



TE KĀHUI WHAKAMANA  
RUA TEKAU MĀ IWA  
**PIKE RIVER  
RECOVERY AGENCY**

# Annual Report

for the year ended 30 June 2021

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

ISSN (electronic): 2624-1641  
ISSN (print): 2624-1633

October 2021

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At 3.44pm on Friday 19 November 2010 there was an underground explosion at the Pike River mine. Two men in the mine drift that day were able to escape. 29 men did not return home.





# Minister's Foreword



In November 2010 29 men died at the Pike River Mine. After families endured years of failed promises, the Coalition Government committed to the Pike River families and to New Zealand, to the huge task of re-entering and recovering the Pike River Mine drift to support the New Zealand Police criminal investigation, to promote accountability for this tragedy and help prevent future mining tragedies.

In February 2021 we fulfilled our promise to the families and all people of New Zealand by recovering the drift to the roof fall.

As at the end of June, the Agency's work at the mine site was not finished. The Pike River Recovery Agency is now supporting the New Zealand Police with a borehole drilling programme which Police believe will give them good information for the investigation into the deaths of the 29 men at the mine in 2010.

The Agency will fully retreat and seal the mine, then rehabilitate and hand the site over to the Department of Conservation to administer later this calendar year.

There have been numerous challenges in the past year and while we still have some final work to complete, Te Kāhui Whakamana Rua Tekau mā Iwa – the Pike River Recovery Agency has at this stage largely completed the work that needs to be done to bring justice for the families and all New Zealanders.

I look forward to the Pike River Recovery Agency successfully concluding the project and being able to hold our heads high; being able to say no-one should ever go to work and not come home; being able to say that finally every effort has been made to find out what happened to those 29 men; and that something has been done about it.

A handwritten signature in black ink that reads 'Andrew Little'.

Hon Andrew Little

**Minister Responsible  
for Pike River Re-entry**

# Family Reference Group Foreword



In the past year the families have seen the re-entry of the drift we fought for so hard for so many years.

In 2016 when it looked like the drift and the evidence it contained would be sealed away forever we could never have imagined getting to the point we have in the recovery of the drift. And in the recovery of ourselves.

For most of us the work of the agency has been a process that has restored control over our lives that was taken away by the decision to put money ahead of our men's lives.

By fighting for and winning the entry of the drift, and the reopening of the investigation into the killing of our 29 men, and in the work we are doing for other victims of tragedy we

are finally finding a way out of the grief and injustice that has held us captive for the last ten years.

There are a handful of families who tragically will never be able to move on from the devastating blow dealt to us on November 19, 2010. However, for most of us this recovery and our role in leading it has allowed us to find a hope of closure. To be able to define ourselves to ourselves as more than just the tragic moniker "the Pike River families". Thank you.

Anna Osborne  
**Chair, Family Reference Group (FRG)**



# PART ONE

## OVERVIEW





# From the outgoing Chief Executive – re-entry, recovery and examination of the drift

In the year to 30 June 2021 the Agency completed our mandated recovery to the Pike River Mine roof fall, 2.26km up the mine drift access tunnel.

As part of this:

- A Ventilation Control Device (VCD2) was established near the end of the drift
- Mine workers in CABA breathing apparatus tunnelled through the Rocsil Plug to reach the end of the drift on Wednesday 17 February 2021.

Mine workers then retreated to the Pit Bottom in Stone area to work with New Zealand Police experts on detailed forensic investigation of the seven roadways, and removal of 22 large pieces of equipment.

The loader being driven by survivor Daniel Rockhouse at the time of the explosion was retrieved on Wednesday 24 March 2021.

The Agency continued its support of the Police investigation in the Pit Bottom in Stone area through until June 2021.

Before the end of June 2021, the Agency began the installation of a seal at 170m as the start of the initial process to finally seal the Pike River Mine.

Work on the surface continues as the Agency manages the Police programme to drill up to six boreholes into the mine workings area in support of their investigation. This work was expected to take a few months.

The Agency is expecting to complete the following late this calendar year:

- Withdrawing and sealing the mine and the drift
- Completing all required rehabilitation work and handing over the site to the Department of Conservation for ongoing management, then winding down and disestablishing the Agency in early 2022.

The health and safety of everyone involved continues to be an absolute and overriding priority. There were no lost time injuries to Agency staff from when the Agency was established on 31 January 2018 to 30 June 2021, a total of 982 working days.

The whole project to date has had only two relatively minor Medical Treatment Injuries (MTI). Given the complexity and hazards of the work carried out, this is a tremendous result for the team and demonstrates the absolute focus on health and safety that all personnel have maintained throughout the year.



We continue to take very seriously our commitment to working closely and collaboratively in partnership with the Family Reference Group. We value and appreciate the close working relationship we have with the FRG. At the same time we are constantly endeavouring to keep all families updated about our activities.

Our strategic partners (including the Ministry of Business, Innovation and Employment, NZ Police, the NZ Defence Force and Department of Conservation) have continued to provide us with the invaluable support and assistance we need to achieve our objectives.

We have maintained a positive and constructive working relationship with WorkSafe New Zealand – the regulator of underground coal mining operations in New Zealand.

We have also continued to draw on the insights and advice of the range of national and international experts who have guided and informed what we do.

Our Minister's office, Family Reference Group and NZ Police have reported high levels of satisfaction with the Agency, in terms of communication, health and safety, responsiveness and engagement, among other factors surveyed.

And the staffing and structure of the Agency has evolved to meet the ongoing needs of the project. This will continue as we complete all site work underground and on the surface, including rehabilitation, handover, wind-down and disestablishment work.

The energy, the passion and the commitment of the Agency team is very impressive. I am proud of them and what has been achieved so far. For all of us this project continues to be more – much more – than just another job.

As we near the completion of this recovery that some said could not be done, I want to thank all New Zealanders for the ongoing support that has helped us do our job. Every day we work at that mine site we are reminded of the 29 men who died needlessly. Let us all continue to work towards keeping our workforce safe from harm so every worker gets to come home.

#### **Whakataukī (proverb)**

**Mā whero mā pango ka oti ai te mahi**

Literally, *"With red and black the work will be complete"* – refers to co-operation, whereby if everyone does their part, the work will be done.



Dave Gawn

**Outgoing Chief Executive  
Pike River Recovery Agency  
30 June 2021**

# Our highlights at a glance

## The Agency

🌲 Partnership agreement with Family Reference Group (FRG) renewed again with no changes

🌲 FRG, the Minister and NZ Police continued to report very high levels of satisfaction with the services provided by the Agency

🌲 Mine-based personnel received 601.5 hours of training to optimise our staff capability

## The Mine

🌲 Mine maintained in a safe and legally compliant condition – no enforcement or prohibition notices issued by WorkSafe NZ

🌲 All required Principal Hazard Management Plans (18) and (5) Principal Control Plans reviewed and refreshed

🌲 No “lost time injuries” for 982 days

🌲 Thirteen independent underground health and safety inspections completed resulting in no material corrective actions

## Re-entry, recovery and examination of the drift

🌲 Recovered to the roof fall 2.26km into the drift

🌲 VCD2 installed near the end of the drift

🌲 Detailed forensic investigation and removal of more than 20 items of very large infrastructure from Pit Bottom in Stone roadways



# PART TWO

## THE AGENCY AND ITS PERFORMANCE

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Te Kāhui Whakamana Rua Tekau mā Iwa – the Pike River Recovery Agency was established as a stand-alone government department by Order in Council on 31 January 2018. The Agency will be disestablished once the Pike River Mine site has been rehabilitated and returned to the Department of Conservation.

### Mana whenua

Te Rūnanga o Ngāti Waewae (Ngāi Tahu) gifted the Agency the Te Reo name Te Kāhui Whakamana Rua Tekau mā Iwa, which can be shortened to Te Kāhui Whakamana 29. It is interpreted as ‘The Empowering Voice for the Pike 29’. Ngāti Waewae is kaitiaki of Pike River in the Atarau region.

### Our strategic objective

Our strategic objective is to conduct a safe manned re-entry and recovery of the Pike River mine drift (access tunnel) to:

- Gather evidence to better understand what happened in 2010 with an eye to preventing future mining tragedies and promoting accountability for this mining tragedy;
- Give the Pike River families and victims overdue closure and peace of mind; and
- Recover remains where possible.

The Agency will then be wound down and formally disestablished.





## Our strategic partners

The Agency would like to acknowledge the ongoing expertise, support and goodwill of:

- ⤴ Pike River families and the Family Reference Group
- ⤴ Ngāti Waewae
- ⤴ The Technical Experts Group
- ⤴ Ministry of Business, Innovation and Employment (MBIE)
- ⤴ New Zealand Police
- ⤴ New Zealand Defence Force
- ⤴ WorkSafe New Zealand
- ⤴ Department of Conservation
- ⤴ NZ Mines Rescue Trust
- ⤴ Minerals sector industry organisations
- ⤴ National Health and Safety for the New Zealand Mining and Quarrying Industry
- ⤴ Business Leaders Health and Safety Forum

## Our values and operating principles

The following values and principles underpin and inform all aspects of our work:

### Close partnership with the Pike River families

We work closely with the families and their representatives in all areas of our work.

We regularly monitor the satisfaction of the Family Reference Group with the engagement and liaison services we provide and we are committed to acting on the insights gained from that.

We have kept our doors and phones open, and provide regular updates to all family members.

### Health and safety comes first

Everyone involved in this project agrees that safety is paramount and non-negotiable.

### Transparency and openness

Planning and implementation of the re-entry and recovery has been done in a transparent and rigorous way that has drawn on the best possible expertise.

Our advice to the Minister and our operational decisions are open and unbiased. We go where the facts and the best available information takes us.

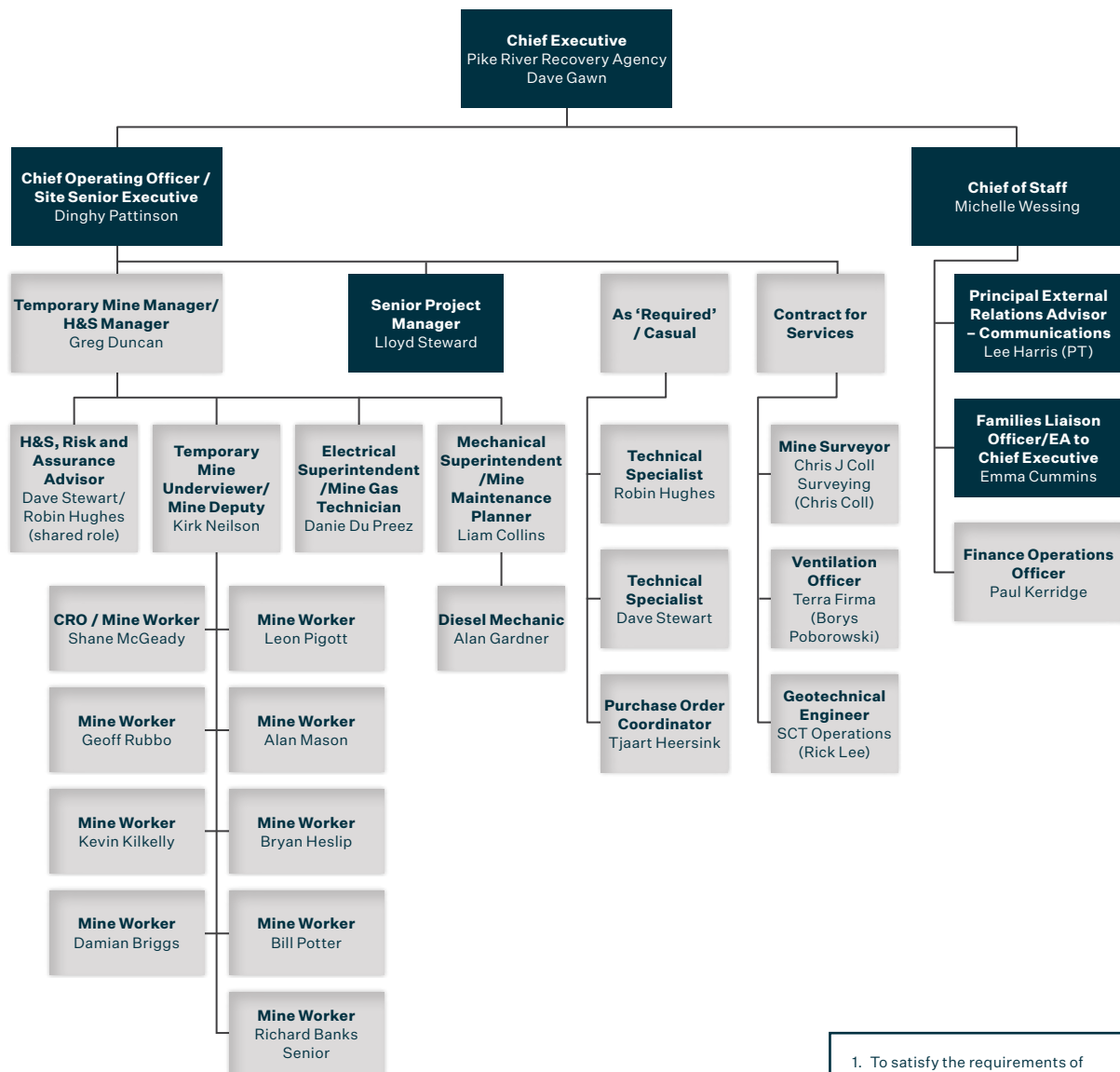
Information about our activities and advice continues to be released proactively to the Agency's website without people needing to ask for it, and we respond positively to requests for additional information that are made under the Official Information Act 1982 or otherwise.

# Our Organisation

AS AT 30 JUNE 2021



TE KĀHUI WHAKAMANA  
RUA TEKAU MĀ IWA  
PIKE RIVER  
RECOVERY AGENCY



1. To satisfy the requirements of the Health and Safety at Work Act (Mining Operations and Quarrying Operations) Regulations 2016, requiring people to be employed in a variety of statutory roles.
2. Shaded box ■ = Management team member



# What we have achieved with our appropriations

This section provides information about performance against our targets, as set out in the information supporting the Estimates and the Supplementary Estimates 2020/21.

Comparative information is provided for the year ending 30 June 2020.

## Departmental multi-year appropriations and capital expenditure

The purpose of these appropriations was to fund the establishment and operations of the Pike River Recovery Agency. See Tables 1 to 3.

The appropriation for output expenses was intended to achieve a plan for the safe manned re-entry of the Pike River Mine drift and a recommendation to the responsible Minister about whether the risks can, as much as is reasonably practicable, be reasonably managed, and then if the responsible Minister agreed, to execute the plan.

The appropriation for capital expenditure was intended to support and enable the safe manned re-entry and recovery of the Pike River Mine drift by funding the purchase of legally required safety infrastructure, and other required mining and office equipment.

No capital expenditure has been incurred in the financial year 2020/21 (nil: financial year 2019/20).

## Independent advice on Pike River Recovery (non-departmental multi-year appropriation for output expenses)

The purpose of this appropriation was to fund advice from an independent adviser to support decision-making by the Minister Responsible for Pike River Re-entry.

Mr Rob Fyfe was appointed in December 2017 to carry out this role and his costs and expenses have been met from the appropriation. The appointment of the independent adviser was intended to support high quality unbiased decision-making relating to the development and implementation of the plan for safe manned re-entry and recovery of the drift.

The Agency was the appropriation administrator for this appropriation. Expenditure was monitored and approved by the responsible Minister. In 2020/21 financial year, there was no non-departmental expenditure. See Table 4.

# Measuring our financial performance

## Statements of budgeted and actual expenses and capital expenditure incurred against appropriations for the period ended 30 June 2021<sup>1</sup>.

**Table 1 : Statement of Expenses and Capital Expenditure**

No capital expenditure has been incurred in the 2020/21 financial year.

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's
	<b>Departmental Capital Expenditure</b>		
–	<i>Pike River Recovery Agency – Capital Expenditure PLA (M99)</i>	–	–
–	<b>Total Capital Expenditure</b>	–	–

**Table 2 : Statement of Departmental Capital Injections**

No departmental capital injections has been received in the 2020/21 financial year.

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's
	<b>Departmental Output Expenses</b>		
750	<i>Pike River Recovery Agency – Capital Injection</i>	–	–
<b>750</b>	<b>Total Capital Injection</b>	–	–

<sup>1</sup> The Agency has a capital expenditure appropriation, departmental and non-departmental multi-year appropriation which commenced on 31 January 2018. The non-departmental appropriation expired 31 December 2020 and departmental appropriation now expires 30 June 2022.

**Table 3 : Departmental Output Expense**

The Agency's expenditure is above the Main Estimates for the 2020/21 financial year, due to the main effect of the COVID-19 pandemic on the Agency's timeframes (totalling 14 weeks of non-activity, but ongoing costs), meant that the forensic search and recovery operation of Pit Bottom in Stone area could not begin until late February 2021.

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's
	<b>Departmental Output Expenses</b>		
	<i>Pike River Recovery Agency (M99) (31 January 2018 to 30 June 2022)</i>		
21,974	Original appropriation	21,974	21,974
28,681	Cumulative adjustments	31,583	28,681
<b>50,655</b>	<b>Total adjusted appropriations</b>	<b>53,557</b>	<b>50,655</b>
17,592	Cumulative expenditure 30 June 2020	35,272	43,255
17,680	Current year expenditure	10,562	7,400
<b>35,272</b>	<b>Cumulative expenditure 30 June 2021</b>	<b>45,834</b>	<b>50,655</b>
<b>15,383</b>	<b>Appropriation remaining 30 June 2021</b>	<b>7,723</b>	<b>-</b>

Note 1: Performance against these appropriations is reported within this Annual Report.

Note 2: During the 2020/21 financial year the Agency entered into an Administration and Use agreement with NZ Police. This agreement allowed the Agency to recover costs from NZ Police up to the value of \$5,300,000 for the 2020/21 Year. The actual recovered was \$4,844,507 and this has been deducted from the current year expenditure. Refer to Dev-21-Min-0129.

**Table 4 : Non-Departmental Output Expense**

Costs incurred by the independent advisor to support decision-making by the Minister Responsible for Pike River Re-entry.<sup>2</sup>

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's
	<b>Non-Departmental Output Expenses</b>		
	<i>Independent Advice on Pike River Recovery (M99) (31 January 2018 to 31 December 2020)</i>		
75	Original appropriation	75	75
-	Cumulative adjustments	-	-
<b>75</b>	<b>Total adjusted appropriations</b>	<b>75</b>	<b>75</b>
47	Cumulative expenditure 30 June 2020	59	75
12	Current year expenditure	-	-
-	Appropriation returned to Crown	16	-
<b>59</b>	<b>Cumulative expenditure 30 June 2021</b>	<b>75</b>	<b>75</b>
<b>16</b>	<b>Appropriation remaining 30 June 2021</b>	<b>-</b>	<b>-</b>

<sup>2</sup> The Pike River Recovery Non-Departmental Output Expenses appropriation expired on 31 December 2020. The funding that remained in the appropriation was paid back in June 2021.



**Statement of unappropriated expenses and capital expenditure incurred without appropriations**

Nil.

**Statement of capital injection made to the Department without the authority or in excess of an existing authority**

Nil.

**MEASURING OUR PERFORMANCE**

Performance measures	Supplementary Estimates 2020/2021 Standard	Achievement As at 30 June 2021	Supplementary Estimates 2019/20 Standard	Achievement As at 30 June 2020
The satisfaction of the Families Reference Group (FRG) with the engagement and liaison service, as measured using the Common Measurement tool is at least a '3' (See Note 1)	3 – Met Expectation	4 (see Note 2)	3 – Met Expectation	4.1 (see Note 2)
Legally compliant sealing of the mine completed, and mine site rehabilitated in accordance with the Memorandum of Understanding entered into with the Department of Conservation. To be completed following mine re-entry and completion of forensic work.	By 31 December 2020	Substantial progress made (see Note 3)	By 31 December 2020	Substantial progress made
Number of fatal work accidents or injuries to Agency staff	Nil	Nil	Nil	Nil
Number of infringement or prohibition notices issued to the Agency by WorkSafe New Zealand	Nil	Nil	Nil	Nil
Number of lost time injuries reported to WorkSafe NZ under Schedule 8 of the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016	Nil	Nil	Nil	Nil
Hazard report to incident report ratio is 2:1	2:1	2.7:1 (see Note 4)	2:1	2.1:1
The Minister's satisfaction with the information, advice and ministerial support the Agency provides to him	A score between 7 and 10	9.50 (see Note 5)	A score between 7 and 10	9.75

## Notes

1. The Common Measurement tool measures external client satisfaction and identifies areas for delivery improvement in the public sector on a scale of 1 to 5, where 1 means “fell well short of expectations” and 5 means “far exceeded expectations”.
2. FRG satisfaction surveys were carried out quarterly. As well as providing an overall rating, FRG members are invited to identify any areas in which things could be done differently or better by the Agency. Any identified issues are addressed promptly and a written response is provided to the FRG. Progress on issues raised in satisfaction survey responses are a standing agenda item for meetings of the Agency management team. The reported result is the simple average rating across the four quarterly surveys of overall reported FRG satisfaction with the engagement and liaison services provided by the Agency to the FRG and the families it represents.
3. By 30 June 2021:
  - a. Agency teams had recovered to the roof fall 2.26km into the drift
  - b. VCD2 was installed near the end of the drift
  - c. Detailed examination on behalf of NZ Police had taken place in Pit Bottom in Stone area
  - d. The team underground had completed the withdrawal back to the 170m, erected a barrier at 190m, removing services and equipment and preparing to seal the mine.
  - e. Much of the rehabilitation work required for the site to be handed over to the Department of Conservation (DOC) had been completed, and planning was well advanced in consultation with DOC for the remaining work which is most likely to be completed by end of 2021.
4. Reported hazards for the period 1 July 2020 to 30 June 2021 totalled 46 with 124 reported incidents for the same period. The hazard to incident ratio equates to 2.7:1 exceeding the performance measure of 2:1.
5. The satisfaction of the Minister with the information, advice and ministerial support the Agency provides to him was surveyed as at 31 December 2020 and again as at 30 June 2021. The reported result is the average rating of reported ministerial satisfaction across both surveys with:
  - a. The information and advice being provided by the Agency to the Minister and his office (at the time of the survey) – 9 out of 10 and 10 out of 10
  - b. The ministerial support being provided (at the time of the survey) – 9 out of 10 and 10 out of 10.



# Organisational health and capability

As a small agency with a clear and time-limited strategic objective we have continued to strike a balance between:

- Employing a small team of dedicated people with the specific skills and experience required to do our core work
- Reaching out to other agencies (including NZ Defence Force, MBIE and NZ Police) to provide services, expertise and people to support our work where that is the best use of available resources
- Engaging other specialist expertise, advice and assistance (from New Zealand and overseas) as required.

As the Agency's timeframes have stretched due to a range of issues, and as the work nears completion, some staff have left for more secure, long term positions.

## Impact of COVID-19 on the Agency

Overall the main effect of the COVID-19 pandemic on the Agency's timeframes (totalling 14 weeks of non-activity, but ongoing costs), meant that the forensic search and recovery operations of Pit Bottom in Stone area could not begin until late February 2021.

## Our staff

We employ a mix of technically qualified mining staff (with backgrounds in the mining industry in New Zealand and overseas) and people in managerial, facilitation, engagement, communication, analytical and support roles. As we've moved into the final phases of work, our workforce requirements have changed and the Agency has downsized accordingly, with several staff taking on tasks previously allocated to other staff members.

## Being a good employer

The Agency has a strong commitment to being a good employer through fair, honest and transparent dealings with all our staff. Recruitment, selection and remuneration practices are based on principles of fairness, equity and merit-based selection.

The policies and management practices that we have for recruitment, induction, staff development, health and safety and all other employment matters demonstrate our commitment to all aspects of being a good employer.



## Our culture

We have actively promoted an organisational culture of learning, continuous improvement and success.

The Agency team is proactive at a local level to motivate, support and engage with each other. Specific initiatives that promote positive staff engagement include:

- Staff briefings
- Carrying out a staff engagement survey and developing action plans to address issues identified in the survey responses
- Investing in the personal and professional development of staff<sup>3</sup>.



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<sup>3</sup> In the year ending 30 June 2021 we invested \$78,196.83 in ongoing upskilling and re-qualification of staff in critical safety sensitive statutory roles.

# Health, safety and wellbeing

An effective health and safety management system requires a number of complementary and mutually reinforcing elements:

- top level commitment, leadership and modelling
- a quality regulatory regime
- a supportive and robust organisational culture
- effective worker participation
- sound and effective systems and processes
- good quality internal and external reporting and accountability systems.

The Agency takes all of these things seriously and has invested in them accordingly.

The Health, Safety and Wellbeing Strategy provides a high level statement of the Agency's commitment to 'zero harm' and the action that will be taken to ensure and achieve this.

The Agency is the holder of a tier 1 mining permit under the Crown Minerals Act 1991 and is a PCBU for the purposes of the Health and Safety at Work Act 2015. It is subject to the requirements of the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016, Schedule 3 to the Health and Safety at Work Act 2015, and the Mines Rescue Act 2013. It is subject to regulation by WorkSafe New Zealand including scheduled and unscheduled inspection visits.

We welcome this oversight. We continue to comply fully with the spirit and the letter of all applicable requirements and have a positive, transparent and constructive working relationship with WorkSafe as the regulator of underground coal mining operations.

In the year to 30 June 2021 there were 17 scheduled and no unscheduled visits to the mine site by WorkSafe inspectors, and WorkSafe representatives were invited to attend and participate in workshops and activities, including three emergency training exercises.

A real living culture of 'safety first', deliberate and meticulous planning, well developed operating plans and procedures, realistic training and rehearsals, and 'conditions-based operations' is fundamental to the safe and successful conduct of our work. Along the way we have demonstrated agile thinking, and the willingness to reassess, reset and re-plan when required.

We encourage and support the role and activities of the health and safety representatives, and the Agency health and safety committees.

Comprehensive 'fit for purpose' systems and processes have been developed and implemented, and rigorous risk assessment and control is a core element of the operating plans that have been and are being developed.



The organisational commitment to health and safety is supported by:

- An active operational health and safety committee for the mine site that meets weekly
- A high level Health, Safety and Wellbeing Steering Committee that provides supervision and direction on health and safety matters and priorities across the Agency
- Independent underground mining health and safety inspections with results reported to the Steering Committee
- Workshops with a fatigue specialist including providing tools and resources for the workforce
- Regular discussion between the chief executive and staff in statutory and non-statutory mining roles
- Scheduled consideration by the Agency management team of health and safety matters – including reports on the work of the health and safety committees
- The Agency paying for Group Medical and Personal Insurance cover for employees
- Co-designed health and safety policies and procedures that outline how a safe and healthy workplace for all staff, contractors and visitors is maintained, and what procedures are implemented to achieve this.
- Staff having access to the Employee Assistance Programme – a confidential workplace service that the Agency funds.
- A range of internal and external reporting and accountability mechanisms – including the four health and safety related performance measures that have been included in the operating expense appropriation that funds the work of the Agency.



# Pay and workplace profile

As at 30 June 2021, 24 staff<sup>4</sup> were employed by the Agency.

## Ethnicity profile<sup>5</sup>

83% of Agency staff identify with the New Zealand European/European (Pākehā) ethnicity group, with 12.50% of staff members each identifying with two ethnic groups (Māori and other), and 4.16% of staff identify as European and one other ethnicity.

## Remuneration profile for the period 1 July 2020 to 30 June 2021<sup>6,7</sup>

Salary per annum	Number of staff
Up to \$99,999	20
From \$100,000 to \$149,999	12
Over \$150,000	8
<b>Total staff</b>	<b>40</b>

## Gender representation and pay

Of the 24 staff employed by the Agency as at 30 June 2021, three were women and 21 were men.

Of the six members of the Management Team, three are women and three are men. NZ Police representatives attend the management meetings and the Chair of the Family Reference Group has a standing invitation to attend as an active listener.

Across the Agency as a whole, the gender pay gap (based on a simple comparison of the total average salaries paid to women and men) was 16% in favour of men.<sup>8</sup>

The Agency acknowledges and supports the commitments in the Gender Pay Action Plan to equal pay, flexible work by default, no bias or discrimination in remuneration systems and human resource practices, and gender-balanced leadership.

The Agency reviewed its Gender Pay Gap Agency Action Plan in May 2020, submitted the plan to the Public Services Commission, and published it to the Agency website. A light touch review of the action plan was completed in May 2021, resulting in no changes.

<sup>4</sup> Includes the Chief Executive.

<sup>5</sup> Ethnicity information about Agency staff has been aggregated to protect the privacy of individuals.

<sup>6</sup> Remuneration information for Agency staff has been aggregated to protect the privacy of individuals, with gross earnings from 1 July 2020 to 30 June 2021 reported. Some new positions were filled part way during the financial year and includes staff who started or concluded employment during the year. The Agency completed a rightsizing programme of work in November 2020, as post December 2020 the Agency considered that the work requirements would reduce as the Agency moved to seal the mine and rehabilitate the surrounding area, before the site was handed back to the Department of Conservation to administer, resulting in a reduced number of mine worker positions being required. Existing staff whose contracts expired on 31 December 2020 were invited to apply for these new roles. The 12 successful applicants were employed under new individual employment contracts from early January 2021 onwards for a fixed term.

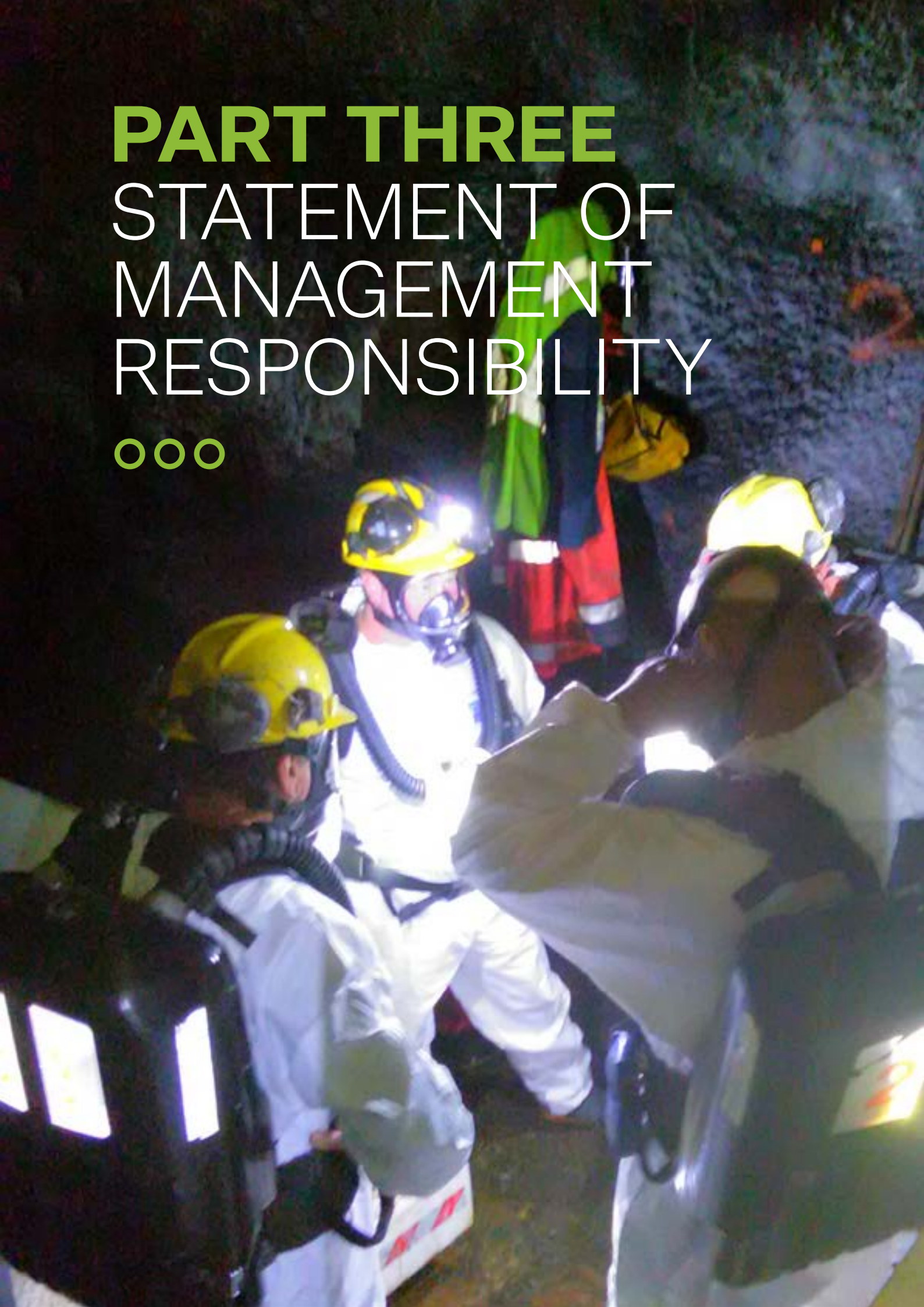
<sup>7</sup> Excludes the remuneration of the Chief Executive who is employed by the Public Services Commission however includes the three workers employed on an 'as required basis', two of whom are technical specialists.

<sup>8</sup> Salaries paid to specialised mining staff (all of whom are men for historical reasons) include compensation for being on call and – in most cases – for working a range of shift rosters. Comparing such salaries with salaries paid to staff employed on other conditions is not a simple 'like for like' exercise.

# **PART THREE**

## STATEMENT OF MANAGEMENT RESPONSIBILITY

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## Statement of management responsibility

I am responsible, as Acting Chief Executive of the Pike River Recovery Agency (the Agency) for:

- the preparation of the Agency's financial statements, and statements of expenses and capital expenditure, and for the judgements 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 on each appropriation administered by the Agency is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Agency, 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 Agency;
- financial statements fairly reflect the financial position of the Agency 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 Agency as at 30 June 2022 and its operations for the year ending on that date.



Michelle Wessing  
Acting Chief Executive  
30 September 2021



# Independent Auditor's Report



**To the readers of the  
Pike River Recovery Agency's  
annual report for the year ended 30 June 2021**

The Auditor-General is the auditor of Pike River Recovery Agency (the Agency). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Agency on pages 30 to 59, that comprise the statement of financial position, statement of commitments, 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 Agency for the year ended 30 June 2021 on pages 16 to 17; and;
- the statements of expenses and capital expenditure of the Agency for the year ended 30 June 2021 on pages 14 to 15; and
- the schedules of non-departmental activities which are managed by the Agency on behalf of the Crown on pages 60 to 63 that comprise:
  - › the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021;
  - › the schedules of expenses; and revenue for the year ended 30 June 2021; and
  - › the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- The financial statements of the Agency on pages 30 to 59, which have been prepared on a disestablishment basis:
  - › 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
  - › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Agency on pages 16 to 17:
  - › 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
  - › complies with generally accepted accounting practice in New Zealand.
- The statements of expenses and capital expenditure of the Agency on pages 14 to 15 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- The schedules of non-departmental activities which are managed by the Agency on behalf of the Crown on pages 60 to 63 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - › the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021; and
  - › expenses; and revenue for the year ended 30 June 2021.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

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

### **The financial statements are appropriately prepared on a disestablishment basis**

Without modifying our opinion, we draw attention to Note 2 *Basis of preparation* section on page 37 and note 18 on page 58 of the financial statements about the financial statements being prepared on a disestablishment basis. We consider the disestablishment basis of preparation to be appropriate because the Agency expects to be disestablished within 12 months of signing the financial statements after completing its objectives and transferring the Pike River Mine site to the Department of Conservation.

## **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 Acting Chief Executive for the information to be audited**

The Acting Chief Executive is responsible on behalf of the Agency for preparing:

- financial statements that present fairly the Agency's financial position, financial performance, and its 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 Agency, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Agency on behalf of the Crown.

The Acting Chief Executive 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 Acting Chief Executive is responsible on behalf of the Agency for assessing the Agency's ability to continue as a going concern. If the Acting Chief Executive concludes that the going concern basis of accounting is inappropriate, the Acting Chief Executive is responsible for preparing financial statements on a disestablishment basis and making appropriate disclosures.

The Acting Chief Executive's responsibilities arise from 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 Agency's Strategic Intentions 2018/19, Estimates and Supplementary Estimates of Appropriations 2020/21 and the 2020/21 forecast financial figures included in the Agency'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 Agency's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Agency's framework for reporting its performance.
- We conclude on the appropriateness of the use of the disestablishment basis by the Acting Chief Executive.
- 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 Acting Chief Executive 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 Acting Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 67, 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 Agency in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International 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 Agency.



Ajay Sharma  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Departmental Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2021

2020 Actual \$000's		Notes	2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
	<b>Income</b>				
17,553	Revenue – Crown	3	10,035	7,400	1,035
126	Other revenue		5,372	–	–
<b>17,679</b>	<b>Total income</b>		<b>15,407</b>	<b>7,400</b>	<b>1,035</b>
	<b>Expenditure</b>				
5,410	Personnel costs	4	4,966	1,708	–
592	Depreciation and amortisation expense	13	38	–	–
30	Capital charge	6	62	–	–
11,648	Other operating expenses	5	10,341	5,692	1,035
<b>17,680</b>	<b>Total expenditure</b>		<b>15,407</b>	<b>7,400</b>	<b>1,035</b>
<b>(1)</b>	<b>Net surplus/(deficit) and comprehensive income</b>		–	–	–

Explanation of major variances against Main Estimates can be found in Notes 3 to 6 and Note 13.

The accompanying notes form part of these financial statements.



## Departmental Statement of Financial Position

as at 30 June 2021

2020 Actual \$000's	Notes	2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 <sup>9</sup> Unaudited Forecast \$000's
	<b>Assets</b>			
	<b>Current Assets</b>			
10,650	Cash and cash equivalents	8,481	–	–
443	Debtors and other receivables	1,642	–	–
200	Prepayments	81	–	–
121	Property, plant and equipment	82		
<b>11,414</b>	<b>Total current assets</b>	<b>10,286</b>	–	–
<b>11,414</b>	<b>Total assets</b>	<b>10,286</b>	–	–
	<b>Liabilities</b>			
	<b>Current Liabilities</b>			
1,031	Creditors and other payables	1,388	–	–
6,485	Revenue in Advance	5,674	–	–
572	Employee entitlements	524	–	–
2,076	Provisions	1,450		
<b>10,164</b>	<b>Total current liabilities</b>	<b>9,036</b>	–	–
<b>10,164</b>	<b>Total liabilities</b>	<b>9,036</b>	–	–
<b>1,250</b>	<b>Net assets</b>	<b>1,250</b>	–	–
	<b>Equity</b>			
<b>1,250</b>	Taxpayers' funds	1,250	–	–
	Revaluation Reserve	–		
<b>1,250</b>	<b>Total Equity</b>	<b>1,250</b>	–	–

A discussion of major variances against Main Estimates can be found in the relevant notes.

9 The Agency expects to be disestablished within 12 months of signing the financial statements and is forecasting that all assets, liabilities and equity would have been disposed of at that time.

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

for the year ended 30 June 2021

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
500	Balance as at 30 June	1,250	1,250	1,250
–	Comprehensive income / (expense)	–	–	–
–	Return of operating surplus to the Crown	–	–	–
750	Capital contributions / (withdrawals)	–	(1,250)	(1,250)
<b>1,250</b>	<b>Balance as at 30 June 2021</b>	<b>1,250</b>	<b>–</b>	<b>–</b>

Explanation of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

for the 12 months ended 30 June 2021

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
	<b>Cash flows from operating activities</b>			
17,553	Receipts from Crown	10,035	7,400	1,035
177	Receipts from other revenue	4,293	–	–
(7,607)	Payments to suppliers	(12,187)	(8,085)	(1,720)
(5,206)	Payments to employees	(5,005)		
(30)	Payments for capital charge	(62)	–	
286	Goods and services tax (net)	757	–	–
<b>5,173</b>	<b>Net cash flows from operating activities</b>	<b>(2,169)</b>	<b>(685)</b>	<b>(685)</b>
	<b>Cash flows from investing activities</b>			
(5)	Purchase of property, plant and equipment	0	–	–
	Sale of property, plant and equipment		353	353
<b>(5)</b>	<b>Net cash flows from investing activities</b>	<b>0</b>	<b>353</b>	<b>353</b>
	<b>Cash flows from financing activities</b>			
750	Capital contributions	–	(1,250)	(1,250)
<b>750</b>	<b>Net cash flows from financing activities</b>	<b>–</b>	<b>(1,250)</b>	<b>(1,250)</b>
5,918	Net (decrease) / increase in cash	(2,169)	(1,582)	(1,582)
4,732	Cash at the beginning of the year	10,650	1,582	1,582
<b>10,650</b>	<b>Cash at the end of the year</b>	<b>8,481</b>	<b>–</b>	<b>–</b>

Explanation of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.



## Reconciliation of net surplus to net cash flows from operating activities

for the 12 months ended 30 June 2021

2020 Actual \$000's		2021 Actual \$000's
–	Net surplus (deficit)	–
	<b>Non-cash items:</b>	
591	Depreciation, amortisation and impairment expenses	39
–	Vested assets – motor vehicles	
<b>591</b>	<b>Total non-cash items</b>	<b>39</b>
	<b>Add/(less) movements in working capital:</b>	
(64)	(Increase) / Decrease in debtors and other receivables	(1,199)
115	(Increase) / Decrease in prepayments	119
(666)	Increase / (Decrease) in creditors and other payables	(1,036)
4,712	Increase / (Decrease) in revenue in advance	(811)
286	Increase / (Decrease) in GST	757
199	Increase / (Decrease) in employee entitlements	(38)
<b>4,582</b>	<b>Net movement in working capital items</b>	<b>(2,207)</b>
<b>5,173</b>	<b>Net cash flow from operating activities</b>	<b>(2,169)</b>

The accompanying notes form part of these financial statements.

## Statement of Commitments

As at 30 June 2021

### Capital commitments

The Agency has no capital commitments at 30 June 2021 (nil at 30 June 2020).

### Non-cancellable operating lease commitments

Given the Agency is to be disestablished, leases that extend beyond one year have been recognised in the financial statements as onerous and recognised as a provision based on the cost to terminate the lease. The non-cancellable operating lease commitments schedule reflects payments to be made over the remaining period of operations.

	2021 Actual \$000's	2020 Actual \$000's
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Not later than one year	1,612	1,614
Later than one year and not later than five years		–
Later than five years		
<b>Total non-cancellable operating lease commitments</b>	<b>1,612</b>	<b>1,614</b>

The accompanying notes form part of these financial statements.

## Statement of Contingent Liabilities and Assets

As at 30 June 2021

### Quantifiable contingent liability

The Agency has no quantifiable contingent liabilities (nil at 30 June 2020).

### Unquantifiable contingent liabilities

The Agency has no unquantifiable contingent liabilities (nil at 30 June 2020).  
The Agency has an obligation to rehabilitate the Pike River Mine site, and this obligation is accounted for in the financial statements.

### Contingent Assets

The Agency has no contingent assets as at 30 June 2021 (nil at 30 June 2020).



The accompanying notes form part of these financial statements.



# Who we are

This section provides information on the legislation governing the Agency's operations and reporting requirements and accounting policies, or information on where to find accounting policies that are fundamental to the financial statements. The Agency was established for a finite time, and is appropriated until 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: REPORTING ENTITY

The Pike River Recovery Agency (the Agency) is a New Zealand government department as defined by section 2 of the Public Finance Act 1989 (the PFA) and is domiciled and operates in New Zealand. The legislation governing the Agency's operations includes the PFA. The ultimate parent of the Agency is the New Zealand Crown.

The Agency's primary objective is to provide services to the public. The Agency does not operate to make a financial return and is a public benefit entity (PBE) for financial

reporting purposes. The financial statements cover all activities of the Agency as set out in the Main Estimates and Supplementary Estimates 2020/21 and include Vote Pike River Re-entry.

In addition, the Agency has reported the Crown activities that it administers.

The financial statements of the Agency are for the year ended 30 June 2021. They were authorised for issue by the Acting Chief Executive of the Agency on 30 September 2021.

### NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared on a disestablishment basis, and the accounting policies have been applied consistently throughout the year. The Agency expects to be disestablished within 12 months of signing the financial statements after completing its objectives and transferring the Pike River Mine site to the Department of Conservation.

The accounting policies, detailed below, reflect the fact that the assets and liabilities may not be realised in the ordinary course of business. Refer to note 2 for further details.

#### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the PFA, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) and Treasury instructions.

The accompanying notes form part of these financial statements.

## **NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The financial statements of the Agency have been prepared in accordance with Tier 1 PBE accounting standards.

### **Measurement base**

The financial statements have been prepared on a disestablishment basis.

### **Changes in accounting policies**

The Agency has prepared its financial statements on a disestablishment basis consistent with the comparative reporting period. The Agency has adopted the amendments to PBE IPSAS 1 Going Concern Disclosures. Due to the current level of disclosures this has had no material impact on the financial statements. No other changes in accounting policies have been applied.

### **Functional and presentation currency**

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

### **Comparative amounts**

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

### **Standards, amendments and interpretations issued that are not yet effective and have not been adopted early**

Due to the Agency applying a disestablishment basis to prepare these financial statements, there are no standards and amendments issued but not yet effective that will affect the Agency.

### **Significant accounting policies**

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

### **Commitments**

The following commitments have been recognised in the Statement of Financial Position at their expected net settlement value:

- Lease cost expected to be incurred on termination of leases at the date the Agency will cease to operate
- Penalty or exit costs related to cancellable contracts.

Lease and capital expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date and due over the coming period of operations are disclosed as commitments.

Commitments relating to employment contracts are not disclosed.

Cancellable commitments that have penalty or exit costs in the agreement, on exercising that option to cancel, are included in the statement of commitments at the lower of either the remaining contractual commitment and the value of that penalty; or exit cost.

### **Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident and, for each class of contingent liability, a brief description of the nature of the contingent liability is provided at balance date.

The accompanying notes form part of these financial statements.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities are not disclosed if the possibility is remote.

### Foreign currency transactions

Foreign currency transactions, including those for which forward foreign exchange contracts are held, are translated to New Zealand dollars at the rate applicable on the day of settlement.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date.

Foreign exchange gains or losses arising from the settlements of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in net surplus or deficit.

### Goods and services tax (GST)

All items in the financial statements, except for receivables and payables, are stated exclusive of GST including appropriation statements and commitments and contingencies. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to 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.

### Income tax

Government departments are exempt from income tax as public authorities and no income tax has been provided for.

### Critical accounting estimates, assumptions and critical judgements in applying accounting policies

In preparing these financial statements, estimates, assumptions and critical judgements have been made concerning the future and may differ from the subsequent actual results. Estimates, assumptions and critical judgements 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.

The Agency has included in the Financial Statements an estimate for the rehabilitation of the Pike River Mine site. In completing this estimate the Agency has engaged external subject matter experts with experience in these type of work activities.

No other estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been included.

### Judgements

#### *Going concern/disestablishment*

Management has determined that the Agency's financial statements will be prepared on a disestablishment basis, instead of using a going concern assumption, for the 30 June 2021 financial year.



## **NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management note that the 2019 and 2020 financial statements were also prepared on a disestablishment basis. Management is satisfied that the conclusions reached at the date of signing these financial statements was appropriate at that time. Due to uncertainties around the progress of operations at the Pike River mine site, management has reassessed its judgements for the 30 June 2021 financial period and are satisfied with the conclusion that disestablishment basis is the appropriate basis for preparing the financial statements. This is on the basis that the mine site is expected to close and be surrendered to the Department of Conservation most likely by the end of 2021 calendar year resulting in the Agency disestablished by the end of February 2022.

Key estimates around uncertainty arise in the estimation of balances under a disestablishment basis. Specifically:

### **Property, Plant and Equipment**

The estimated useful life and residual value of property, plant and equipment has been reassessed based on the entity's expectation it will cease to use the assets. Residual values have been estimated based on the Agency's expectations about recovery of the assets through sale, disposal or transfer. Estimations have been based on the realisable value of the asset and the expected cost to dispose of it. The useful life reflects the expectation that the Agency will cease operations within

12 months of the date of signing the financial statements. This has been estimated based on management's best estimate at the reporting date of the time expected to complete the objectives of the Agency and transfer Pike River Mine site to the Department of Conservation. Changes in the estimation of residual values and useful lives of assets might arise after the reporting date and could impact the future carrying value of the assets.

### **Mine rehabilitation provision**

The measurement of the rehabilitation provision has been estimated based on the activities required to meet the Agency's obligations under the MOU. This includes site remediation of the land, decommissioning of drill holes and the mine portal being sealed. In determining the provision, the Agency obtained external advice regarding the cost of work required to complete the rehabilitation. This was reviewed by internal experts.

Estimates include consideration of the time taken to decommission drill holes, upgrade existing roads and bridges, technical expertise, number of people and time required to rehabilitate the land, and the design and installation of the mine portal rated seal. Changes in the estimates could impact the actual costs incurred. Factors that may significantly affect the actual costs include inclement weather and the state of the strata and hence the amount of remedial work required to stabilise this.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Budget figures

The budget figures are for the year ending 30 June 2021. They were included in the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2021, which are consistent with the financial information in the main estimates.

### Forecast figures

The forecast figures for the year ending 30 June 2022 are consistent with the Agency's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 30 June 2022.

While the Agency regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

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

### Significant assumptions used in preparing the unaudited forecast financial statements

The forecast financial statements have been prepared in accordance with the PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The purpose of the forecast financial statements is to facilitate Parliament's consideration of the appropriations for, and planned performance of, the department.

Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the forecast information presented and that the variations may be material.

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

The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the Main Estimates were finalised. The main assumptions were as follows:

- the Agency's activities and output expectations will remain substantially the same as for the previous year focusing on the Government's priorities
- personnel costs were based on planned full-time equivalent staff, which takes into account staff turnover
- estimated year-end information for 2020/21 was used as the opening position for the 2021/22 forecasts.

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

There are no significant events or changes that would have a material impact on the BEFU forecast. Factors that could lead to material differences between the forecast financial statements and the 2021/22 actual financial statements include changes to the baseline budget through new funding.

The accompanying notes form part of these financial statements.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Since balance date the following events of significance have occurred:

- On Friday 9 July a small group of families parked at the mine gate for the purposes of stopping the sealing at 170m and the return of underground equipment off site.
- In line with the Agency's risk assessment, controls and processes were initiated to protect the workforce, and no-one crossed the protest line.
- The protest action had a material impact on the Agency's timeframes, including delaying the NZ Police borehole drilling programme and the return of leased equipment.
- From Monday 2 August the 170m barrier was completed, resulting in the mine drift being inertised with nitrogen, as part of the process to finally seal the Pike River Mine.
- The Agency continues to be impacted by COVID-19 pandemic (see Note 19). Underground operations and the NZ Police borehole drilling programme were paused during Alert Level 4 and 3 from 17 August to 7 September 2021, while still incurring costs. The Agency resumed full operations on 8 September 2021, working under COVID Delta Alert Level 2.

### Authorisation statement

The forecast figures reported are those for the period ended 30 June 2022 submitted to Treasury and included in the Budget and Economic Update (BEFU) 2020. These were authorised for issue on 20 August 2021 by the Chief Executive who is responsible for the forecast financial statements as presented.

It is not intended that the prospective financial statement will be updated subsequent to presentation.

The accompanying notes form part of these financial statements.

# How we were funded

The Agency's delivery of services and functions on behalf of the Government is funded by revenue from the Crown. Revenue from the Crown consists of amounts appropriated for departmental multi-year appropriations, adjusted for any formal additions and reductions.

## NOTE 3: REVENUE

### Accounting policy

#### Revenue from the Crown

Revenue from the Crown is treated as a non-exchange transaction. 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 Agency can incur expenses only within the scope and limits of its appropriations.

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

	2021 Actual \$000's	2020 Actual \$000's
Revenue – Crown	10,035	17,553
NZ Police – Administration and Use	4,845	–
Other Revenue	527	126
<b>Total income</b>	<b>15,407</b>	<b>17,679</b>

Note : During the 2020/21 financial year the Agency entered into an Administration and Use agreement with NZ Police. This agreement allowed the Agency to recover costs from NZ Police up to the value of \$5,300,000 for the 2020/21 Year. The actual recovered was \$4,844,507 and this has been deducted from the current year expenditure. Refer to Dev-21-Min-0129.

### Explanation of major variances against estimates

Total revenue is equal to the expenses incurred and all Crown revenue received above this has been recognised as revenue in advance. The Agency also recognised revenue from New Zealand Police for the reimbursement of expenses incurred on their behalf.

Main Estimates for the 2020/21 year are disclosed in the Statement of Comprehensive Revenue and Expenses on page 30.

The accompanying notes form part of these financial statements.



# The costs we incur to achieve our goals

In order to provide services to the public, the Agency incurred various types of expenditure totalling \$15.407m. Personnel costs (see note 4) and other operating expenses (see note 5), such as IT costs and technical support, professional services, rental and operating lease costs, and the costs associated directly with the re-entry to the Pike River Mine drift, make up the majority of the Agency's expenditure.

## NOTE 4: PERSONNEL COSTS

### Accounting policy

#### Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, and other similar benefits are recognised in the surplus or deficit when they accrue to employees.

Obligations for contributions to KiwiSaver are recognised in the surplus or deficit as they fall due.

	2021 Actual \$000's	2020 Actual \$000's
Salaries and wages	4,606	4,744
Superannuation contributions to defined contribution plans	127	115
Increase / (decrease) in employee entitlements	(36)	204
Training and development	78	122
Other	191	225
<b>Total personnel costs</b>	<b>4,966</b>	<b>5,410</b>

### Explanation of major variances against estimates

Personnel costs were \$3.258m above Main Estimates. This was mainly due to the effect of the COVID-19 pandemic on the Agency's timeframes (totalling 14 weeks of non-activity but ongoing costs), meant that the Pike River operations could not be completed within anticipated timeframes, and the Agency disestablishment by early 2021 as initially planned for.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Comprehensive Revenue and Expenses on page 30.

The accompanying notes form part of these financial statements.

## NOTE 5: OTHER OPERATING EXPENSES

### Accounting policy

#### Other operating expense recognition

Other operating expenses are recognised when goods and services are received.

#### Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The unexpired lease portion of operating leases that will be incurred on termination of a lease at the end of the Agency's operations is recognised in the Statement of Financial Position as a liability reflecting the expected new settlement value. See Note 11.

The unexpired portion of an operating lease to be incurred during the period of operations is shown in the Statement of Commitments.

	2021 Actual \$000's	2020 Actual \$000's
Occupancy costs	1,181	1,625
Rental of premises	96	34
Fees to auditor	86	85
Legal Fees	105	99
Consultants and contractors	1,923	3,242
Transport and travel	239	362
Information and communication costs	369	517
Mine related costs	5,486	4,389
COVID-19 related costs	5	22
Other operating costs	851	1,273
<b>Total operating expenses</b>	<b>10,341</b>	<b>11,648</b>

The accompanying notes form part of these financial statements.

### **Explanation of major variances against estimates**

Other operating expenses were \$4.649m above Main Estimates as it was anticipated Pike River operations could be completed, and the Agency disestablished by February 2021. However, there have been unexpected delays affecting these timeframes, including:

- COVID-19 lockdown 2020 for 14 weeks of non-activity but ongoing costs
- A withdrawal from operations underground for two weeks following the discovery of products of combustion in the drift
- Undertaking a drilling programme from the surface into the mine workings
- Change in approach regarding removal of all equipment and of Pit Bottom and Stone to better inform NZ Police's criminal investigation are all factors that have adversely affected timeframes resulting in the Agency incurring expenditure and operating longer than anticipated.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Comprehensive Revenue and Expenses on page 30.

### **NOTE 6: CAPITAL CHARGE**

The Agency pays a capital charge to the Crown based on its taxpayers' funds at 31 December and 30 June each financial year.

The capital charge rate was 5% for the six months to 31 December 2020, and 30 June 2021.

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

# Our working capital

The Agency's working capital is made up of its operating assets less liabilities. The Agency's operating assets support the performance of day-to-day operations and the provision of services to the public. Certain Agency's operating assets were cash-related and disclosures relating to these can be found in the Financial Risk Management section.

## NOTE 7: DEBTORS AND OTHER RECEIVABLES

### Accounting policy

Debtors and other receivables are recorded at face value, less any provision for impairment.

Debtors and other receivables are considered to be impaired when there is evidence that the Agency will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	2021 Actual \$000's	2020 Actual \$000's
Temporary Customs Bonds	369	354
NZ Police reimbursement	1,273	67
Other	–	22
<b>Total debtors and other receivables</b>	<b>1,642</b>	<b>443</b>

The Agency has imported on a temporary basis a number of pieces of equipment for use in the re-entry of the Pike River Mine drift. It is anticipated that this equipment will be in New Zealand for a short period of time and the customs payments will be returned to the Agency.

The Agency is also paying on behalf of the New Zealand Police a monthly charge in relation to the hire of specialist equipment for use at the Pike River Mine site, in support of their criminal investigation. The New Zealand Police have agreed to reimburse the Agency for this cost.

The accompanying notes form part of these financial statements.



### Explanation of major variances against estimates

The Agency had \$1.642m debtors or other receivables as at 30 June 2021. This was \$1.642m above the Main Estimates.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 30.

### NOTE 8: PREPAYMENTS

The Agency holds insurance premiums that cover the expected period that the Agency will require this cover. The premiums payment has been recognised as a prepayment.

	2021 Actual \$000's	2020 Actual \$000's
Crombie Lockwood Insurance Broker	81	200
<b>Total prepayments</b>	<b>81</b>	<b>200</b>

### NOTE 9: CREDITORS AND OTHER PAYABLES

#### Accounting policy

Short-term creditors and other payables are recorded at face value.

	2021 Actual \$000's	2020 Actual \$000's
Payables	19	10
Accrued expenses	493	902
GST payable to Inland Revenue	876	119
<b>Total creditors and other payables</b>	<b>1,388</b>	<b>1,031</b>

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

## NOTE 10: REVENUE IN ADVANCE

### Accounting policy

Revenue in advance results from the Agency operating a multi-year appropriation. The balance represents the difference between the revenue and the expenditure incurred for the year. In the final year of the multi-year appropriation the whole of the remaining funding will be recognised and any surplus will be repaid to the Crown.

	2021 Actual \$000's	2020 Actual \$000's
<b>Balance as at 30 June 2020</b>	<b>6,485</b>	<b>1,773</b>
Receipts	9,223	22,264
Less total expenditure	10,034	17,552
<b>Revenue in advance</b>	<b>5,674</b>	<b>6,485</b>

## NOTE 11: PROVISIONS

### Accounting policy

The Agency recognises a provision for future expenditure when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Expenditure expected to be incurred in relation to the disestablishment of the Agency has been recognised as a provision at the reporting date. This includes costs of existing contracts, disposal costs and additional legal costs.

Provisions are measured at the net settlement value of the expenditure expected to be required to settle the obligation. No discounting has been applied due to the anticipated timing of payments.

## NOTE 11: PROVISIONS (CONTINUED)

### Mine site rehabilitation obligations

The Agency has a present obligation to rehabilitate the Pike River Mine site. The basis for this obligation arises from agreements for the transfer of mine assets and access arrangements. Now that re-entry to the mine has occurred, the Agency is in a position to be able to quantify its obligation based on a net settlement value.

The estimate of the obligation has been determined based on the activities required to meet the Agency's obligations under the Memorandum of Understanding. This includes site remediation of the land, sealing of drill holes, removal of nitrogen lines, tube bundle lines and gas monitoring and the mine portal being sealed.

Movements in Provisions	Lease Make Good – Greymouth Office	Non-Cancellable Leases or contracts	Mine Site rehabilitation obligations	Total
Opening balance at 30 June 2020	80	–	1,996	2,076
Additional Provisions made	–	–	–	–
Amounts used	–	–	(626)	(626)
<b>Balance at 30 June 2021</b>	<b>80</b>	<b>–</b>	<b>1,370</b>	<b>1,450</b>

### Make good – Greymouth office

The Agency is required at the expiry of its leases to make-good any damage caused and remove any fixtures or fittings installed by it.

Due to the Agency ceasing to operate within 12 months of signing the financial statements, a provision has been recognised for the expected cost of restoring the building to the required state.

The Agency has recognised the expected costs of terminating leases at the end of its operations in relation to termination of building leases and telecommunications contracts. The provision represents the unavoidable costs expected to be incurred at cessation of operations of the Agency on cancellation of the contracts.

### Non-cancellable leases or contracts

The opening balance represents the contracts that the Agency had entered into that are unable to be cancelled and will continue past the disestablishment of the Agency.

These contracts have now gone past that date and no further non-cancellable leases or contracts have been entered into.

The accompanying notes form part of these financial statements.



## NOTE 12: EMPLOYEE ENTITLEMENTS

### Accounting policy

All employee entitlements are expected to be settled within 12 months of balance date and are classified as current liabilities.

### Current employee entitlements

Current employee entitlements are measured at nominal values based on accrued entitlements at current rates of pay. These include: Salaries and wages accrued up to balance date; and annual leave earned but not yet taken at balance date.

A liability for performance payment will be recognised where the Agency has a contractual obligation or where there is a past practice that has created a constructive obligation.

	2021 Actual \$000's	2020 Actual \$000's
<b>Current liabilities</b>		
Accrued salaries	107	143
Annual leave	367	403
ACC payable	50	26
<b>Total employee entitlements</b>	<b>524</b>	<b>572</b>





# Assets that support our operations

Due to adopting a disestablishment basis, long-term assets have been recognised as current assets and measured at the lower of cost or net realisable value.

## NOTE 13: PROPERTY AND EQUIPMENT

### Accounting policy

Property and equipment consists of equipment, leasehold improvements, furniture and fittings, computer hardware and motor vehicles.

### Measurement

All asset classes are measured at cost less accumulated depreciation and impairment losses. The residual values used reflect the net realisable value of the asset on disposal, less cost to dispose, in order to reflect a non-going concern basis of accounting.

### Depreciation

Depreciation is charged on a straight-line basis, at rates that will write off the cost of the assets to their estimated residual value over their useful life to the Agency. Useful lives are reassessed at each reporting date to ensure they reflect managements and expectations. The useful lives of major categories of property and equipment have been estimated as follows:

Asset Class	Useful Life
Computer hardware	1 Year
Furniture and fittings	1 Year
Leasehold improvements (shorter of lease period or estimated useful life)	1 Year
Motor vehicles	1 Year
Mine equipment	1 Year

The accompanying notes form part of these financial statements.

## Impairment

Property and equipment is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the surplus or deficit.

## Disposals

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in net surplus or deficit.

	Leasehold Improvements \$000	Furniture, Fittings and Office Equipment \$000	Computer Hardware \$000	Motor Vehicles \$000	Mine Equipment \$000	Work In Progress \$000	Total
<b>Cost</b>							
Opening Balance at 30 June 2020	144	143	126	48	494	–	<b>955</b>
Additions	–	–	–	–	–	–	<b>0</b>
Transferred from WIP	–					–	<b>–</b>
<b>Balance at 30 June 2021</b>	<b>144</b>	<b>143</b>	<b>126</b>	<b>48</b>	<b>494</b>	<b>–</b>	<b>955</b>
<b>Accumulated depreciation and impairment losses</b>							
Opening Balance at 30 June 2020	76	114	116	34	494	–	<b>834</b>
Depreciation expense	–	29	10	–	–	–	<b>39</b>
<b>Balance at 30 June 2021</b>	<b>76</b>	<b>143</b>	<b>126</b>	<b>34</b>	<b>494</b>	<b>–</b>	<b>873</b>
<b>Carrying amounts</b>							
At 30 June 2020	68	29	10	14	–	–	<b>121</b>
<b>At 30 June 2021</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>82</b>

### Explanation of major variances against estimates

There are no major variances against Main Estimates for property and equipment.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 30.

The accompanying notes form part of these financial statements.

# Financial risk management

The Agency can be exposed to various financial risks. This section discusses how financial risks can affect the Agency's financial position, net surplus and deficit, and how the Agency manages these risks.

## NOTE 14: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Accounting policy

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. The Agency is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Agency has no exposure to currency risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value of, or cash flows from, a financial instrument will fluctuate due to changes in market interest rates. The Agency has no exposure to interest-bearing financial instruments.

#### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Agency, resulting in a loss. In the ordinary course of the Agency's business it is exposed to credit risk in association with financial assets held. The Agency is not exposed to significant concentrations of credit risk. The Agency is potentially exposed to credit risk for undrawn credit card facilities equal to the undrawn balance. The credit card facilities limit as at 30 June 2021 was \$60,000.

The Agency's maximum credit exposure is the carrying value of its financial assets. The Agency does not hold collateral as security against its financial assets.

The accompanying notes form part of these financial statements.

### Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, the Agency closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Agency maintains a target level of available cash to meet liquidity requirements.

The Agency will settle all of its financial liabilities within six months of balance date.



The accompanying notes form part of these financial statements.



# Other disclosures

## NOTE 15: EQUITY

### Accounting policy

Equity is the Crown's investment in the Agency and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds.

### Taxpayers' funds

2020 Actual \$000's		2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
500	Balance as at 30 June 2020	1,250	1,250	1,250
750	Capital contributions	–	(500)	(1,250)
<b>1,250</b>	<b>Total capital contributions</b>	<b>1,250</b>	<b>750</b>	<b>–</b>

The Agency pays a capital charge to the Crown in December and June each year based on its taxpayers' funds at 31 December and 30 June each financial year.

## NOTE 16: CAPITAL MANAGEMENT

The objective of managing the Agency's equity is to ensure that the Agency achieves its goals and objectives efficiently, and is disestablished once its objectives are met. Where the Agency identifies that it does not have sufficient resources to achieve this objective, a capital injection is sought.

As general government policy, with the exception of the balances retained in memorandum accounts, the Agency is not permitted to retain any operating surplus.

### Statement of Departmental Capital Injections

	2021 Actual \$000's	2020 Actual \$000
Capital injections		750
<b>Total Capital Injections</b>	<b>–</b>	<b>750</b>

#### **NOTE 17: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL**

All related party transactions have been entered into on an arm's-length basis.

The Agency has received funding from the Crown of \$10.035m to provide services to the public for the year ended 30 June 2021 (2020 \$17.553m).

In conducting its activities, the Agency is required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Agency is exempt from paying income tax.

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 Agency would have adopted in dealing with the party at arm's-length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Treasury advises that the responsible Minister, Hon Andrew Little, has certified that there have been no related party transactions for the year ended 30 June 2021.

#### **Related party transactions involving key management personnel or their close family members**

There are no unrecorded related party transactions involving key management personnel or their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

The accompanying notes form part of these financial statements.

## Key management personnel compensation

As at balance date the Agency's management team consisted of 6 roles equating (to 5.5 FTE).  
As at 30 June 2021 the Agency's management team consisted of 6 staff.

	2021 Actual \$000's	2020 Actual \$000's
Salaries and other short-term employee benefits	1,339	1,376
Post employment benefits	28	20
Other long term employee benefits		
<b>Total key management personnel compensation</b>	<b>1,367</b>	<b>1,396</b>

The above key management personnel disclosure includes the Chief Executive, however excludes the Minister responsible for the Agency. The Chief Executive is paid by the Public Service Commission and the Minister's remuneration and other benefits

are set by the Remuneration Authority under the Members of Parliament (Remuneration of Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by the Agency.

## NOTE 18 : DISESTABLISHMENT BASIS

On 16 February 2021 the Agency completed the recovery and examination of the main drift access tunnel in the Pike River Mine to the roof fall at approximately 2.3km, and the focus shifted to the Pit Bottom of Stone (PBiS) area. Due to its complex and highly technical nature, the examination of PBiS was undertaken with assistance from NZ Police-contracted underground experts, concluding in early June. Before the end of June the Agency began the installation of a seal at 170m as the start of the initial process to finally seal the Pike River Mine.

The Agency was established to conduct a safe, manned re-entry and recovery of the Pike River Mine drift access tunnel. As part of the establishment of the Agency it was acknowledged that once the strategic objectives had been achieved the Agency would be disestablished. A formal decision has been made to disestablish the Agency and now that the initial process to seal the Pike River Mine has begun, the Agency is now in a position to estimate the timing of the disestablishment.

It is management's expectation that disestablishment will occur within 12 months of signing the financial statements and most likely by the end of February 2022.

Based on this, the financial statements have been prepared on a non-going concern basis. This has resulted in the following adjustments to the accounting policies (refer to specific notes for details):

- additional provisions being recognised for the termination costs of certain leases
- adjustment to the estimates of costs to rehabilitate leasehold improvements
- adjustments to provisions to reflect the estimated date the Agency will cease operations
- re-assessment of useful lives and residual values of property, plant and equipment based on estimation of the date the Agency will cease to operate and the expected net realisable value of the assets at that date.

The accompanying notes form part of these financial statements.

#### **NOTE 19: IMPACT OF COVID-19 INCLUDING DELTA VARIANT**

During August and September 2020 and February and March 2021, the Auckland region moved into Alert Levels 3 and 2 and other parts of the country moved into Alert Level 2. Towards the end of June 2021, the Wellington region moved into Alert Level 2 for one week. The Agency has one office which is in Greymouth. Contractors worked remotely during these periods of changing alert levels, and there was minimal impact on the operational work programme.

Due to the restrictions on international travel the Agency used remote video conferencing to ensure that overseas-based experts and suppliers could continue to contribute to the Agency's operations.

On August 17 2021 at 11.59pm the country moved into Alert Level 4, and then outside Auckland moved to Alert Levels 3 (11.59pm Tuesday 31 August) and 2 (11.59pm Tuesday 7 September). For the duration of those three weeks, the Agency was unable to work underground or on the Police borehole drilling programme. Work resumed on site on Wednesday 8 September 2021 with appropriate COVID Delta Alert Level 2 controls in place according to the Agency's COVID-19 Principal Hazard Management Plan.

#### **NOTE 20: KEY EVENTS AFTER BALANCE DATE**

Since balance date the following events of significance have occurred:

- On Friday 9 July a small group of families parked at the mine gate for the purposes of stopping the sealing at 170m and the return of underground equipment off site.
- In line with the Agency's risk assessment, controls and processes were initiated to protect the workforce, and no-one crossed the protest line.
- The protest action had a material impact on the Agency's timeframes, including delaying the NZ Police borehole drilling programme and the return of leased equipment.
- From Monday 2 August the 170m barrier was completed, resulting in the mine drift being inertised with nitrogen, as part of the process to finally seal the Pike River Mine.
- The Agency continues to be impacted by COVID-19 pandemic (see Note 19). Underground operations and the NZ Police borehole drilling programme were paused during Alert Level 4 and 3 from 17 August to 7 September 2021, while still incurring costs. The Agency resumed full operations on 8 September 2021, working under COVID Delta Alert Level 2.

The accompanying notes form part of these financial statements.



## Non-Departmental Statements and Schedules

For the year ended 30 June 2021

The following non-departmental statements and schedules record the revenue, expenses, assets and liabilities, commitments, contingent liabilities, and contingency assets that the Agency manages on behalf of the Crown.

### Schedule of Non-Departmental Revenue

For the 12 months ended 30 June 2021

2020 Actual \$000's	Notes	2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
	<b>Non-Departmental Revenue</b>			
–	Revenue – Crown	–	–	–
–	<b>Total non-departmental revenue</b>	–	–	–

### Schedule of Non-Departmental Expenditure

For the 12 months ended 30 June 2021

2020 Actual \$000's	Notes	2021 Actual \$000's	2021 Unaudited Main Estimates \$000's	2022 Unaudited Forecast \$000's
	<b>Non-Departmental Expenditure</b>			
12	Output expense – multi-year appropriation	–	–	–
<b>12</b>	<b>Total non-departmental expenditure</b>	–	–	–

Explanations of major variances against Main Estimates can be found in Note 2.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2021.

The accompanying notes form part of these financial statements.

## Schedule of Non-Departmental Assets

As at 30 June 2021

2020			2021	2021	2022
Actual			Actual	Unaudited Main	Unaudited
\$000's	Notes		\$000's	Estimates	Forecast
				\$000's	\$000's
	<b>Non-Departmental Assets</b>				
	<b>Current Assets</b>				
41	Cash and cash equivalents		–	–	–
41	<b>Total current assets</b>		–	–	–
<b>41</b>	<b>Total non-departmental assets</b>		–	–	–

## Schedule of Non-Departmental Liabilities

As at 30 June 2021

2020			2021	2021	2022
Actual			Actual	Unaudited Main	Unaudited
\$000's	Notes		\$000's	Estimates	Forecast
				\$000's	\$000's
	<b>Non-Departmental Liabilities</b>				
	<b>Current Liabilities</b>				
28	Creditors and other payables		–	–	–
28	<b>Total current liabilities</b>		–	–	–
<b>28</b>	<b>Total non-departmental liabilities</b>		–	–	–

Explanations of major variances against Main Estimates can be found in Note 2.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2021.

## Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2021

There are no non-departmental contingent liabilities or assets as at 30 June 2021.  
(Nil as at 30 June 2020.)

## Schedule of Non-Departmental Commitments

As at 30 June 2021

There are no non-departmental commitments as at 30 June 2021. (Nil as at 30 June 2020.)

The accompanying notes form part of these financial statements.

## **NOTE 1 : STATEMENT OF ACCOUNTING POLICIES**

### **Reporting entity**

These non-departmental schedules and statements present financial information on public funds that are managed by the Agency on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2021. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the Government for the year ended 30 June 2021.

### **Basis of preparation**

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of the non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Accounting Standards) as appropriate for public benefit entities.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Revenue**

Revenue from Crown is recognised when received.

### **Foreign exchange**

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such

transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the schedule of non-departmental revenue or expenses.

The budget figures are those included in the Estimates of Appropriations (Budget) for the year ending 30 June 2021. The Budget is the 2021 Estimates Budget. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Goods and services tax**

All items in the financial statements, including appropriation statements, are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, and deposits held at call with banks with maturities of three months or less.

### **Creditors and other payables**

Creditors and other payables are recorded at their face value.

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

The accompanying notes form part of these financial statements.

Information on non-cancellable capital and lease commitments are reported in the Schedule of Commitments. Cancellable commitments that have penalty or exit costs in the agreement, on exercising that option to cancel, are included in the statement of commitments at the lower of either the remaining contractual commitment and the value of that penalty; or exit cost.

## **NOTE 2 : EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET**

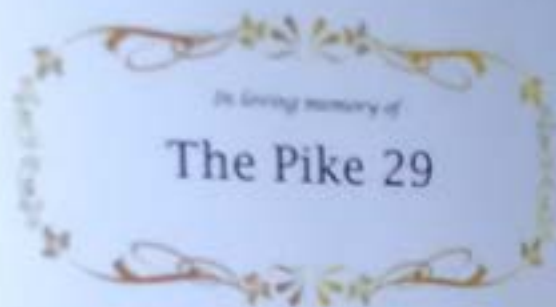
The major variances from the Agency's non-departmental supplementary estimates figures are as follows:

The non-departmental appropriation finished on 31 December 2020. No planned expenditure and no actual expenditure was incurred in the 2020/21 financial year. The funding that remained was paid back to the centre in June 2021.



The accompanying notes form part of these financial statements.





In loving memory of  
**The Pike 29**

To the Pike 29  
Dated: 16<sup>th</sup> February 2021

2021 was the last time we were this close to you. We made a promise to you and should be back one day. Trying to return you to your families and loved ones, in an effort to find a sense of this terrible tragedy.

Accused, and financially backed by the Labour-led Government, we are back!

An extensive amount of hard work, determination, and commitment has got us back. Thank you for the progress at Pike 29 Recovery Agency, NJ Police, and numerous community and industry who have assisted.

Today we stand in front of you, 1,240 miles away, with a message of love and support in going any further.

We can't get to you, but the clock is ticking. We will continue to investigate all allegations and that today day of 10 November 2021 seeing you and your family's support will be used to assist in an effort to bring some peace and closure to you and your loved ones.

We are excited back in the UK, we are grateful and back in focus. We are excited back in the UK, we are grateful and back in focus. We are excited back in the UK, we are grateful and back in focus.

Strongly, faithfully, and the team at Pike 29 Recovery Agency.



## **To the Pike 29**

### **Dated: 16<sup>th</sup> February 2021**

2011 was the last time we were this close to you. We made a promise to you we would be back one day, hoping to return you to your families and loved ones, or at least, to find a cause of this terrible tragedy.

Assisted, and financially backed by the Labour-led Government, we are back!

An extreme amount of hard work, determination, and commitment has got us here, taken upon by employees at Pike River Recovery Agency, NZ Police, and associated contractors and advisors who have assisted.

Today we stand so very close to you, 2,260m into the drift, sadly with a massive rockfall preventing us going any further.

We can't get to you, but the cause is not over. Work will continue to investigate what happened on that fateful day of 19 November 2010 costing you your lives. Hopefully injustices will be held to account in an effort to bring some peace and closure to you and your loved ones.







As we retreat back out the drift, we say goodbye, and Rest in Peace. You are sorely missed by so many and never forgotten.

Dinghy Pattinson, and the team at Pike River Recovery Agency



# The Pike River 29

## Pike River Mine, Atarau, Greymouth, NZ

 Pike River Coal	 Sub Tech Contracting	 Valley Longwall Drilling
 Boyd Kilkelly Builders	 Pizzato Contracting	 Chris Yeats Builders



**Conrad Adams**  
43, Greymouth



**Malcolm Campbell**  
25, St Andrews, Scotland



**Glenn Cruse**  
35, Greymouth



**Allan Dixon**  
59, Runanga



**Christopher (Chris) Duggan**  
31, Dunollie



**Daniel (Dan) Herk**  
36, Runanga



**David (Dave) Hoggart**  
33, Greymouth



**Richard (Rolls) Holling**  
41, Blackball



**Koos Jonker**  
47, Limpopo, South Africa



**William (Willie) Joynson**  
49, Maryborough, QLD, Australia



**Stuart (Stu) Mudge**  
31, Runanga



**Peter O'Neill**  
55, Runanga



**Brendon Palmer**  
27, Greymouth



**Peter (Pete) Rodger**  
40, Perth, Scotland



**Blair Sims**  
28, Greymouth





**Keith Valli**  
62, Nightcaps



**Terry Kitchin**  
41, Runanga



**Samuel (Sam) Mackie**  
26, Christchurch



**Milton (Milt) Osborne**  
54, Ngahere



**Joseph Dunbar**  
17, Christchurch



**Benhamin (Ben) Rockhouse**  
21, Singleton,  
NSW, Australia



**Joshua (Josh) Ufer**  
25, Charters Towers,  
QLD, Australia



**Zen Drew (Verhoeven)**  
21, Greymouth



**Kane Nieper**  
33, Greymouth



**Riki (Rik) Keane**  
28, Greymouth



**Michael Monk**  
23, Greymouth



**John Hale**  
45, Hokitika



**Andrew (Huck) Hurren**  
32, Hokitika



**Francis Marden**  
41, Barrytown

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TE KĀHUI WHAKAMANA  
RUA TEKAU MĀ IWA  
**PIKE RIVER  
RECOVERY AGENCY**

**Te Kāwanatanga o Aotearoa**  
New Zealand Government