at 30 June 2020	98	65	163
Balance at 30 June 2021	98	65	163
Accumulated amortisation and impairment losses			
Balance at 1 July 2019	97	60	157
Balance at 30 June 2020	98	65	163
Balance at 30 June 2021	98	65	163
Carrying amounts			
At 1 July 2019	1	5	6
At 30 June 2020	-	-	-
At 30 June 2021	-	-	-

There are no restrictions over the title of the Parliamentary Commissioner for the Environment's intangible assets, nor are any intangible assets pledged as security for liabilities.

The Parliamentary Commissioner for the Environment controls acquired and developed software, including the Office of the Parliamentary Commissioner for the Environment's website. Although these are fully amortised and do not contain a carrying value, they have not been disposed as they are still in use.

8. Creditors and other payables

Actual 2020 \$(000)		Actual 2021 \$(000)
Exchange		
146	Creditors	203
98	Accrued expenses	81
Non Exchange		
48	GST payable	39
292	Total creditors and other payables	323

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms and therefore the carrying value of creditors and other payables approximates their fair value.

9. Repayment of surplus

Actual 2020 \$(000)	Actual 2021 \$(000)
23 Net surplus	214
(1) Prior year surplus overpaid	-
22 Total repayment of surplus	214

The repayment of surplus is required to be paid by 31 October of each year.

The Parliamentary Commissioner for the Environment experienced delays in delivery of contracts due to the death of a senior and key staff member, the previous Chief Advisor Economics. As a result of these delays, a submission to request an expenditure transfer of \$195k for expenditure directly related to contract delays has been planned.

This submission will be requested under CO 18(2) and included in the January 2021/22 Budget submission.

10. Employee entitlements

Actual 2020 \$(000)	Actual 2021 \$(000)
183 Annual leave	212
35 Accrued salaries	47
218 Total employee entitlements	259

The Parliamentary Commissioner for the Environment has no retirement leave or long service leave obligations. The annual leave liability is calculated from the actual leave days owing to the Commissioner and employees, as well as the projected accrual to 30 June 2021.

Due to the restrictions on travel due to Covid-19, annual leave previously planned by staff were cancelled. This created larger annual leave balances than previously anticipated.

11. Related party transactions and key management personnel

The Parliamentary Commissioner for the Environment is a wholly owned entity of the Crown.

Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier, or client/recipient, relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Parliamentary Commissioner for the Environment would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangement between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

Parliament significantly influences the work of the Parliamentary Commissioner for the Environment as well as being its major source of revenue.

There were no transactions carried out with other related parties requiring disclosure.

Key management personnel compensation

Actual 2020 \$(000)		Actual 2021 \$(000)
Leadership Team, including the Commissioner		
986	Remuneration	950
5	Full-time equivalent staff	5

Key management personnel are the senior management team, which comprises the Commissioner, Chief Advisor Economics, Chief Advisor Legal, Chief Advisor Programmes, Chief Advisor Science and Chief Operating Officer (2020: Commissioner, Chief Advisor Economics, Chief Advisor Legal, Chief Advisor Programmes, Chief Advisor Science and Chief Operating Officer).

The Chief Advisor Legal was seconded to a ministry from 11 January 2021 and is currently ongoing.

On 15 May 2020 the Remuneration Authority (COVID-19 Measures) Amendment Act 2020 was passed. The purpose of the amendment Act is to allow those public sector leaders listed in schedule 4A of the amendment Act, to join the Prime Minister, Ministers and Public Service Chief Executives, to show leadership in the public sector during the Covid-19 outbreak and to show solidarity with those in the private sector who are losing their jobs or facing significant pay reductions. Accordingly, the amendment Act added section 19A to the Remuneration Authority.

The Remuneration Authority has made a temporary reduction of 20 per cent to the Parliamentary Commissioner for the Environment's determination. This was effective from 9 July 2020 and expired on 6 January 2021.

12. Events after the balance date

The Parliamentary Commissioner for the Environment has signed a lease agreement for 22 The Terrace which is anticipated to commence on 22 December 2021 for a term of six years (2020: After balance date, the Parliamentary Commissioner for the Environment agreed to extend the lease with Parliamentary Services and move to a decant space, which was undertaken in December 2020).

13. Categories of financial instruments

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Actual 2020 \$(000)		Actual 2021 \$(000)
Financial assets measured at amortised cost		
769	Cash and cash equivalents	1,031
277	Debtors and other receivables	293
1,046	Total financial assets measured at amortised cost	1,324
Financial liabilities measured at amortised cost		
244	Creditors and other payables (excluding GST payable)	284

14. Explanations of major variances against budget

Explanations of major variances from the Parliamentary Commissioner for the Environment's budget figures are as follows:

Statement of comprehensive revenue and expense

Revenue

Revenue Other was \$76k higher than budgeted due to an unexpected secondment of the Chief Advisor Legal. Consultancy costs were utilised to temporarily cover this position. Refer to note 11.

Personnel costs

Personnel costs were lower than budget by \$55k. Staff turnover in multiple positions required time to fill these vacant positions which resulted in higher variances to normally anticipated within the budget. This recruitment was completed mid-way through the year.

Due to Covid-19 and the inability to travel internationally, planned annual leave was cancelled. This increased the annual leave entitlement, which offset the lower salaries costs.

Other operating expenditure

Other operating expenditure were lower than budget by \$104k due to various consultancy and personnel variances.

Due to the death of the previous Chief Advisor Economics, the Parliamentary Commissioner for the Environment experienced significant delays in delivery of consultancy contracts which were directly correlated to this work. Due to these unforeseen circumstances, this shortfall has sought to be utilised in 2021/22 via a request for an expenditure transfer under CO 18(2) in the January 2021/22 Budget submission.

Staff turnover resulted in the need for recruitment costs to fill vacant positions which partially offset lower personnel spend than originally budgeted.

Statement of financial position

Current assets

Current assets were higher than budgeted by \$388k. Costs incurred in relation to the final reports produced by the Commissioner were incurred closer to the end of the financial year than originally expected. While expenses have been recognised in the statement of comprehensive revenue and expenses, payments to suppliers were not made until after the 30 June 2021 balance date, increasing cash-on-hand against budget by \$372k. The difference between the actual debtors and other receivables balance and the budget was driven by the unplanned secondment of the Chief Advisor Legal.

Current liabilities

Current liabilities were higher by \$300k due to the unplanned accumulation of employee entitlements and some project related costs falling close to year-end. Payments to suppliers of these project related costs were not made until after 30 June 2021 and the liability for those costs to be made have been recognised.

Statement of cash flows

The variance of \$76k between the actual receipts from revenue other and the budgeted amount was driven by the secondment of the Chief Advisor Legal. This variance was partially offset by an increase to payments to suppliers as the Parliamentary Commissioner for the Environment sought consultancy needs to fill this gap. However, due to delays in consultancy costs outlined above, the variance between actual and budgeted payments to suppliers is \$83k.

Lower personnel costs driven by periods of vacancies during the year resulted in a decrease in payments to employees than originally budgeted by \$96k. An underspend in the purchase of property, plant and equipment by \$50k against budget was driven by the capitalisation change and the needs of the Office of the Parliamentary Commissioner for the Environment being primarily low value assets under the normal capitalisation threshold.

The net increase in cash of \$262k was driven by a larger amount of cash generated by operating activities through the personnel vacancies, the secondment of the Chief Advisor Legal as well as the delays in consultancy spend. These trends have resulted in a larger amount of cash to utilise in 2021/22.

15. Covid-19 disclosure

Impacts of Covid-19 on the Office of the Parliamentary Commissioner for the Environment

The Parliamentary Commissioner for the Environment has continued to monitor the impacts of Covid-19 on the Office. Any major variances to budget have been disclosed in note 14 with specific reference to Covid-19 where applicable.

There has been no significant impact of Covid-19 on the operations of the Office of the Parliamentary Commissioner for the Environment.

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Parliamentary Commissioner for the Environment for the year ended 30 June 2021. They are prepared on a GST exclusive basis.

Statement of budgeted and actual expenses and capital expenditure incurred against appropriations for the year ended 30 June 2021

Annual and permanent appropriations for Vote Parliamentary Commissioner for the Environment

Actual 2020 \$(000)		Actual 2021 \$(000)	Appropriation Voted 2021 \$(000)
Output expenses			
3,345	Parliamentary Commissioner for the Environment - Reports and Advice	3,218	3,356
3,345	Total output expenses	3,218	3,356
Appropriation for other expenses			
338	Remuneration of the Parliamentary Commissioner for the Environment (Permanent Legislative Authority)	304	304
338	Total other expenses	304	304
Capital expenditure			
18	Parliamentary Commissioner for the Environment – Capital Expenditure (Permanent Legislative Authority)	22	72
18	Total capital expenditure	22	72
3,701	Total annual and permanent appropriations	3,544	3,732

End-of-year output performance information has been reported in the statement of objectives and service performance (page 28) of this annual report.

The Parliamentary Commissioner for the Environment leads the performance of the office. The performance of the Commissioner is reflected in the output performance measures and targets of the office as detailed in Table 2 (page 29).

Capital expenditure is based on the replacement of assets required in order for the office of the Parliamentary Commissioner to operate effectively. Performance measures for capital expenditure are reflected in the output performance measures of the office as detailed in statement of objectives and service performance (page 28).

Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority for the year ended 30 June 2021

The Parliamentary Commissioner for the Environment has not incurred any expenses or capital expenditure without, or in excess of, appropriation or other authority (2019/20: Nil).

Statement of capital injections for the year ended 30 June 2021

The Parliamentary Commissioner for the Environment has not received any capital injections during the year (2019/20: Nil).

Statement of capital injections without, or in excess of, authority for the year ended 30 June 2021

The Parliamentary Commissioner for the Environment has not received any capital injections during the year without, or in excess of, authority (2019/20: Nil).

**Parliamentary Commissioner for the Environment
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