

Annual report

for the year ended 30 June 2022



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

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30 September 2022

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for the year ended 30 June 2022

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Parliamentary Commissioner for the Environment

Te Kaitiaki Taiao a Te Whare Pāremata

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

The Rt Hon Adrian Rurawhe
Speaker
House of Representatives
Parliament Buildings
Wellington

Mr Speaker

In accordance with section 23 of the Environment Act 1986, I am pleased to submit my annual report for the year ended 30 June 2022.

Yours faithfully

A handwritten signature in black ink, consisting of a series of fluid, connected strokes. It begins with a long, sweeping horizontal line from the left, followed by a vertical line that curves slightly to the right at the top, and ends with a short horizontal stroke to the right.

Rt Hon Simon Upton

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

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Omarama Cliffs, Canterbury

Overview

Over the past year, I have released reports resulting from three major investigations. They covered weeds that threaten native ecosystems, chemical contaminants and incorporating the environment into wellbeing budgets. These reports collectively make 24 recommendations. I have made a further 23 recommendations in response to government reforms.

I have been at war with weeds my whole life. I initiated my investigation into weeds that threaten native ecosystems because of a sense that they do not get the same attention in our biosecurity system as animal pests or unwanted organisms with economic impacts. My report vindicated this belief. Our biosecurity system aims to defend New Zealand from unwanted intrusions by harmful organisms that range from four-legged animals to invisible pathogens to plants. In trying to do it all, some aspects get less attention than others. The Ministry for Primary Industries has stated that it will consider my recommendations in the scope of a review of the Biosecurity Act 1993. The non-committal nature of its response suggests that, once again, native ecosystems weeds will play second fiddle to more economic or visible harms, such as foot and mouth disease or threats with eyes.

My report on chemical contaminants in the environment has been well received, with little disagreement about the core findings. On paper, there is a robust system in place to assess risks when a chemical is introduced to the country. But many chemicals that have been in use for decades have not been subject to close scrutiny and much of the science on their environmental impact has evolved. The report argued that the rules about how a chemical can be used should not be static – we need to be able to adapt as new information comes to light. Restrictions should be based on the latest science and informed by New Zealand-specific data on use and impact.

Environmental information and the annual budget cycle may not seem like obvious bedfellows. But since wellbeing budgets are New Zealand's latest effort to erect an overarching goal for the expenditure of public money, evaluating how well the environment is treated in this process is important, as it is likely to have a direct impact on whether environmental initiatives are funded. How the environment is accounted for in this process – and what information it draws on – is crucially important to whether we can stem the tide of environmental decline now and in the future. While a connection between the environment and wellbeing seems obvious, placing a dollar value on its worth or measuring its contribution to wellbeing is another matter entirely. The review found that it is difficult to account for the natural environment in a budget process that is dominated by short-term decisions and, necessarily, couched in monetary terms.

If there is a common thread linking these three reports and indeed most that I have written over the last five years, it is the systemic absence of high-quality information on which policy and its implementation can be based. Until this is addressed, New Zealand is hostage to poorly understood risks and Parliament will be unable to carry out its role of holding governments to account.

I have continued with my aim to meet as many new Members of Parliament as I can. This year I have focused my attentions on meeting members of relevant select committees. All my reports this year have involved joint select committees briefings, resulting in engagement with the Environment Committee, the Primary Production Committee, and the Finance and Expenditure Committee. I view select committees as potentially the most important audience for my work. My accountability is to Parliament, and select committees are there to see that governments are held accountable for what they prioritise and what they spend.

I am pleased to finally see momentum gathering in support of my recommendations with respect to environmental reporting. The Ministry for the Environment has proposed amendments to the Environmental Reporting Act 2015 which generally reflect the recommendations from my 2019 review, indicating that the Government has fully adopted most of the recommendations from this report. However, I have yet to see adequate resourcing made available to plug data gaps.

The Ministry for the Environment has also made progress on developing attributes and limits for estuaries under the National Policy Statement for Freshwater Management as recommended by my 2020 *Managing our estuaries* report. I am glad it is also attempting to standardise estuarine monitoring at a national level.

Following the flurry of changes to Overseer last year, there has been little change to note recently. I look forward to engaging on this topic once more in September 2022 when the redevelopment of Overseer is due to be completed.

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

I am currently working on another three major investigations. These include a review of urban green space, an exploration of using an integrated landscape approach, and a report weaving the threads from my three reports on environmental information into one strand. Alongside the Government's upcoming packed programme of reform, my staff and I are very busy.

In June I was honoured to be reappointed as Parliamentary Commissioner for the Environment for a second five-year term commencing on 9 October 2022. Now that this has been confirmed I have been able to consider my future work programme. To this end I have been undertaking some preliminary research as part of my scoping of future investigations.

I appreciate the additional money approved in Budget 2022. It will help to ensure that I can retain and recruit talented staff and external specialist analysis and advice. Both are critical for me to be able to continue to provide high-quality advice and recommendations to Parliament on the increasingly complex environmental challenges New Zealand faces.



Simon Upton

Parliamentary Commissioner for the Environment

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Lake Tekapo, Takapō, Aoraki/Mount Cook

Tirohanga whānui

I te tau kua pahure, kua tukuna e au ētahi pūrongo e puta mai ana i ngā whakatewhatewha matua e toru e pā ana ki ngā tarutaru e whakamōrea ana i ngā pūnaha hauropi taketake, ki ngā tāhawa matū, ki te whakauru i te taiao ki ngā pūtea oranga hoki. Hui katoa i tukuna e ēnei pūrongo ngā tūtohu e rua tekau mā whā, me ngā tūtohu rua tekau mā toru anō i tukuna hei urupare ki te anga whakahou a te Kāwanatanga.

I te whawhai au ki ngā tarutaru i te katoa o taku ao. I tīmata au i taku whakatewhatewha ki ngā tarutaru e whakawehi ana i ngā pūnaha hauropi taketake nā taku whakaaro kāore e ōrite ana te arohia i roto i tō tātou pūnaha haumarua koiora tērā i te arohia ki ngā riha kararehe, ki ngā rauropi rānei kāore i te hiahiatia me ngā whakaaweawe ohaoha. Ka tautokohia tēnei whakapono e taku pūrongo. Ko te whāinga a tā mātou pūnaha haumarua koiora kia wawao a Aotearoa i ngā urunga mai tē hiahiatia a ngā rauropi whakakino, arā, ko ngā kararehe waewae whā, tae atu ki ngā tukumate tē kitea, ā, me ngā tipu hoki. I te whakamātautanga kia pēnā, kāore i pērā te aro ki ētahi āhuatanga i tō ētahi atu. Kua kī te Manatū Ahu Matua ka arohia aku tūtohu i roto i te korahi o te whakahounga o te Biosecurity Act 1993. Te āhua nei, i runga anō i te āhuatanga o taua urupare, ka tuarua anō te hiranga o ngā tarutaru pūnaha hauropi taketake ki ngā whakakinotanga ohaoha, ngā mea e kitea ana rānei, pērā i te kōmaoa waewaha, i ngā whakamōrea me ngā karu rānei.

Kua tau taku pūrongo mō ngā tāhawa matū rō taiao, me te iti rawa o te whakahē ki ngā kitenga matua. E ai ki te ariā, tērā tētahi pūnaha kaha hei aromatawai i ngā tūraru ina whakauruhia mai tētahi matū ki te motu nei. Engari kāore i āta tirohia ngā matū maha kua whakamahia mō ngā tekau tau kua pahure, ā, kua panoni te pūtaiao e pā ana ki ā rātou whakaaweawe ki te taiao. I whakapae te pūrongo me kaua e pateko ngā tikanga mō te whakamahi i ngā matū - me āhei tātou te urutau ina tae mai ana ngā mōhiōhio hou. Me noho te pūtaiao hou rawa kua whaimōhio ki ngā raraunga nō Aotearoa ake e pā ana ki te whakamahi me te whakaaweawe hei tūāpapa mō ngā aukatinga.

Kāore i te tino mārama pea te mahi tahi a ngā mōhiohio taiao me te huringa pūtea ā-tau. Heoi anō, nā te mea ko ngā mahere pūtea te mahi hou rawa a Aotearoa ki te whakatū i te whāinga matua mō te whakapaunga o te moni tūmatanui, he hira te aromātai he pēhea te aronga ki te taiao i roto i tēnei hātepe, nā te mea he whakaaweawe tōtika mēnā e whai pūtea ai ngā kaupapa taiao. He hira rawa te aro atu ki te taiao i roto i tēnei hātepe – me ngā mōhiohio e tirohia ai – kia kite mēnā e taea ana e mātou te whakaiti i te tai o te whakaheke taiao ināianei, ā, haere ake nei. Ahakoa he mārama rawa te hononga i waenga i te taiao me te oranga, he mea anō te whakarite i te uara pūtea, te ine rānei i te tāpaetanga ki te oranga. I kitea e taku arotake nā tēnei i uaua te whakauru i te taiao māori ki te hātepe mahere pūtea e whakatuānuitia ana e ngā whakataunga wā poto e noho nei ngā kupu ahumoni hei tūāpapa.

Mēnā he aho ōrite e tūhono ana i ēnei pūrongo e toru, otirā te nuinga i tuhi ai au i ngā rima tau kua pahure, koia ko te korenga ā-pūnaha o ngā mōhiohio kouna nui hei tūāpapa mō te kaupapahere me tana whakatinanatanga. Ki te kore e uruparetia ai tēnei āhuatanga, ka herea a Aotearoa ki ngā tūraru kāore i te tino māramatia, ā, ka kore e taea e te Pāremata te whakahaere i tana mahi kia noho haepapa ngā kāwanatanga.

Kua ū tonu au ki taku whāinga kia tūtaki ki ia Mema hou o te Pāremata, mēnā e āhei ana. I tēnei tau kua arotahi au ki te tūtaki ki ngā mema o ngā komiti whiriwhiri hāngai. Kei roto i te mahi o te katoa o aku pūrongo i tēnei tau ko te kauhau ki ngā komiti whiriwhiri ngātahi, ā, ko te hua ko te whakapāpā ki te Komiti Taiao, te Komiti Whakaputanga Tuatahi, me te Komiti Ahumoni me te Whakapaunga. Ki a au nei tērā pea ko ngā komiti whiriwhiri te hunga mātakitaki hira rawa mō aku mahi. Ka noho haepapa au ki te Pāremata, waihoki ko te tikanga o ngā komiti whiriwhiri kia noho haepapa te kāwanatanga mō ngā mea ka whakaritea hei ngā whakaarotau me ngā whakapaunga pūtea.

E koa ana kātahi anō ka kitea te piki haere o te kaha o aku tūtohu e pā ana ki te pūrongorongo taiao. Kua marohi te Manatū Taiao i ngā whakahounga ki te Environmental Reporting Act 2015, e āta whakaata ana i ngā tūtohu i taku arotake o 2019, e tautuhi ana kua whai i te nuinga o ngā tūtohu o tēnei pūrongo. Heoi anō, kāore anō au kia kite i te rauemi tika e whakawāteahia ana hei whakakikī i ngā āputa raraunga.

Kua ahu whakamua hoki te Manatū Taiao ki te whakawhanake i ngā āhuatanga me ngā tepenga mō ngā pūhatanga i raro i te Tauākī Kaupapa Here Ā-Motu mō te Whakahaere Wai Māori pērā i taku tūtohu i roto i taku pūrongo o 2020 *Managing our estuaries*. E koa ana au e whakamātau ana hoki te Manatū ki te whakarite i te aroturuki pūhatanga ōrite ā-motu.

I muri i te nui o ngā panoni ki te Overseer i tērā tau, kua iti rawa ngā panoni inakuanei. Ka koa au kia whakapāpā ki tēnei kaupapa anō hei te Hepetema o 2022 i te wā e whakapaetia ana ka oti te whakahounga o Overseer.

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

Ināianeī, e mahi ana anō au i runga i ngā whakatewhatewha matua e toru. Kei roto i ēnei ko te arotake i te whakamahinga o te ātea matomato rō tāone, he tūhura i te ahunga horanuku pāhekoheko, me te pūrongo e whiri ana i ngā aho o aku pūrongo e toru mō ngā mōhiōhio taiao ki te aho kotahi. I tua atu i te hōtaka matawhānui e heke mai nei a te Kāwanatanga, he nui rawa ngā mahi o mātou ko aku kaimahi.

I te Hune, e koa ana au kia whakatūria tuaruatia anō hei Kaitiaki Taiao a Te Whare Pāremata mō te wā rima tau e tīmata ana hei te 9 o Oketopa 2022. Nā te mea kua whakaūngia tēnei, kua taea e au te whaiwhakaaro kia taku hōtaka mahi anamata. I runga i tēnei kua mahi au i ētahi rangahau moata hei wāhanga nō aku whakarite korahi o ngā whakatewhatewha anamata.

E ngākau whakaute ana au ki ngā moni tāpiri i whakaaetia ai i roto i te Pūtea 2022. Ka āwhina ki te whakatūturu ka taea e au te pupuri me te kimi hoki i ngā kaimahi pūkenga me ngā mātanga nō waho hei homai i te tātari me te kupu āwhina. He mea waiwai ngā mea e rua kia āhei au te whakarato tonu i ngā kupu āwhina kounga nui me ngā tūtohu ki te Pāremata mō ngā wero ā-taiao whīwhiwhi kei mua i te aroaro o Aotearoa.



Simon Upton

Te Kaitiaki Taiao a Te Whare Pāremata

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Motukaraka Island, Auckland

The role of the Parliamentary Commissioner for the Environment

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

As an independent Officer of Parliament, I report to Parliament as a whole, not to a government minister. This is both a privilege and a responsibility. I have a unique opportunity to provide both ministers and opposition spokespeople with independent advice on any matters that may have an impact on the quality of the environment. I also have the chance to advise select committees that scrutinise legislative proposals. But it is up to Members of Parliament to make what they will of my recommendations and advice.

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

The Commissioner's team

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

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

Legal functions

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

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

Our mission and values

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

Our mission

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

Our values

Excellence

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

Determination

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

Generosity of spirit

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

Innovation

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

Effectiveness

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

Tā mātau koromaki me ā mātau uara

Tā mātau koromaki

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

Ā mātau uara

Hiranga

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

Manawa nui

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

Te wairua manaaki

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

Auahatanga

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

Tōtikatanga

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

3



Kōwhiri, *Hemiphaga novaeseelandiae*; tī kōuka, cabbage tree, *Cordyline australis*

Reports, advice and other work

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

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

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

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

Reports

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

This year I presented three investigative reports to Parliament:

- *Space invaders: A review of how New Zealand manages weeds that threaten native ecosystems*
- *Wellbeing budgets and the environment: A promised land?*
- *Knowing what's out there: Regulating the environmental fate of chemicals.*

Space invaders: A review of how New Zealand manages weeds that threaten native ecosystems

In November 2021 I released a report examining whether we are doing the best job we can to manage the risks exotic plants pose to our native ecosystems.

Since European colonisation, more than 25,000 plant species have been introduced to New Zealand. Over 1,800 of these exotic plants now survive in the wild without human help and are joined by about 20 new ones each year. My investigation found that many of these naturalised exotic plants can transform our natural environment beyond recognition by smothering and outcompeting native plants and preventing regeneration.

Our biosecurity system is very good at protecting our borders. The system is also very broad, covering pre-border requirements, border measures and management within our borders. The system aims to defend New Zealand from unwanted intrusions by harmful organisms that range from four-legged animals to invisible pathogens to plants. In trying to do it all, some aspects get less attention than others. Plants that are already established here and are affecting native ecosystems do not get the same attention as animal pests or unwanted organisms with economic impacts.

We cannot rid New Zealand of every weed. There are simply too many exotic plants here already. But we can be smarter about which weeds we choose to tackle, have a clear outcome in mind and make sure we coordinate our actions.

I recommended making several improvements to the biosecurity system to ensure New Zealand's native ecosystems and species are better protected from weeds. The adjustments aim to improve leadership, national policy direction and coordination, clarify desired outcomes and help align national, regional and local efforts.

Existing weed information systems should also be improved to provide everyone managing weeds with a single authoritative and publicly accessible database of all exotic plants in New Zealand. I also recommended improving monitoring and surveillance of weeds and establishing an expert team to scan for emerging risks from new exotic plants that may be tomorrow's weeds.

Regional councils have shown strong support for the report as a whole and agree that improving information systems is the most important step. Councils suggest the first step to implementing this is to discuss the type of information collected and how it can either be fed into or drawn from existing platforms. The Department of Conservation and Ministry for Primary Industries (MPI) are both less enthusiastic about developing a single authoritative weed database.

The Department of Conservation accepted the criticisms made in the report about aspects of its weed management, supported most of the recommendations which relate to leadership and national policy direction, and stated that it is expecting to have further discussions with MPI on the issue.

MPI is reflecting on the best way to deliver on its leadership responsibilities in pest management, but no future course of action has been charted yet. The ministry is also considering the best options to provide better national direction for weed management. As part of this, it is weighing up whether to update the pest management system strategy or develop a national weed management strategy, which would include a focus on identifying priorities.

The ministry has stated that it will consider these recommendations in the scope of the Biosecurity Act 1993 reform. However, the review of the Biosecurity Act has been going on for three years and does not appear to be a top priority for the Government. The ministry is also interested in establishing an emerging risk group for the pest management system and is currently considering how it can resource this.

I remain concerned that central government agencies do not feel they have a mandate to give native ecosystem weeds the priority and focus they deserve. We will pay in the long run if this relative neglect continues.

Wellbeing budgets and the environment: A promised land?

Wellbeing budgets have created a need to link the environment to wellbeing. For this report, delivered in December 2021, I reviewed how what we know about the link between the environment and wellbeing has been incorporated into decisions about government spending. This is the third report in my series on environmental information.

Measuring or determining the value of the environment and its links to wellbeing is not easy. Not only is the natural environment dynamic and complex, the environment and wellbeing are understood in different ways. While different world views can mean we have different conceptions about what wellbeing is, one thing western and te ao Māori thinking have in common is that the environment is linked to wellbeing now and in the future.

The review found that this complexity coupled with poor environmental information and the long-term nature of many environmental issues makes it difficult to weigh environmental priorities in the budget process. That process inevitably favours the short term and those claims that are easily quantifiable.

To address some of these issues, I made four sets of recommendations aimed at improving the way environmental considerations are handled and communicated in the budget process.

They include improving the capacity of the budget process to value the environment and increasing the quality of information available to reflect what is known about future risks, uncertainty and tipping points.

It became clear that for the environment to be properly considered in this process, the long-term impacts of policy need to be front and centre in decision making. To this end, I advocated for a review of the way cost–benefit analysis is applied to budget initiatives to ensure that budget proposals with enduring benefits for future generations are not effectively discounted away to nothing.

I also suggested that the way long-run environmental issues are handled in the budget priority setting process needs to be re-examined and formally linked to state of the environment reporting. I will examine this further in my final report in this series.

The Treasury and Ministry for the Environment (MfE) have identified points of agreement with each of these recommendations but the acid test will be whether they are given any priority or the resources to develop some of the tools I have recommended.

In a submission on the Treasury's Living Standards Framework Dashboard shortly after the report was published, I made further suggestions on how the environment should be treated in a wellbeing approach. None of these recommendations have been adopted. The Treasury has said it will make changes to the indicators as opportunities arise.

Knowing what's out there: Regulating the environmental fate of chemicals

In 2019 I sent a letter to the Minister for the Environment noting that every developed country except New Zealand has pollutant release and transfer registers and suggested the minister consider establishing such a register. No action was forthcoming, so I decided to take a more in-depth look at how well our regulatory system manages the chemical contaminants reaching and affecting our environment. That report was released in March 2022.

While not all chemicals present a high level of concern, the report found there is a lot we do not know about the fate of chemicals reaching our environment, including the quantities, where they are being released and the effects they are having.

The report found there are significant gaps in the way we monitor chemicals in the environment and in how we interpret their impact on living things. There are over 30,000 chemicals approved for use across the country but only around 200 chemicals are routinely tested for. Of the monitoring that is undertaken, there is little feedback to the chemical management system that determines how chemicals are used.

I proposed a set of recommendations that aim to create a system where regulations controlling how a chemical can be used are regularly updated in light of environmental evidence that is relevant to New Zealand.

My primary recommendation was for all agencies dealing with chemicals to develop a common framework alongside Māori to better manage the environmental impacts of chemical use. This framework should prioritise action on contaminants that pose the highest risk based on how much a chemical is being used, the potential environmental harm it could cause, and how much of it is being detected in the environment. If we know how much they are being used and where, we will have a pretty good idea of the extent of the problem or at least where to look for problems.

To gauge the scale of a chemical's use in New Zealand, I recommended collecting and reporting data throughout a chemical's lifecycle. This would require importers, manufacturers and sellers of chemicals to report on the quantities of chemicals they are introducing into the economy.

I believe greater use of environmental exposure limits and better guidance on regional and national monitoring will help bolster our understanding of chemical presence in receiving environments. Limits and monitoring are critical so regional councils know what levels pose a problem. Improving our modelling capacity of New Zealand-specific scenarios would also help us to predict whether a contaminant will reach a receiving environment.

To cover some gaps in the current system, I also recommended that the Environmental Protection Authority develop policies to address specific pathways through which chemicals reach the environment. These include animal wastes, the accumulation of contaminants in agricultural soils, the accumulation of human pharmaceuticals in wastewater and issues with some manufactured articles and by-products.

The current cultural impact process could also be amended to ensure the place-based impacts of contamination on whānau, hapū, iwi and other Māori entities are taken into account.

While the recommendations have been warmly received by the Environmental Protection Authority and generally agreed with by MfE, it is clear that with current resourcing levels the Environmental Protection Authority has limited capacity to make changes. MfE needs to ensure that the Environmental Protection Authority and regional councils have the powers and the resources needed to join the dots between risk, potential harm and environmental presence.

Advice

Submissions and letters

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

- Submission on the Natural and Built Environments Bill Exposure Draft
- Submission on the Hazardous Substances and New Organisms (Hazardous Substances Assessments) Amendment Bill
- Submission on the Managing our Wetlands Discussion Document
- Submission on the Living Standards Framework Dashboard
- Submission on Te Ara Paerangi Future Pathways Green Paper
- Submission on Improving Aotearoa New Zealand's environmental reporting system.

In some instances, I provided advice through letters sent to relevant ministers and select committees. I also sent letters to enquire about the uptake of recent recommendations.

- Letter to the Health Committee about environmental regulation and the Water Services Bill
- Letter to Ministers Mahuta and Parker about the three waters environmental regulatory system
- Letter to the Environment Committee on petition to ban synthetic nitrogen fertiliser
- Letter to Ministers about National Environmental Standards for Air Quality
- Letter to Ministers about Environmental Reporting Act amendments
- Letter to the Transport and Infrastructure Committee on the Civil Aviation Bill
- Letter to Ministers Woods, Shaw and Robertson about green hydrogen.

Advice to select committees

An important part of my role is providing advice to select committees on the business before them that affects the environment.

Most frequently this advice is to the Environment Committee. Their report on the Natural and Built Environments Bill exposure draft addressed many of my recommendations on the draft. I also provided, at the committee's request, specific advice to support its questioning of government agencies in the Committee's examination of a petition to ban synthetic nitrogen fertiliser.

Sometimes I raise concerns with other select committees on bills they are considering that have environmental angles which they might not otherwise have been aware of. I raised a concern to the Health Committee that giving Taumata Arowai specific environmental powers would fragment the national environmental regulatory system. The committee agreed and made changes to the Water Services Bill. Unfortunately, the Government subsequently undid those changes. The Transport and Infrastructure Committee made changes to the Civil Aviation Bill to make it clearer that rules could be made to manage the environmental impacts of aviation.

Letter to Ministers Woods, Shaw and Robertson about green hydrogen

In March 2022, I wrote to the Minister of Energy and Resources, the Minister of Climate Change and the Minister of Finance about using renewable energy resources to produce green hydrogen as a cleaner alternative fuel for export from New Zealand.

While green hydrogen could be used to decarbonise some hard-to-abate sectors in New Zealand, such as long-haul flight, heavy freight, shipping and steel manufacturing, I believe that producing green hydrogen from renewable electricity in New Zealand would impose an opportunity cost because there are potentially better uses for that electricity. The economic and environmental trade-offs need to be explicit and transparently balanced.

Before committing to green hydrogen, I suggested the Government conducts an analysis of the whole energy system so the opportunity cost of green hydrogen can be estimated and compared with alternative options.

The letter has been widely quoted in the media and I have since discussed these issues with the Minister of Energy and Resources.

Public engagement

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

This past year, I have embraced webinars as a form of public engagement that targets key audiences. For the *Wellbeing budgets and the environment* report, my staff and I presented three separate webinars targeting different groups. The first was a more traditional webinar in lieu of a public talk because of Covid-19 restrictions. The other two – led by staff – presented different elements of the investigation to the Government Economics Network and the Institute of Public Administration New Zealand. These groups contain policy advisors, economists and others who may be interested in implementing the recommendations outlined in the report.

We also used this approach for the release of *Knowing what's out there: Regulating the environmental fate of chemicals*, where we held one webinar for industry groups we had approached during the course of the investigation for information, and another to speak to a wider stakeholder group at the report launch.

To deepen the impact and influence of my work, I have been more active in continuing the conversation sparked by my reports with key stakeholders. In practice this has resulted in more direct engagement with officials and local government representatives. Following my report on native ecosystem weeds, my staff presented the findings in an internal MPI talk meant to engage a broader group than those we had already engaged with. I also hope to facilitate a workshop with MPI, the Department of Conservation and regional council staff working on weed management to help foster improved coordination across the country.

Due to event cancellations resulting from Covid-19, I have had few speaking engagements this year. However, I did deliver a concluding speech at the Environmental Defence Society conference and an address at the New Zealand Institute of Primary Industry Management One-Day Forum.

The office also receives, in confidence, a steady stream of correspondence from members of the public raising issues of environmental concern. This year, I received 40 concerns. Topics the public have written to me about include mining, resource management processes, water conservation orders, estuaries, weeds and the impact of aviation on the environment.

With a small staff, I cannot investigate every issue. If I do not investigate a particular concern, I often direct the complainant to the appropriate legally mandated body. If a response has been slow, I often follow up on the complainant's behalf. Monitoring these requests provides a useful gauge of the state of environmental management and the adequacy of regulations. Sometimes I take up the issue directly and make specific recommendations to address it. I also draw on public concerns to help inform what direction my investigations take.

Current and future work

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

Later this year I will be producing a fourth volume in my series on **environmental information**. This report elaborates on why much better links between environmental reporting, research and budgetary allocations need to be made. It also adds an accountability lens to spending on environmental issues to allow Members of Parliament and citizens to scrutinise and hold governments to account for decisions made and decisions postponed.

I look forward to the eventual introduction of the Environmental Reporting Act Amendment Bill expected later this year. The bill will be an important avenue to implement many of the recommendations I made in my review of environmental reporting and other work I have done since. I will look to make a submission to the select committee, particularly if there are aspects where the bill can be improved to ensure such a fundamental part of our environmental management system functions as effectively.

I am investigating what an integrated **landscape approach** to managing environmental pressures posed by land-based industries might entail. The investigation looks at how a landscape scale approach to environmental policy management could enable rural communities and tangata whenua to address climate change, freshwater quality and biodiversity pressures. Two case studies are being used as part of a thought experiment to consider how a landscape approach could work and what the expected outcomes might be.

The case studies are the Mataura catchment in Southland/Murihiku and the Wairoa catchment in Northland/Te Tai Tokerau. Components of the work include mapping landscape susceptibility to loss of freshwater contaminants and soil nitrous oxide, landscape-scale modelling to illustrate how land management practices and land uses could change in the two case studies under different policy scenarios, Māori perspectives on integrated landscapes, and the implications of a warming-based approach to offsetting methane with trees.

Urban green space such as parks, reserves, gardens, sports fields and private yards provide people with a connection to nature, valuable habitat for indigenous species, and ecosystem services such as temperature regulation, stormwater management and air filtration. There is currently a strong push to increase the supply of housing to improve housing affordability. This risks urban green space being either gradually eroded or not adequately provided for. This project aims to provide insight into how urban green space in New Zealand has changed over time, the environmental consequences of the trajectory we are on and the barriers to providing green space.

The Government is undertaking a massive **reform agenda**: replacing the Resource Management Act 1991 with three new acts, pursuing three waters infrastructure and service provision reform, and reviewing local government. These three reform programmes all impact on the environment and our system of environmental management to varying degrees. I have been gathering the views of stakeholders, especially local government, to inform the submissions I will make on the Natural and Built Environment Bill and the Spatial Planning Bill when they go before select committee.

Since the announcement of my reappointment, I have undertaken a wide-ranging scoping process to determine my next suite of projects.

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

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The office

Organisational health

My team is small, highly skilled, very productive and, most importantly, much younger than I am. They are an excellent complement to the skills and experience I can provide.

The \$495,000 per year budget increase approved by the Officers of Parliament Committee and confirmed in Budget 2022 after five years of restraint was a welcome investment in the maintenance of that team.

The breadth and complexity of what I need to be informed on and provide advice on has increased significantly. The way we manage and regulate the environment is undergoing a once-in-a-generation change. The Government is undertaking massive legislative and institutional reform processes, many of which have the potential to fundamentally change how we manage New Zealand's environment. It is crucial that I can inform Parliament's consideration of these reforms.

The increased budget will be used to:

- ensure the office can continue to attract and maintain capable staff in a highly competitive job market
- contract additional external specialist analysis and advice on issues outside the expertise and competency of in-house staff
- fund higher depreciation and other occupancy costs.

My work requires a high level of capability across a broad spectrum of disciplines. Hiring decisions are made with this in mind. I am also committed to developing an equal employment opportunities environment where diversity and inclusion is sought and valued. Where I do not have staff with discipline-specific knowledge, I engage consultants to fill the gaps. The increased appropriation is helping me source additional external analysis and advice on technical and legal issues, much of which would not make prudent financial sense to have permanently in house.

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

As of 30 June 2022, there were 21 staff employed within the office (Table 1).

Table 1: Demographic profile of staff as at 30 June 2022.

	2021/22 Staff	2021/22 FTE	2020/21 Staff	2020/21 FTE	2019/20 Staff	2019/20 FTE
Female	11	9.2	10	8.7	13	11.73
Male	10	8.85	11	9.85	8	7.85
Total employees	21	18.05	21	18.55	21	19.58
	Percentage			Percentage		Percentage
Pākehā	11	52%	12	57%	10	48%
Māori	1	5%	2	10%	3	14%
Pasifika	–	0%	–	0%	–	–
Other	9	43%	7	33%	8	38%
Total employees	21		21		21	

We moved to new premises in March 2022 and we are now located at Qual IT House, 22 The Terrace, Wellington. This shift has provided a permanent office space that has attracted staff back onsite after the disruptions of the pandemic. Staff have been included in the design and functionality of our new office, which offers a simple, functional and pleasant workspace with just enough view of the Town Belt to remind us of what we are working to protect.

We are working with Toitū Envirocare to measure our carbon footprint as part of the Carbon Neutral Government Programme. This programme has been set up with the aim of reducing emissions within the public sector. The initial audit is planned for late 2022.

Training and development

We have a culture of continuous improvement. Staff members are supported to plan their own professional and personal development goals. We view this as an investment in their future, which in turn benefits the organisation and its stakeholders.

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

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

Staff need to maintain currency with the full diversity of issues that cut across the environmental domain. To assist, experts are regularly invited to speak with us. For example, in the past year we have had presentations on climate modelling from NIWA and economic modelling of climate policies from Ministry of Transport officials.

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

In the past financial year, 1.6% of the total personnel budget was allocated to staff training and development. Training was undertaken in areas such as leadership, te ao Māori, finance essentials, building effective teams, information asset management and engaging effectively with stakeholders.

We have continued to develop our understanding of te ao Māori in the recognition that it is an essential skill for our workplace. The kaupapa of the office reflects the vision of Te Māngai Pāho that te reo Māori and tikanga Māori are spoken, heard, seen and valued.

Staff are supported by our Kaiwhakahaere Mātauranga Māori to improve mātauranga and tikanga knowledge, te reo Māori and engagement skills. Guidance is also given for external pōwhiri and mihi whakatau when presenting and at general hui.

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Sterna striata, white fronted tern, tara

Financial statements and statement of service performance

Statement of responsibility

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

- the preparation of the financial statements, and statements of expenses and capital expenditure and for the 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 is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in the annual report
- the accuracy of any end-of-year performance information, whether or not that information is included in the annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Parliamentary Commissioner for the Environment
- the financial statements fairly reflect the financial position of the Parliamentary Commissioner for the Environment as at 30 June 2022 and its operations for the year ended on that date
- the 2022/23 forecast financial statements fairly reflect the forecast financial position of the Parliamentary Commissioner for the Environment as at 30 June 2023, and its operations for the year ending on that date.

A handwritten signature in black ink, consisting of a stylized 'S' and 'U'.

Rt Hon Simon Upton

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

30 September 2022

Independent Auditor's Report

To the readers of the Parliamentary Commissioner for the Environment's annual report for the year ended 30 June 2022

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

- the financial statements of the Commissioner on pages 25, 34 to 50, that comprise the statement of financial position, statement of commitments, and statement of contingent liabilities and contingent assets as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Commissioner for the year ended 30 June 2022 on pages 30 to 33; and
- the statements of expenses and capital expenditure of the Commissioner for the year ended 30 June 2022 on page 51 and 52.

Opinion

In our opinion:

- the financial statements of the Commissioner:
 - o present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year ended on that date; and
 - o comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information of the Commissioner:
 - o presents fairly, in all material respects, for the year ended 30 June 2022:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - o complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Commissioner are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Commissioner for the information to be audited

The Commissioner is responsible for preparing:

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

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

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

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

Responsibilities of the auditor for the information to be audited

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

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

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Commissioner's Strategic Intentions 2017-2021, the relevant Estimates and Supplementary Estimates of Appropriations 2021/22, and the 2021/22 forecast figures included in the Commissioner's 2020/21 Annual Report.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Commissioner is responsible for the other information. The other information comprises the information included on pages 1 to 49, but does not include the information we audited, and our auditor's report thereon.

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

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

Independence

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

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



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

Statement of objectives and service performance

The primary impact that the Parliamentary Commissioner for the Environment seeks is to help inform and encourage decisions that will restore, maintain or improve the quality of the New Zealand environment, and improve the quality of material available to Parliament in debating those decisions. The performance measures below are an attempt to provide some indication of whether my work is having that effect.

Output: Reports and advice

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

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

Budgeted and actual expenditure relating to the above output is detailed on pages 51 and 52.

Performance

Table 2 shows performance on measures and targets.

As an Officer of Parliament, I see Members of Parliament as my primary audience. This past year I have had 37 briefings with Members of Parliament.

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

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

There is often a lag time – sometimes years – between when reports are released and their impact. That may be because it takes time for governments to consider the recommendations and incorporate them into work programmes. It may also be because my reports raise further questions that need to be answered before action can be taken. Sometimes governments are immediately forthcoming about their intentions, while on other occasions, the adoption of recommendations only becomes apparent as new policies are announced.

This year I have published 16 outputs containing a total of 47 recommendations. Of the 11 recommendations responded to by recipients to date, two have been fully adopted and three have been partially adopted. The rest are still pending.

In calculating the cumulative uptake of responses during a Commissioner's tenure, scores are attributed only to those where a response has been forthcoming. As of 30 June 2022, there have been responses to 77 of the 132 recommendations issued by me since October 2017. The remaining 55 recommendations are mostly from recent reports and submissions.

Of the 77 recommendations responded to so far, 53% (41 recommendations) were accepted and acted upon to some extent. However, we grade responses, scoring 1.0 if fully actioned and 0.5 if only partially actioned. Therefore, the success rate of 38% reflects that 18 recommendations were fully actioned (1 point each) and 23 have been partially actioned (half a point each).

As of yet, I have not instigated any follow-up reports in the form my predecessor used to. I follow up investigations using different methods. Occasionally, if uptake of key recommendations in an investigation report has been slow or lacking, I will send a letter to the minister(s) requesting an update on the response to recommendations. I also continue to follow up with relevant officials. The results of this may eventually flow into a follow-up report.

Table 2: Performance measures and targets.

Measure	Target 2021/22	Performance 2021/22	Performance 2020/21	Performance 2019/20	Performance 2018/19	Performance 2017/18
Number of briefings given to Members of Parliament during the year	30	37	69	37	44	25
Proportion of recommendations that are adopted or partially adopted during the tenure of the current Commissioner	65%	38%	34%	38%	81%	0%
Number of reports, commentaries and submissions published during the year [†]	6–8	16	6	14	9	3
Provision of follow-up report within required time frame ^{††}	100%	0%	0%	0%	0%	0%
Reports and commentaries externally peer reviewed and content checked	100%	100%	100%	100%	100%	100%
Response to public concerns and information requests within required time frames	100%	96%	95%	95%	98%	96%
Capital expenditure is in accordance with capital asset management plan	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved

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

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

Recommendation uptake

Advice released this year

The Treasury and MfE have broadly agreed to implement each of the recommendations in *Wellbeing budgets and the environment: A promised land?* over time. However, the specifics of how they will do this or to what degree has not yet been announced.

There has been no explicit uptake to date in response to *Space invaders: A review of how New Zealand manages weeds that threaten native ecosystems* or *Knowing what's out there: Regulating the environmental fate of chemicals*.

Advice from previous years

During the 2021/22 financial year, several key recommendations made in previous years gained traction.

Managing our estuaries

Last year, I reported that three of the four recommendations from *Managing our estuaries* had been partially adopted by MfE. Over this past year, MfE has cemented its approach.

In alignment with my recommendations, the ministry has funded several research programmes to inform development of estuarine-specific attributes and limits under the National Policy Statement for Freshwater Management through the Managing Upstream project, which it restarted last year. These projects should be completed by July 2023.

The ministry is taking pains to ensure that the development of these attributes and limits for estuaries aligns with their ongoing work on limits and targets as part of the resource management reform. They have also been engaging with regional councils and Sustainable Seas to explore how, and if, estuarine monitoring can be standardised at a national level.

Work on including estuaries as part of freshwater management units in the definition of Freshwater Management Units within the National Policy Statement for Freshwater Management is being progressed as part of a wider set of policy changes.

Focusing Aotearoa New Zealand's environmental reporting system

My 2019 report *Focusing Aotearoa New Zealand's environmental reporting system* called for improvements to our environmental reporting system and the evidence base that underpins it. The report recommended amending the Environmental Reporting Act 2015, developing a comprehensive, nationally coordinated monitoring system, and a mandated strategy to prioritise and incrementally fill data gaps.

In December 2021, I sent a letter to the Minister for the Environment, the Minister of Finance and the Associate Minister for the Environment whose responsibility includes environmental reporting, voicing my concerns that little progress has been made and how little resourcing had been allocated to this important issue.

However, progress made towards implementing the recommendations from this report since then has been heartening.

In early 2022, MfE consulted on ten proposals to amend the Environmental Reporting Act. These proposals generally reflected the recommendations from my 2019 review, indicating the Government has fully adopted most of the recommendations from this report. In my submission on the consultation, I noted that four of the proposals were well made but recommended further refinement to the other six.

Following this public consultation, MfE has prepared a Cabinet paper requesting to issue drafting instructions to the Parliamentary Counsel Office.

However, two areas have been lagging. The first is the development of a comprehensive environmental monitoring system. The second is the development of a nationally mandated strategy to progressively fill in known data gaps. Such a strategy has not yet been published, but the Data Investment Plan published in December 2021 and led by Stats NZ, could be seen as attempting to fill the void.

The plan contains data asset investment opportunities over the next ten years for Stats NZ and other government agencies across four pillars – economy, environment, society and populations of policy interest. The 30 highest priority data investment opportunities are profiled in the plan, with titles of the next 60 opportunities also listed. Seven environmental initiatives made it into the top 30 investment opportunities. While this is a promising initiative, the Data Investment Plan does not provide new investment by itself – it is just a signal for funding needs.

Quality assurance

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

Response to public concerns and requests

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

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

In 2021/22, 96% of public concerns and information requests were responded to within required time frames. Five official information requests were received and all were responded to within the statutory time frame. We regularly review our processes with a view to continued improvement in this area.

Statement of comprehensive revenue and expense for the year ended 30 June 2022

Actual 2021 \$(000)	Note	Actual 2022 \$(000)	Unaudited budget 2022 \$(000)	Unaudited forecast 2023 \$(000)
Revenue				
3,657	Revenue Crown	3,934	3,791	4,286
79	Other revenue	153	3	3
3,736	Total revenue	4,087	3,794	4,289
Expenses				
2,322	Personnel costs (2)	2,475	2,725	2,718
36	Depreciation (6)	59	100	173
31	Capital charge (3)	31	–	–
1,133	Other operating expenses (4)	1,361	969	1,398
3,522	Total expenses	3,926	3,794	4,289
214	Net surplus	161	–	–
–	Other comprehensive revenue and expenses	–	–	–
214	Total comprehensive revenue and expenses	161	–	–

Explanations of major variances against the original 2021/22 budget are detailed in note 14.

The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2022

Actual 2021 \$(000)	Note	Actual 2022 \$(000)	Unaudited budget 2022 \$(000)	Unaudited forecast 2023 \$(000)
Assets				
Current assets				
1,031	Cash and cash equivalents	529	803	362
293	Debtors and other receivables (5)	415	277	277
1,324	Total current assets	944	1080	639
Non-current assets				
83	Property, plant and equipment (6)	475	71	664
83	Total non-current assets	475	71	664
1,407	Total assets	1,419	1,151	1,303
Liabilities				
Current liabilities				
323	Creditors and other payables (8)	396	306	373
214	Repayment of surplus (9)	161	–	–
259	Employee entitlements (10)	251	234	319
796	Total current liabilities	808	540	692
796	Total liabilities	808	540	692
611	Net assets	611	611	611
Equity				
611	Taxpayers' fund	611	611	611
611	Total equity	611	611	611

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

Actual 2021 \$(000)	Actual 2022 \$(000)	Unaudited budget 2022 \$(000)	Unaudited forecast 2023 \$(000)
611	Opening balance	611	611
214	Total comprehensive revenue and expense	161	–
(214)	Return of operating surplus to the Crown	(161)	–
611	Closing balance	611	611

Explanations of major variances against the original 2021/22 budget are detailed in note 14.

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2022

Actual 2021 \$(000)	Actual 2022 \$(000)	Unaudited budget 2022 \$(000)	Unaudited forecast 2023 \$(000)
Cash flows from operating activities			
3,657 Receipts from Crown	3,934	3,791	4,302
79 Receipts from other revenue	32	3	3
(1,116) Payments to suppliers	(1,269)	(938)	(1,308)
(2,281) Payments to employees	(2,483)	(2,725)	(2,778)
(31) Payments for capital charge	(31)	(31)	(31)
(2) Goods and services tax (net)	3	–	–
306 Net cash from operating activities	186	100	188
Cash flows from investing activities			
(22) Purchase of property, plant and equipment	(474)	(72)	(172)
(22) Net cash (used in) investing activities	(474)	(72)	(172)
Cash flows from financing activities			
(22) Payment of surplus to Crown	(214)	–	–
(22) Net cash (used in) financing activities	(214)	–	–
262 Net increase/(decrease) in cash	(502)	28	16
769 Cash at the beginning of the year	1,031	775	346
1,031 Cash at the end of the year	529	803	362

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

Explanations of major variances against the original 2021/22 budget are detailed in note 14.

The accompanying notes form part of these financial statements.

Statement of commitments

As at 30 June 2022, the Parliamentary Commissioner for the Environment has no capital commitments (2021: Nil).

Non-cancellable operating lease commitments

The Parliamentary Commissioner for the Environment has entered into an office lease in March 2022 at a monthly cost of \$17,509. The lease term expires on 28 March 2028.

Other non-cancellable commitments

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

A variation was made to the current Sharp contract for office equipment, increasing the total monthly instalment. This contract expires on 26 March 2025.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Actual 2021 \$(000)	Actual 2022 \$(000)
Non-cancellable operating lease commitments	
52 No later than one year	210
– Later than one year and no later than five years	840
– Later than five years	158
52 Total operating lease commitments	1,208
Other non-cancellable commitments	
2 No later than one year	9
7 Later than one year and no later than five years	17
9 Total other commitments	26

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

The accompanying notes form part of these financial statements

Statement of contingent liabilities and contingent assets

The Parliamentary Commissioner for the Environment had no known quantifiable or unquantifiable contingent liabilities as at 30 June 2022 (2021: Nil).

The Parliamentary Commissioner for the Environment had no contingent assets as at 30 June 2022 (2021: Nil).

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

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

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

The financial statements for the Parliamentary Commissioner for the Environment are for the year ended 30 June 2022 and were authorised for issue on 30 September 2022.

Basis of preparation

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

Statement of compliance

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

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. The Parliamentary Commissioner for the Environment qualifies for the reduced disclosure regime as a Tier 2 entity as its expenses are less than \$30 million and it has no public accountability.

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

Presentation currency and rounding

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

Summary of significant accounting policies

Revenue

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

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

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

Capital charge

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

Operating leases

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

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

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

Cash and cash equivalents

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

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

Receivables

Short-term receivables are recorded at the amount due, less any allowance for credit losses.

The Parliamentary Commissioner for the Environment applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Short-term receivables are written off when there is no reasonable expectation of recovery.

Payables

Short-term payables are recorded at the amount payable.

Property, plant and equipment

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

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

Individual assets, or groups of assets, are capitalised if their cost is greater than \$1,000.

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

Furniture and fittings	5–11.1 years	9–20%
Computer hardware	2.5–4.8 years	21–40%
Office equipment	3.3–5 years	20–30%

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

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

Intangible assets

Software acquisition and development

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

Staff training costs are recognised as an expense when incurred.

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

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

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

Amortisation

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

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

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

Impairment of plant, property and equipment and intangible assets

The Parliamentary Commissioner for the Environment does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non-cash generating assets

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

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

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

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

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

Employee entitlements

Short-term employee entitlements

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

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Equity

Equity is the Crown's investment in the Parliamentary Commissioner for the Environment and is measured as the difference between total assets and total liabilities. Repayment of any surplus is made to the Crown before 31 October each year. Equity has been classified as taxpayer funds.

Commitments

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Statement of cost accounting policies

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

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

Critical accounting estimates and assumptions

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

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

Budget and forecast figures

Basis of the budget and forecast figures

The unaudited budget for 2021/22 was published in the 2020/21 annual report. It is consistent with the Parliamentary Commissioner for the Environment's financial budget as set out in the Government's Estimates of Appropriations for the year ending 2020/21.

The 2022/23 unaudited forecast figures are for the year ending 30 June 2023. They are consistent with the Parliamentary Commissioner for the Environment's financial budget as set out in the Government's Estimates of Appropriations for the year ending 2021/22.

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

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

The 2021/22 unaudited budget and 2022/23 unaudited forecast figures were prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and comply with PBE FRS 42.

The 2022/23 forecast financial statements were approved for issue by the Commissioner on 19 May 2022. The Commissioner is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Parliamentary Commissioner for the Environment's purpose and activities and are based on a number of assumptions on what may occur during the 2022/23 year.

The main assumptions, which were adopted as at 19 May 2022, were as follows:

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

The actual financial results achieved for 30 June 2023 are likely to vary from the forecast information presented, and the variations may be material.

2. Personnel costs

Actual 2021 \$(000)	Actual 2022 \$(000)
2,225 Salaries and wages	2,415
66 Employer contributions to defined contribution plans	73
31 Increase/(decrease) in annual leave	(13)
2,322 Total personnel costs	2,475

3. Capital charge

The Parliamentary Commissioner for the Environment pays a capital charge to the Crown on its equity as at 31 December and 30 June each year. The capital charge rate is set by the Treasury during the year. The capital charge rate for the year ended 30 June 2022 was 5% (2021: 5%).

4. Other operating expenses

Included within other operating costs are:

Actual 2021 \$(000)	Actual 2022 \$(000)
26 Audit fees for the annual report audit	31
248 Operating leases	308
516 Consultancy	644
78 Maintenance	117
60 Accommodation (excluding office lease)	81
28 Communication	28
42 Travel	20
11 Consumables	6
57 Professional fees and development	23
12 Library acquisitions	16
– Loss on write-off	22
55 General expenses	65
1,133 Total	1,361

5. Debtors and other receivables

Actual 2021 \$(000)		Actual 2022 \$(000)
Non exchange		
277	Debtor Crown	277
Exchange		
16	Aged receivables	10
–	Other receivables	128
293	Total debtors and other receivables	415

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

6. Property, plant and equipment

	Furniture and fittings \$(000)	Computer hardware \$(000)	Office equipment \$(000)	Leasehold improvements \$(000)	Total \$(000)
Cost					
Balance at 30 June 2021	237	203	50	10	500
Additions	68	31	–	375	474
Disposals	(206)	(102)	(12)	(10)	(330)
Balance at 30 June 2022	99	132	38	375	644
Accumulated depreciation					
Balance at 30 June 2021	211	156	48	2	417
Depreciation expense	7	29	1	22	59
Disposals	(191)	(100)	(12)	(4)	(307)
Balance at 30 June 2022	27	85	37	20	169
Carrying amounts					
At 30 June 2021	26	47	2	8	83
Balance at 30 June 2022	72	47	1	355	475

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

7. Intangible assets

	Acquired software \$(000)	Developed software \$(000)	Total \$(000)
Cost			
Balance at 30 June 2021	98	65	163
Disposals	(94)	(15)	(109)
Balance at 30 June 2022	4	50	54
Accumulated amortisation and impairment losses			
Balance at 30 June 2021	98	65	163
Disposals	(94)	(15)	(109)
Balance at 30 June 2022	4	50	54
Carrying amounts			
At 30 June 2021	–	–	–
At 30 June 2022	–	–	–

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

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

8. Creditors and other payables

Actual 2021 \$(000)	Actual 2022 \$(000)
Exchange	
203 Creditors	262
81 Accrued expenses	98
Non exchange	
39 GST payable	36
323 Total creditors and other payables	396

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

9. Repayment of surplus

Actual 2021 \$(000)	Actual 2022 \$(000)
214 Net surplus	161
214 Total repayment of surplus	161

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

10. Employee entitlements

Actual 2021 \$(000)	Actual 2022 \$(000)
212 Annual leave	199
47 Accrued salaries	52
259 Total employee entitlements	251

The Parliamentary Commissioner for the Environment has no retirement leave or long service leave obligations. The annual leave liability is calculated from the actual leave days owing to the Commissioner and employees, as well as the projected accrual to 30 June 2022.

11. Related party transactions and key management personnel

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

Related party transactions

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

Related party transactions required to be disclosed

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

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

Key management personnel compensation

Actual 2021 \$(000)	Actual 2022 \$(000)
Leadership team, including the Commissioner	
950 Remuneration	1,115
5 Full-time equivalent staff	6

Key management personnel are the senior management team, which comprises the Commissioner, Chief Advisor Economics, Chief Advisor Legal, Chief Advisor Programmes, Chief Advisor Science and Chief Operating Officer (2021: Commissioner, Chief Advisor Economics, Chief Advisor Legal, Chief Advisor Programmes, Chief Advisor Science and Chief Operating Officer).

12. Events after the balance date

No significant events have occurred subsequent to balance date. (2021: The Parliamentary Commissioner for the Environment has signed a lease agreement for 22 The Terrace which is anticipated to commence on 22 December 2021 for a term of 6 years).

13. Categories of financial instruments

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

Actual 2021 \$(000)	Actual 2022 \$(000)
Financial assets measured at amortised cost	
1,031 Cash and cash equivalents	529
293 Debtors and other receivables	415
1,324 Total financial assets measured at amortised cost	944
Financial liabilities measured at amortised cost	
284 Creditors and other payables (excluding GST payable)	360

14. Explanations of major variances against budget

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

Statement of comprehensive revenue and expense

Revenue

Revenue Crown was \$143k higher than budgeted due to a request under CO 18(2) to transfer funds of \$138k from 2020/21 to 2021/22 due to delay in contracts and an increase in appropriation for other expenses of \$5k as noted in the appropriation statements.

Other revenue was \$150k higher than budgeted due to various unbudgeted secondments in which personnel costs were reimbursed for. Consultancy costs were utilised to temporarily cover these positions.

Personnel costs

Personnel costs were lower than budget by \$250k. Staff turnover in multiple positions required time to fill these vacant positions which resulted in higher variances to normally anticipated within the budget.

Other operating expenditure

Other operating expenditure was higher than budgeted by \$391k due to various consultancy and personnel variances.

The variance in personnel costs against budget was offset against temporary consultancy costs (resulting in an increase in operating expenditure) to cover these positions.

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

Statement of financial position

Current assets

Current assets were lower than budget by \$137k. Capital expenditure in relation to the office fitout was completed earlier than budgeted. This impact is represented by the \$274k decrease in cash and cash equivalents at year-end. The variance against budget for debtors and other receivables is due to reimbursement receivable for the office fitout costs.

Non-current assets

As noted above, capital expenditure was completed earlier than budgeted. The variance of \$406k is representative of this. The forecasted figures for the 2022/23 period also reflect this planned increase in non-current assets.

Current liabilities

Current liabilities were higher than budgeted by \$269k due to the unplanned accumulation of employee entitlements and some project related costs falling close to year-end. Payments to suppliers of these project related costs were not made until after 30 June 2022 and the liability for those costs to be made have been recognised.

Statement of cash flows

The variance of \$150k between the actual receipts from revenue other and the budgeted amount was driven by various secondments during the period. This variance was partially offset by an increase to payments to suppliers as the Parliamentary Commissioner for the Environment sought consultancy needs to fill this gap.

Lower personnel costs driven by periods of vacancies during the year resulted in a decrease in payments to employees than budgeted by \$242k. The capital expenditure on property, plant and equipment that was completed earlier than budgeted is represented by the variance of \$402k.

The net decrease in cash of \$502k was driven primarily by this variance in capital expenditure as well as the increase in consultancy spend that was offset with the reduction in personnel costs as a result of vacancies.

15. Covid-19 disclosure

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

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

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

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Parliamentary Commissioner for the Environment for the year ended 30 June 2022. They are prepared on a GST exclusive basis.

Statement of budgeted and actual expenses and capital expenditure incurred against appropriations for the year ended 30 June 2022

Annual and permanent appropriations for Vote Parliamentary Commissioner for the Environment

Actual 2021 \$(000)		Actual 2022 \$(000)	Appropriation Voted 2022 \$(000)
Output expenses			
3,218	Parliamentary Commissioner for the Environment – reports and advice	3,622	3,763
3,218	Total output expenses	3,622	3,763
Appropriation for other expenses			
304	Remuneration of the Parliamentary Commissioner for the Environment (permanent legislative authority)	343	343
304	Total other expenses	343	343
Capital expenditure			
22	Parliamentary Commissioner for the Environment – capital expenditure (permanent legislative authority)	475	672
22	Total capital expenditure	475	672
3,544	Total annual and permanent appropriations	4,440	4,778

End-of-year output performance information has been reported in the statement of objectives and service performance (page 30) of this annual report.

The Parliamentary Commissioner for the Environment leads the performance of the office. The performance of the Commissioner is reflected in the output performance measures and targets of the office as detailed in Table 2 (page 31).

Capital expenditure is based on the replacement of assets required in order for the office of the Parliamentary Commissioner to operate effectively. Performance measures for capital expenditure are reflected in the output performance measures of the office as detailed in statement of objectives and service performance (page 30).

Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority for the year ended 30 June 2022

The Parliamentary Commissioner for the Environment has not incurred any expenses or capital expenditure without, or in excess of, appropriation or other authority (2020/21: Nil).

Statement of capital injections for the year ended 30 June 2022

The Parliamentary Commissioner for the Environment has not received any capital injections during the year (2020/21: Nil).

Statement of capital injections without, or in excess of, authority for the year ended 30 June 2022

The Parliamentary Commissioner for the Environment has not received any capital injections during the year without, or in excess of, authority (2020/21: Nil).

Parliamentary Commissioner for the Environment
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Parliamentary Commissioner for the Environment
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