



TE KĀHUI WHAKAMANA  
RUA TEKAU MĀ IWA  
PIKE RIVER  
RECOVERY AGENCY

# Annual Report

for the year ended 30 June 2019

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



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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



The explosion on Friday 19 November 2010 that took the lives of 29 men was a tragedy for their families, for their community, and for New Zealand.

No-one should go to work and not come home. As such, the recovery of the Pike River Mine drift is a simple, necessary, and long overdue act of justice.

On Tuesday 21 May 2019, the Pike River Recovery Agency broke through the 30m seal and re-entered the drift, honouring the Coalition Government's promise to the Pike River Families and New Zealand. Work has now begun in earnest to recover the drift, and there is still much work to do.

It is important to find out as much as possible from forensic examination about what happened at Pike River and why. It is important to bring a measure of peace and reconciliation to the families of those who died. And it is important that any human remains that are located are treated with the utmost dignity and respect.

I am pleased with the progress made by Te Kāhui Whakamana Rua Tekau mā Iwa – the Pike River Recovery Agency so far to re-enter and recover the drift. I look forward to the further work that needs to be done to bring justice for the families and all New Zealanders.

Hon Andrew Little

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

# Family Reference Group Foreword



The Pike River Family Reference Group (FRG) has continued to work closely and collaboratively with the Agency, to contribute to its work, and to inform and engage with the wider Pike 29 group of families.

As part of this FRG members have:

- ✦ met in person or by teleconference with Agency staff on a weekly basis to review current and upcoming events, and to share and discuss any matters of interest or concern
- ✦ attended expert workshops on ventilation and other matters as active listeners

- ✦ sat in on interview panels when the Agency has been recruiting new staff.

We have also maintained our strong and positive working relationship with Minister Andrew Little.

The wider family group is updated at least weekly on progress and issues by the FRG Chairperson. Events have also been organised for families to come together,

to meet with and hear from officials of the Agency and the New Zealand Police, and to ask questions and raise any issues they may have. This year, for the first time, there have also been events specifically aimed at the children of Pike families who may have been quite young when the tragic events happened back in 2010.

The FRG appreciates the excellent working relationship we have with Dave Gawn and the rest of the team at the Agency. We continue to be impressed by the dedication and commitment they bring to their work, and we value the transparency they operate with.

Resources for the work we do are limited and FRG members are not paid for the work we do. But we have the FRG Liaison Officer at the Agency to help us with some of the administrative, organisational and support work that needs to be done. Thank you Emma for the amazing things you do and how you do them.

In some ways it was challenging when the decision was made by the Agency to delay the long awaited and much anticipated physical re-entry of mine drift which had been scheduled for 3 May 2019. But the leaders of the Agency kept us informed and explained why the decision had been made. And what the decision showed clearly was the commitment of the Agency team to doing their work properly and – above all – safely.



That is important for the FRG and the families too. We share that determination that no more people will be killed or maimed at Pike River.

It has been a positive and eventful year. Re-entry of the drift up to the 170 metre mark has been achieved. We now look forward with hope and expectation to further progress in the coming year.

A handwritten signature in black ink, appearing to read 'A Osborne'.

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

An aerial photograph of a forest floor. The ground is covered in a thick layer of green moss. Scattered across the moss are several pieces of weathered, greyish-brown driftwood. Some pieces are large and flat, showing clear wood grain patterns, while others are smaller and more curved. In the upper right quadrant, there is a cluster of small, vibrant green plants with many tiny leaves. The overall scene is a natural, undisturbed forest environment.

# PART ONE

## OVERVIEW





# From the Chief Executive – the journey continues



I am pleased to present the 2018/19 Annual Report for Te Kāhui Whakakmana Rua Tekau mā Iwa – the Pike River Recovery Agency.

In the year to 30 June 2019 the Agency completed initial planning for the safe manned re-entry and recovery of the Pike River Mine drift and the physical re-entry of the drift got underway.

On 31 October 2018 I presented the Minister Responsible for Pike River Re-entry with a costed and risk-assessed re-entry and recovery plan.

In November 2018 Cabinet approved increased funding for the Agency based on a ‘most likely’ estimate of the funding required to achieve re-entry and recovery of the drift

using the preferred and recommended approach. Further detailed planning and preparation then proceeded on that basis.

In May 2019, the concrete seal 30 metres into the drift was breached and the drift beyond that was re-entered. Work then got underway to:

- ⤴ re-establish a rated seal 170 metres into the drift
- ⤴ monitor and assess the structure and stability of the drift to that point, and carry out all required remedial work on this
- ⤴ conduct a forensic examination of the area between 30 metres and 170 metres
- ⤴ clear the area up to 170 metres of concrete and water control infrastructure to allow full access by mining vehicles and equipment, and
- ⤴ monitor atmospheric conditions in the drift beyond 170 metres.

Detailed planning for operations beyond 170 metres (including a full review of the ventilation plan for this, confirming the detailed operational programme, and obtaining all of the required regulatory approvals) is continuing. As part of this it has been decided that a remote ventilation ‘plug’ will be established close to the roof fall at the end of the drift. This plug will assist with maintaining an effective barrier between the inert atmosphere over the roof fall and the fresh air in which drift recovery and forensic examination work will be conducted.

Good progress is being made but the timeframe for completing our work will continue to be determined by what can be achieved safely (always the overriding priority), effectively and efficiently.

Along the way we have continued to work closely and collaboratively with the Family Reference Group, and to engage and communicate with wider family members.

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

And we have maintained our commitment to building and maintaining a positive and constructive working relationship with WorkSafe New Zealand – the regulator of underground coal mining operations in New Zealand.

The staffing and structure of the Agency has continued to evolve and develop to meet the needs of the project. We have also continued to draw on the insights and advice of a range of national and international experts with relevant experience and expertise.

I am proud of our team and the energy, passion and commitment they bring to what they do. For them, and for me, working for the Agency is much more than just another job.

I now look forward to moving forward and getting the job done. In doing so I know that the eyes of the Pike River families and the wider New Zealand community are on the Agency. We welcome that challenge and that opportunity.

### **Whakataukī (proverb)**

**Mā whero mā pongo 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

**Chief Executive  
Pike River Recovery Agency**

# Our highlights at a glance

## The Agency

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

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

🌲 Mine-based personnel received 310 hours of training to optimise our staff capability

🌲 20 mine site or expert workshop visits by media (seven of which involved multiple media organisations at the same time) and six update presentations to West Coast community organisations

## The Mine

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

🌲 20 Principal Hazard Management Plans and Principal Control Plans developed and refreshed

🌲 No “lost time injuries” for 466 days

## Planning, preparation and re-entry and recovery effort

🌲 Minister approved the single entry re-entry and recovery plan for execution

🌲 21 May 2019 the Agency successfully stepped back into the mine drift past the 30m wall

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RUA TEKAU MA IWA  
PIKE RIVER  
RECOVERY AGENCY  
PIKE RIVER MINE



## PART TWO

# THE AGENCY AND ITS PERFORMANCE

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. It is expected that the Agency will be disestablished within 12 months of signing these financial statements, 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**
- ✦ **Our technical experts**
- ✦ **Ministry of Business, Innovation and Employment (MBIE)**
- ✦ **New Zealand Police**
- ✦ **New Zealand Defence Force**
- ✦ **WorkSafe New Zealand**
- ✦ **Department of Internal Affairs**
- ✦ **Archives 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. In particular the families and their expert advisers continue to play a central role in planning for and implementing re-entry and recovery of the drift.

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.

#### **Health and safety comes first**

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

#### **Transparency and openness**

Planning for re-entry and recovery is being done in a transparent and rigorous way that draws 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.

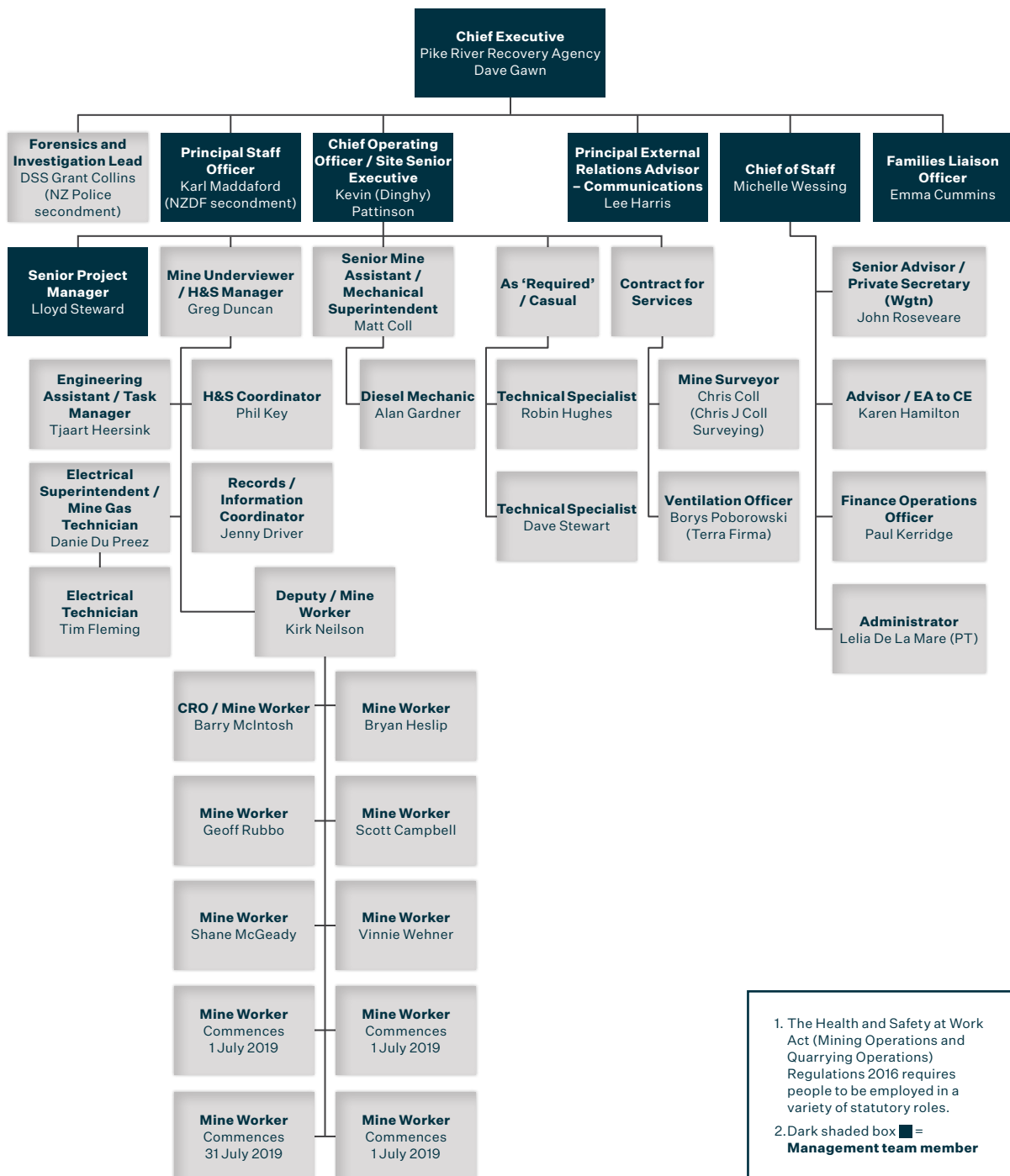
Information about our activities and advice continues to be released proactively to the Agency's website without people needing to ask for it, and we respond positively to requests for additional information that are made under the Official Information Act 1982 or otherwise.

# Our Organisation

AS AT 30 JUNE 2019



TE KĀHUI WHAKAMANA  
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RECOVERY AGENCY



1. The Health and Safety at Work Act (Mining Operations and Quarrying Operations) Regulations 2016 requires people to be employed in a variety of statutory roles.  
2. Dark 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 2018/19.

Comparative information is provided for the year ending 30 June 2018 but as the Agency was established on 31 January 2018, this information only applies to a period of five months.

## **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 and 2.

The appropriation for output expenses was intended to achieve a plan for the safe manned re-entry to 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 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.

## **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 is the appropriation administrator for this appropriation. Expenditure is monitored and approved by the responsible Minister. See Table 3.



# Measuring our financial performance

## Statements of budgeted and actual expenses and capital expenditure incurred against appropriations for the period ended 30 June 2019.

**Table 1 : Departmental Capital Expenditure**

The capital injection received during the 2019 financial year was used to purchase equipment required for the safe manned re-entry and recovery of the Pike River mine drift.

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
	<b>Departmental Capital Expenditure</b>			
343	<i>Pike River Recovery Agency – Capital Expenditure PLA (M99)</i>	561	–	–
<b>343</b>	<b>Total Annual and Permanent Appropriations</b>	<b>561</b>	<b>–</b>	<b>–</b>

Note: Performance against these appropriations is reported on page 17.

**Table 2 : Departmental Output Expense**

The Agency's expenditure is below appropriation for the 2018/19 financial year. This lower than expected level is a result of costs being incurred at a slower rate than was expected. The timeframe for completing the Agency's work will continue to be determined by what can be achieved safely (always the overriding priority), effectively and efficiently.

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
	<b>Departmental Output Expenses</b>			
	<i>Pike River Recovery Agency (M99) (31 January 2018 to 30 June 2021)</i>			
21,974	Original appropriation	21,974	21,974	21,974
–	Cumulative adjustments	13,276	–	13,276
<b>21,974</b>	<b>Total adjusted appropriations</b>	<b>35,250</b>	<b>21,974</b>	<b>35,250</b>
–	Cumulative expenditure 30 June 2018	2,135	3,628	22,041
2,135	Current year expenditure	15,457	17,107	12,099
<b>2,135</b>	<b>Cumulative expenditure 30 June 2019</b>	<b>17,592</b>	<b>20,735</b>	<b>34,140</b>
<b>19,839</b>	<b>Appropriation remaining 30 June 2019</b>	<b>17,658</b>	<b>1,239</b>	<b>1,110</b>

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

### Table 3 : Non-Departmental Output Expense

Costs incurred by the independent advisor to support decision-making by the Minister Responsible for Pike River Re-entry.

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
	<b>Non-Departmental Output Expenses</b>			
	<i>Independent Advice on Pike River Recovery (M99) (31 January 2018 to 31 December 2019)</i>			
75	Original appropriation	75	75	75
–	Cumulative adjustments	–	–	–
<b>75</b>	<b>Total adjusted appropriations</b>	<b>75</b>	<b>75</b>	<b>75</b>
–	Cumulative expenditure 30 June 2018	15	15	75
15	Current year expenditure	32	60	–
<b>15</b>	<b>Cumulative expenditure 30 June 2019</b>	<b>47</b>	<b>75</b>	<b>75</b>
<b>60</b>	<b>Appropriation remaining 30 June 2019</b>	<b>28</b>	<b>–</b>	<b>–</b>

Note: An exemption from end of year performance reporting under s15D (2) (b) (iii) of the Public Finance Act 1989 was granted.

### 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 2018/2019 Standard	Achievement As at 30 June 2019	Supplementary Estimates 2017/18 Standard	Achievement As at 30 June 2018
Plan for the safe manned re-entry of the drift and advice provided to the Minister	By 30 October 2018	Plan and advice provided to the Minister on 31 October 2018	By 30 October 2018	On track to be met
The satisfaction of the Family 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	4.75 (see Note 2)	3 – Met Expectation	4.5 out of 5
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 2019	Substantial progress has been made (see Note 3)	New measure 2018/19	New measure 2018/19
Number of fatal work accidents or injuries to Agency staff	Nil	Nil	New measure 2018/19	New measure 2018/19
Number of infringement or prohibition notices issued to the Agency by WorkSafe New Zealand	Nil	Nil	New measure 2018/19	New measure 2018/19
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 (see Note 4)	New measure 2018/19	New measure 2018/19
Hazard report to incident ratio is 2:1	2:1	2.96:1 (see Note 5)	New measure 2018/19	New measure 2018/19
The Minister's satisfaction with the information, advice and ministerial support the Agency provides to him	A score between 7 and 10	9.25 (see Note 6)	New measure 2018/19	New measure 2018/19

## 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 monthly from July 2018 to December 2018, and quarterly thereafter. As well as providing an overall rating, FRG members were invited to identify any areas in which things could be done differently or better by the Agency. Any identified issues were addressed promptly and a written response 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 time-weighted average rating 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 2019:
  - a. The physical re-entry and recovery of the mine drift up to 170 metres had been achieved and a rated barrier had been re-established at 170 metres
  - b. Planning and preparation was well advanced for forensic examination to be completed up to 170 metres
  - c. Work was underway to clear the drift of unnecessary physical infrastructure up to 170 metres to allow access by specialised mobile mining equipment
  - d. Planning and preparation was well underway for the approval and implementation of the programme to progress into the drift beyond 170 metres, and
  - e. Planning was also underway for the remediation work required for the site to be handed over to the Department of Conservation. The timeframes for actually completing the handover to Department of Conservation will largely be determined by how long it takes to safely complete the work that needs to be done. The end of March 2020 is a more likely date for completion of work in the drift and handover to Department of Conservation, but the project will continue to be event-driven rather than time-driven with significant unknowns still.
4. One non lost time injury which occurred in April 2019 was reported to WorkSafe NZ because it required the suturing of a wound (Schedule 8 of the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016 – Item 10 (2)(a)). The incident was investigated and remedial action taken.
5. Reported hazards for the period 1 July 2018 to 30 June 2019 totalled 71, with 24 reported incidents for the same period. The hazard to incident ratio equates to 2.96:1.
6. The satisfaction of the Minister with the information, advice and ministerial support the Agency provided to him was surveyed as at 31 December 2018 and again as at 30 June 2019. 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 9 out of 10
  - b. The ministerial support being provided (at the time of the survey) – 10 out of 10 and 9 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.

## 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.

## 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 and 'stand up' progress meetings
- ⤴ 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>1</sup>.

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<sup>1</sup> In the year ending 30 June 2019 we invested \$54,800 in 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 adopted and promulgated by the management team 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 of the Health and Safety at Work Act 2015,

and the Mines Rescue Act 2013. It is subject to regulatory oversight by WorkSafe New Zealand, including scheduled and unscheduled inspection visits.

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

In the year to 30 June 2019 there were 11 scheduled and three unscheduled visits to the mine site by WorkSafe inspectors, and WorkSafe representatives were invited to attend and participate in several planning workshops and activities.

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. There is a lot that we still do not know and we will not know until we encounter actual conditions underground. We will need to have and demonstrate agile thinking, and the willingness to reassess, reset and re-plan when required.

As an Agency we need to know when to call it 'quits' if that is what needs to be done. As staff of the Agency all of us need to be willing and able to say STOP if we are concerned about any aspect of health, safety or wellbeing.

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

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 health and safety committee that meets regularly and includes mining and non-mining managers and staff from across the organisation
  - ⤴ 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 committee, and attendance of the chair of the committee at all monthly management meetings
- ⤴ Agency-funded group medical and personal insurance cover for employees
  - ⤴ Co-designed health and safety policies and procedures that discuss how a safe and healthy workplace for all staff, contractors and visitors will be maintained, and what procedures will be implemented in order 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 2019 there are 27 staff<sup>2</sup> employed by the Agency.

## Ethnicity profile<sup>3</sup>

96% of Agency staff identify with New Zealand European/Pākehā ethnicity, with 12% of staff members identifying with two ethnic groups (Māori and other).

## Remuneration profile for the period 1 July 2018 to 30 June 2019<sup>4,5</sup>

Salary per annum	Number of staff
Up to \$100,000	15
Over \$100,000	12

## Gender representation and pay

Of the 27 staff employed by the Agency as at 30 June 2019, six are women and 21 are men.

Of the eight members of the management team (including the Chief Executive and the Chair of the Family Reference Group who attends meetings as an active observer) four are men and four are women.

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) is 25% in favour of men.<sup>6</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 has developed a Gender Pay Gap Agency Action Plan and submitted the plan to the State Services Commission.

2 Includes the Chief Executive who is employed by the State Services Commission and two technical specialists who are engaged on an 'as required' basis

3 Ethnicity information about Agency staff has been aggregated to protect the privacy of individuals

4 Remuneration information for Agency staff has been aggregated to protect the privacy of individuals, with gross earnings from 1 July 2018 to 30 June 2019 reported (includes one staff member who resigned during the financial year). Some new positions were filled part way during the financial year.

5 Excludes the remuneration of the chief executive who is employed by the State Services Commission, however includes the two technical specialists.

6 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 shifts up to 12 hours a day for four consecutive days. Comparing such salaries with salaries paid to staff employed on other conditions is not a simple 'like for like' exercise.





# PART THREE

# FINANCIAL STATEMENTS



## Statement of management responsibility

I am responsible, as 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
- ⤴ 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 financial statements fairly reflect the financial position of the Agency as at 30 June 2019 and its operations for the year ended on that date
- ⤴ the forecast financial statements fairly reflect the forecast financial position of the Agency as at 30 June 2020 and its operations for the year ending on that date.



Dave Gawn  
Chief Executive  
30 September 2019

# Independent Auditor's Report



## To the readers of the Pike River Recovery Agency's annual report for the year ended 30 June 2019

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 60, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and assets as at 30 June 2019, 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 2019 on pages 17 and 18;
- ✦ the statements of expenses and capital expenditure of the Agency for the year ended 30 June 2019 on pages 15 and 16;
- ✦ the schedules of non-departmental activities which are managed by the Agency on behalf of the Crown on pages 61 to 64 that comprise:
  - › the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
  - › the schedules of expenses; and revenue for the year ended 30 June 2019; 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 60, which have been prepared on a realisation basis:
  - › present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 17 and 18:
  - › presents fairly, in all material respects, for the year ended 30 June 2019:
    - 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 15 and 16 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 61 to 64 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 2019; and
  - › expenses; and revenue for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the financial statements being appropriately prepared on a realisation basis. 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 realisation basis**

Without modifying our opinion, we draw your attention to the basis of preparation section on page 38 and note 18 on page 59 about the financial statements being prepared on a realisation basis. This is because within 12 months of signing the financial statements, the Agency intends to disestablish following the completion of the Agency's strategic objectives and the mine site being transferred to the Department of Conservation. We consider the realisation basis of preparation of the financial statements, and the related disclosures to be appropriate to the Agency's circumstances.

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

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

The 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 2018/19 and the 2018/19 forecast financial figures included in the Agency's 2017/18 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 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 non-going concern basis of accounting by the 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 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 Chief Executive is responsible for the other information. The other information comprises the information included on pages 2 to 14, 19 to 22, and 65 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 (Revised): 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.

A handwritten signature in black ink that reads "Ajay Sharma". The signature is written in a cursive style with a horizontal line underneath the name.

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 2019

2018			2019	2019	2020
Actual			Actual	Unaudited Main Estimates	Unaudited Forecast
\$000's			\$000's	\$000's	\$000's
* Note : For the period from 31 January 2018 to 30 June 2018		Notes			
	<b>Income</b>				
2,087	Revenue – Crown	3	15,438	17,107	12,099
48	Other revenue		19	–	–
<b>2,135</b>	<b>Total income</b>		<b>15,457</b>	<b>17,107</b>	<b>12,099</b>
	<b>Expenditure</b>				
792	Personnel costs	4	3,605	2,900	2,797
54	Depreciation and amortisation expense	13	190	250	–
–	Capital charge	6	30	30	30
1,289	Other operating expenses	5	11,632	13,927	9,272
<b>2,135</b>	<b>Total expenditure</b>		<b>15,457</b>	<b>17,107</b>	<b>12,099</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 2019

2018 Actual \$000's	Notes	2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
<b>Assets</b>				
<b>Current Assets</b>				
2,537		4,732	2,466	1,580
–	7	546	–	–
–	8	316	–	–
–	13	464	170	–
–	13	243	–	–
2,537		<b>6,301</b>	<b>2,636</b>	<b>1,580</b>
<b>Non-current assets</b>				
317	13	–	–	–
20	13	–	–	–
<b>337</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>2,874</b>		<b>6,301</b>	<b>2,636</b>	<b>1,580</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
658	9	1,149	2,136	830
1,541	10	1,773	–	–
105	12	323	–	–
–	11	2,556	–	–
<b>2,304</b>		<b>5,801</b>	<b>2,136</b>	<b>830</b>
<b>Non-current liabilities</b>				
70	11	–	–	–
<b>70</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>2,374</b>		<b>5,801</b>	<b>2,136</b>	<b>830</b>
<b>500</b>		<b>500</b>	<b>500</b>	<b>750</b>
<b>Equity</b>				
<b>500</b>		500	500	750
<b>500</b>	15	<b>500</b>	<b>500</b>	<b>750</b>

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

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

for the 12 months ended 30 June 2019

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
–	Balance as at 30 June	500	500	1,250
–	Comprehensive income / (expense)	–	–	–
–	Return of operating surplus to the Crown	–	–	–
500	Capital contributions	–	–	(500)
<b>500</b>	<b>Balance as at 30 June 2019</b>	<b>500</b>	<b>500</b>	<b>750</b>

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

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

for the 12 months ended 30 June 2019

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
	<b>Cash flows from operating activities</b>			
3,628	Receipts from Crown	15,438	17,107	13,639
–	Receipts from other revenue	(676)	–	–
(692)	Payments to suppliers	(8,345)	(12,220)	(11,319)
(687)	Payments to employees	(3,332)	(2,900)	(2,797)
–	Payments for capital charge	(30)	(30)	(30)
131	Goods and services tax (net)	(299)	–	–
<b>2,380</b>	<b>Net cash flows from operating activities</b>	<b>2,756</b>	<b>1,957</b>	<b>(507)</b>
	<b>Cash flows from investing activities</b>			
(343)	Purchase of property, plant and equipment	(561)	–	–
–	Purchase of intangible assets	–	–	–
–	Sale of property, plant and equipment	–	–	944
<b>(343)</b>	<b>Net cash flows from investing activities</b>	<b>(561)</b>	<b>–</b>	<b>944</b>
	<b>Cash flows from financing activities</b>			
500	Capital contributions	–	–	–
<b>500</b>	<b>Net cash flows from financing activities</b>	<b>–</b>	<b>–</b>	<b>–</b>
2,537	Net (decrease) / increase in cash	2,195	1,957	437
–	Cash at the beginning of the year	2,537	509	1,143
<b>2,537</b>	<b>Cash at the end of the year</b>	<b>4,732</b>	<b>2,466</b>	<b>1,580</b>

A discussion 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 2019

2018 Actual \$000's		2019 Actual \$000's
–	Net surplus (deficit)	–
	<b>Non-cash items:</b>	
54	Depreciation, amortisation and impairment expenses	190
(48)	Vested assets – motor vehicles	–
<b>6</b>	<b>Total non-cash items</b>	<b>190</b>
	<b>Add/(less) movements in working capital:</b>	
–	(Increase) / Decrease in debtor – Crown	–
–	(Increase) / Decrease in debtors and other receivables	(379)
–	(Increase) / Decrease in prepayments	(316)
597	Increase / (Decrease) in creditors and other payables	3,053
1,541	Increase / (Decrease) in revenue in advance	239
131	Increase / (Decrease) in GST	(299)
105	Increase / (Decrease) in employee entitlements	268
<b>2,374</b>	<b>Net movement in working capital items</b>	<b>2,566</b>
<b>2,380</b>	<b>Net cash flow from operating activities</b>	<b>2,756</b>

The accompanying notes form part of these financial statements.

## Statement of Commitments

As at 30 June 2019

### Capital commitments

The Agency has no capital commitments at 30 June 2019 (nil at 30 June 2018).

### 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.

	2019 Actual \$000's	2018 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	1,208	81
Later than one year and not later than five years		78
Later than five years		
<b>Total non-cancellable operating lease commitments</b>	<b>1,208</b>	<b>159</b>

The accompanying notes form part of these financial statements.

## Statement of Contingent Liabilities and Assets

As at 30 June 2019

### Quantifiable contingent liability

The Agency has no quantifiable contingent liabilities (nil at 30 June 2018).

### Unquantifiable contingent liabilities

The Agency has no unquantifiable contingent liabilities. (As at 30 June 2018 the Agency had an unquantifiable obligation to rehabilitate the Pike River Mine site. This obligation has been quantified for the 30 June 2019 Financial Statements).

### Contingent Assets

The Agency has no contingent assets as at 30 June 2019 (nil at 30 June 2018).



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 2021.

## 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 2018/19 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 2019. They were authorised for issue by the Chief Executive of the Agency on 30 September 2019.

The accompanying notes form part of these financial statements.

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

### Basis of preparation

The financial statements have been prepared on a realisation 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 due to its expectations of having completed its objectives and transferred 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 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 realisation basis.

### Changes in accounting policies

The Agency has changed some accounting policies due to the preparation of the financial statements on a realisation basis. Where there is a material difference in the accounting policy this has been disclosed within the relevant policy.

### 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 realisation 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.

The accompanying notes form part of these financial statements.



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

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.

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.

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

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*

Management has determined that the Agency's financial statements will be prepared on a realisation basis, instead of using a going concern assumption, for the 30 June 2019 financial year.

Management have made this judgement based on expectations of timing of disestablishment (Refer to Note 2 for further details.)

#### **Onerous contract**

As part of the memorandum of understanding (MOU) with the Department of Conservation, the Agency is required to upgrade the existing roads and bridges to a standard required for public access. Upgrading the assets provides no further economic benefit or service potential to the Agency due to its disestablishment. Therefore, the unavoidable costs arising from the MOU exceed the benefits. Management has concluded that the completion of this work creates an onerous contract for the Agency as the unavoidable costs of meeting the obligations under the agreement exceed the benefits expected to be received.

Key estimates around uncertainty arise in the estimation of balances under a realisation 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 hand the land to DoC. 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.

The accompanying notes form part of these financial statements.

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

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.

### Onerous contract for bridges and roads

The estimation of the cost to complete the upgrade work on the bridges and roads has been based on external advice. Changes in estimations could arise as work is completed.

### Budget figures

The Budget figures are for the year ending 30 June 2019. They were included in the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2019, which are consistent with the financial information in the main estimates.

### Forecast figures

The forecast figures for the year ending 30 June 2020 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 2020.

While the Agency regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2020 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 2019/20 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 2018/19 was used as the opening position for the 2019/20 forecasts.

The accompanying notes form part of these financial statements.

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

The actual financial results achieved for 30 June 2020 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 2019/20 actual financial statements include changes to the baseline budget through new funding.

Since balance date the following events of significance have occurred:

- ⤴ Based on the Agency's final ventilation plan for the recovery of the Pike River Mine drift access tunnel (including the insertion of a foam resin remote ventilation plug at the end of the drift) the Agency made an application to WorkSafe New Zealand under Section 220 of the Health and Safety at Work Act 2015 on 13 September 2019 for an exemption from the requirements of Regulation 170(4)(a) of the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016.
- ⤴ On 13 September 2019 the Agency provided a copy of the final execution plan for re-entry and recovery of the drift to WorkSafe for review. The plan was supported by a substantial amount of other supporting material.

- ⤴ Procurement of a supplier with the capability and capacity to provide the remote ventilation plug required by the ventilation plan.

- ⤴ Decisions have been taken to employ additional mine workers to complete the re-entry, recovery and rehabilitation process.

### Authorisation statement

The forecast figures reported are those for the period ended 30 June 2020 submitted to Treasury and included in the Budget and Economic Update (BEFU) 2019. These were authorised for issue on 12 March 2019 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.

# 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 Crown has been determined to be equivalent to the funding entitlement.

#### Explanation of major variances against estimates

Total crown 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 2018/19 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 \$15.457m. 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.

	2019 Actual \$000's	2018 Actual \$000's
Salaries and wages	3,201	699
Superannuation contributions to defined contribution plans	76	13
Increase / (decrease) in employee entitlements	168	31
Training and development	56	27
Other	104	22
<b>Total personnel costs</b>	<b>3,605</b>	<b>792</b>

### Explanation of major variances against estimates

Personnel costs were \$0.705m above Main Estimates. This was mainly due to the need to recruit a larger number of staff for the re-entry and recovery works and to complete the forensic examination of the Pike River Mine drift.

Main Estimates for the 2018/19 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.

**30 June 2019** – 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 expecting new settlement value. See Note 11.

**30 June 2018** and **30 June 2019** – The unexpired portion of an operating lease to be incurred during the period of operations is shown in the Statement of Commitments.

	2019 Actual \$000's	2018 Actual \$000's
Occupancy costs	960	19
Rental of premises	163	34
Fees to auditor	83	60
Legal fees	234	120
Consultants and contractors	1,974	524
Transport and travel	409	140
Information and communication costs	652	126
Mine-related costs	5,694	–
Other operating costs	1,463	266
<b>Total operating expenses</b>	<b>11,632</b>	<b>1,289</b>

### Explanation of major variances against estimates

Other operating expenses were \$2.295m below Main Estimates. This was mainly due to expenditure being incurred more slowly than expected over the financial year. The timeframe for completing the Agency’s work will continue to be determined by what can be achieved safely (always the overriding priority), effectively and efficiently.

Main Estimates for the 2018/19 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 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 6% for the six months to 31 December, and 30 June 2019.

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



The accompanying notes form part of these financial statements.



# 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.

	2019 Actual \$000's	2018 Actual \$000's
Temporary Customs Bonds	354	–
NZ Police reimbursement	19	–
GST Receivable from Inland Revenue	167	–
Other	6	–
<b>Total debtors and other receivables</b>	<b>546</b>	<b>–</b>

The Agency has imported on a temporary basis a number of pieces of equipment for use in the re-entry to the Pike River mine drift. It is anticipated that this equipment will be in New Zealand for less than 12 months and the Agency will be returned the customs payments made.

The Agency is also paying on behalf of the New Zealand Police a monthly charge in relation to the hire of a piece of specialist equipment for use at the Pike River Mine site. 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 \$0.546m debtors or other receivables as at 30 June 2019. This was \$0.546m above the Main Estimates.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 31.

### NOTE 8: PREPAYMENTS

The Agency has entered into a contract with Westpower Limited – an electricity distribution business that is based in Greymouth on the West Coast, to provide an improved mains power supply to the Pike River Mine site for the duration of the re-entry and recovery operations. This contract required the Agency to pay for the full term of the contract and as required by the accounting standards this is now being amortised over the life of the contract.

	2019 Actual \$000's	2018 Actual \$000's
Westpower electricity supply to Pike River Mine site	180	–
Crombie Lockwood Insurance Broker	136	–
<b>Total prepayments</b>	<b>316</b>	<b>–</b>

### NOTE 9: CREDITORS AND OTHER PAYABLES

#### Accounting policy

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

	2019 Actual \$000's	2018 Actual \$000's
Payables	796	303
Accrued expenses	353	223
GST payable to Inland Revenue	–	132
<b>Total creditors and other payables</b>	<b>1,149</b>	<b>658</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.

The accompanying notes form part of these financial statements.

## 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 back to the Crown.

	2019 Actual \$000's	2018 Actual \$000's
<b>Balance as at 30 June 2018</b>	<b>1,541</b>	
Receipts	15,689	3,676
Less total expenditure	15,457	2,135
<b>Revenue in advance</b>	<b>1,773</b>	<b>1,541</b>

## NOTE 11: PROVISIONS

### Accounting policy

**30 June 2019** – 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.

**30 June 2018** – 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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate based on market yields on government bonds at balance date, with terms to maturity that match as closely as possible the estimated timing of the future cash outflows.

The accompanying notes form part of these financial statements.

## NOTE 11: PROVISIONS (CONTINUED)

### Mine site rehabilitation obligations

#### 30 June 2019

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, decommissioning of drill holes and the mine portal being sealed.

#### 30 June 2018

The obligation to rehabilitate the Pike River Mine was disclosed as a contingent liability and not recognised in the financial statements due to the inability of the Agency to reliably estimate the cost of the rehabilitation obligation. The Agency is working with the Department of Conservation (DoC) on rehabilitation expectations and the required work programme to enable a transfer of the site to DoC in the form they require for future use. However, as details are yet to be determined, the scope and size of this work is unknown at this time.

Movements in Provisions	Lease Make Good – Greymouth Office	Non-Cancellable Leases or contracts	Mine Site rehabilitation obligations	Total
Opening balance at 30 June 2018	70	–	–	70
Additional Provisions made	10	160	2,316	2,486
Amounts used	–	–	–	–
<b>Balance at 30 June 2019</b>	<b>80</b>	<b>160</b>	<b>2,316</b>	<b>2,556</b>

The accompanying notes form part of these financial statements.

## **NOTE 11: PROVISIONS (CONTINUED)**

### **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**

This balance represents the contracts that the Agency has entered into that are unable to be cancelled and will continue past the disestablishment of the Agency. The contracts relate to:

- ⤴ the supply of mobile phone coverage undertaken for emergency and health and safety purposes, and
- ⤴ the cost of the Greymouth office lease past the estimated disestablishment date.

### **Onerous Contract for Bridges and Roads**

An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the benefits expected to be received under it. As part of the Memorandum of Understanding with DoC, the Agency is required to upgrade the existing roads and bridges to a standard required for public access. The completion of this work creates an onerous contract for the Agency, as the unavoidable costs of meeting the obligations under the agreement exceed the benefits expected to be received.

The accompanying notes form part of these financial statements.

## NOTE 12: EMPLOYEE ENTITLEMENTS

### Accounting policy

**30 June 2019** – All employee entitlements are expected to be settled within 12 months of balance date and are classified as current liabilities.

**30 June 2018** – Annual leave is expected to be settled within 12 months of balance date and is classified as a current liability.

### 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.

	2019 Actual \$000's	2018 Actual \$000's
<b>Current liabilities</b>		
Accrued salaries	74	69
Annual leave	199	31
ACC payable	50	5
<b>Total employee entitlements</b>	<b>323</b>	<b>105</b>

The accompanying notes form part of these financial statements.

# Assets that support our operations

Due to adopting a realisation 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

**30 June 2019** – 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.

**30 June 2018** – All asset classes are measured at cost less accumulated depreciation and impairment losses.

Work in progress is recognised at cost less impairment losses.

### 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. 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

**30 June 2018** – 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 2018	127	143	53	48	–	20	<b>391</b>
Additions	(3)	–	74	–	246	243	<b>560</b>
Transferred from WIP	20	–	–	–	–	(20)	–
<b>Balance at 30 June 2019</b>	<b>144</b>	<b>143</b>	<b>127</b>	<b>48</b>	<b>246</b>	<b>243</b>	<b>951</b>
<b>Accumulated depreciation and impairment losses</b>							
Opening Balance at 30 June 2018	18	19	7	10	–	–	<b>54</b>
Depreciation expense	47	48	24	24	47	–	<b>190</b>
<b>Balance at 30 June 2019</b>	<b>65</b>	<b>67</b>	<b>31</b>	<b>34</b>	<b>47</b>	–	<b>244</b>
<b>Carrying amounts</b>							
At 30 June 2018	109	124	46	38	–	20	<b>337</b>
<b>At 30 June 2019</b>	<b>79</b>	<b>76</b>	<b>96</b>	<b>14</b>	<b>199</b>	<b>243</b>	<b>707</b>

### Explanation of major variances against estimates

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

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 31.

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 2019 was \$15,000.

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

2018 Actual \$000's		2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
-	Balance as at 30 June 2018	500	500	1,250
500	Capital injections	-	-	(500)
<b>500</b>	<b>Total Capital Injections</b>	<b>500</b>	<b>500</b>	<b>750</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

	2019 Actual \$000's	2018 Actual \$000
Capital injections	-	500
<b>Total Capital Injections</b>	<b>-</b>	<b>500</b>

The accompanying notes form part of these financial statements.

## **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 \$15.438m to provide services to the public for the year ended 30 June 2019 (2018 \$2.087m).

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, Minister Little, has certified that there have been no related party transactions for the year ended 30 June 2019.

### **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.

## Key management personnel compensation

As at balance date the Agency's management team consisted of 6 FTEs. As at 30 June 2018 the Agency's management team consisted of 5 FTEs.

	2019 Actual \$000's	2018 Actual \$000's
Salaries and other short-term employee benefits	1,369	279
Post-employment benefits	19	4
Other long term employee benefits	–	–
<b>Total key management personnel compensation</b>	<b>1,388</b>	<b>283</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 State Services 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 : NON-GOING CONCERN ASSUMPTION

On 21 May 2019 the Agency breached the concrete seal 30 metres into the drift access tunnel and the drift beyond that was re-entered. This began the re-entry and recovery phase for the Agency, including conducting a forensic examination of the area between 30 metres and 170 metres.

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 seal of the drift has been breached the Agency is 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.

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
- ⤴ adjustments 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 estimations 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: EVENTS AFTER BALANCE DATE

Since balance date the following events of significance have occurred:

- ⤴ Based on the Agency's final ventilation plan for the recovery of the Pike River Mine drift access tunnel (including the insertion of a foam resin remote ventilation plug at the end of the drift) the Agency made an application to WorkSafe New Zealand under Section 220 of the *Health and Safety at Work Act 2015* on 13 September 2019 for an exemption from the requirements of Regulation 170(4)(a) of the *Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016*.
- ⤴ On 13 September 2019 the Agency provided a copy of the final execution plan for re-entry and recovery of the drift to WorkSafe for review. The plan was supported by a substantial amount of other supporting material.
- ⤴ Procurement of a supplier with the capability and capacity to provide the remote ventilation plug required by the ventilation plan.
- ⤴ Decisions have been taken to employ additional mine workers to complete the re-entry, recovery and rehabilitation process.



## Non-Departmental Statements and Schedules

For the 12 months ended 30 June 2019

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 2019

2018 Actual \$000's	Notes	2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 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 2019

2018 Actual \$000's	Notes	2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
	<b>Non-Departmental Expenditure</b>			
15	Output expense – multi-year appropriation	32	60	-
<b>15</b>	<b>Total non-departmental expenditure</b>	<b>32</b>	<b>60</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 2019.

The accompanying notes form part of these financial statements.

## Schedule of Non-Departmental Assets

As at 30 June 2019

2018 Actual \$000's	Notes	2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
<b>Non-Departmental Assets</b>				
<b>Current Assets</b>				
60	Cash and cash equivalents	28	-	-
<b>60</b>	<b>Total current assets</b>	<b>28</b>	<b>-</b>	<b>-</b>
<b>60</b>	<b>Total non-departmental assets</b>	<b>28</b>	<b>-</b>	<b>-</b>

## Schedule of Non-Departmental Liabilities

As at 30 June 2019

2018 Actual \$000's	Notes	2019 Actual \$000's	2019 Unaudited Main Estimates \$000's	2020 Unaudited Forecast \$000's
<b>Non-Departmental Liabilities</b>				
<b>Current Liabilities</b>				
15	Creditors and other payables	3	-	-
<b>15</b>	<b>Total current liabilities</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>Total non-departmental liabilities</b>	<b>3</b>	<b>-</b>	<b>-</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 2019.

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

As at 30 June 2019

There are no non-departmental contingent liabilities or assets as at 30 June 2019. (Nil as at 30 June 2018.)

## Schedule of Non-Departmental Commitments

As at 30 June 2019

There are no non-departmental commitments. (Nil as at 30 June 2018.)

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 2019. 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 2019.

### 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.

### Budget figures

The budget figures are those included in the Estimates of Appropriations (Budget) for the year ending 30 June 2019. The Budget is 2019 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.

The accompanying notes form part of these financial statements.

**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.

**Commitments**

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.

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:

**Non-departmental output expense**

The appropriation was \$0.060 million with an actual spend of \$0.032 million. This variance relates to the Minister's independent advisor costs incurring at a slower rate than budgeted.

**Schedule of non-departmental assets**

These appropriations were equal to the supplementary budget.

**Schedule of non-departmental liabilities**

At year end an outstanding invoice from the independent advisor was the only non-departmental liability. This invoice was for providing advice to the responsible Minister concerning the fully-costed and risk-assessed re-entry and recovery plan.

The accompanying notes form part of these financial statements.



# 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

New Zealand Government

