

Tauākī Tūmanako

Statement of Performance

Expectations

2024/25

Presented to the House of Representatives pursuant
to section 149L of the Crown Entities Act 2004

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Statement of Performance Expectations 2024/25

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Te kupu haepapa | Statement of responsibility

This document constitutes our Statement of Performance Expectations (SPE) as required under the Crown Entities Act 2004.

The descriptions of our purpose, role and functions are consistent with the Climate Change Response Act 2002.

This SPE covers a one-year period from 1 July 2024 to 30 June 2025 and should be read in conjunction with the Commission's Statement of Intent (SOI) 2023-2027.

The Board is responsible for the content of this SPE, which comprises the reportable outputs and the Prospective Financial Statements for the year, including the assumptions on which they are based, and for the judgements used in preparing them.

Our performance measures have been developed to conform to the relevant reporting standards, alongside our key outputs, and the Commission's mid-term strategy as set out in our SOI.

This SPE has been prepared in accordance with the relevant provisions of the Crown Entities Act 2004.

The Prospective Financial Statements have been prepared in accordance with generally accepted accounting practice in Aotearoa New Zealand.

In accordance with the Crown Entities Act, the Commission has consulted with the Minister in the preparation of this SPE.

Signed by:



Dr Rod Carr, Chair
19 June 2024



Lisa Tumahai, Deputy Chair
19 June 2024

Te karere a te Tumu | Chair's message

Ko Tā He Pou a Rangi Climate Change Commission Tauākī Kawataunga Mahi tuarima tēnei.

Ko tā He Pou a Rangi Climate Change Commission he whakarato kōrero āwhina motuhake e mātanga ana, e tōkeke ana anō hoki, ki te Kāwanatanga. Waihoki, he aroturuki i ngā kokenga whakaheke tukuwaro me te urutau ki te āhuarangi hurihuri. Ko ā mātou mahi ka āwhina ki te patu i ngā wero o te āhuarangi hurihuri i roto i ngā ngahurutau e tū mai nei.

I tērā tau i rekoatahia ai hei tau mahana noa atu i tau kē atu, ā, he nui te āputa, ā, me ngā pae mahana o te ao kua rēkoatahia i tata atu i te 1.5°C i ngā tau tōmua o te takiwā ahumahi.

Kua mārama te kī a te Intergovernmental Panel on Climate Change (IPCC), e whakaatu ana te pūtaiao kei ia pikinga whakamahanatanga ngā pānga kino ki te ao. Katoa ngā kauparetanga whakamahanatanga ka whai hua.

Mā te whakawhiti ki tētahi anamata tukuwaro-iti e hua tētahi porihanga me tētahi ōhanga tōnui, āhuarangi aumangea, houkura. Manohi anō, e ekea ai tērā me panoni ngā wāhi e noho nei tātou, te āhua o te hāereere me te āhua mahi moni anō hoki. Ka mutu, ko ngā hua - pai mai, kino mai, ka rangona e tātou katoa.

E aro nui ana te Kōmihana ki ngā āhuetanga me whai e kapi ai ōna haepapa ā-ture. Ko tā The Climate Change Response Act 2002 (CCRA) he whakamahuki he aha ngā mea me tuku, ā, i ētahi wāhanga matua, he aha te āhua o ā mātou mahi. Me te aha, ka noho papanga te Kōmihana mā roto mai i ā mātou inenga ekenga e āta noho tūāpapa ana i te kounga o ā mātou kōrero āwhina.

He hirahira kia whai ā mātou mahi i ngā taunakitanga me ngā tātaringa pai katoa. Ko te tikanga nei, me noho mataara ki ngā pūtaiao o te wā, ki ngā hangarau hou me ngā rautaki whakaheke tukuwaro i ia rāngai o te ōhanga. Waihoki, me whakahaere i ngā tūraru o te āhuarangi hurihuri.

Waihoki, kia noho pono ā mātou kōrero āwhina me te whakaū i te mārohirohi me te hāngai, me tō mātou mārama ki ngā āhuetanga me whai tautoko e te tangata e panoni ai, ā, me pēhea e whakawhiti ai ki tētahi ōhanga tukuwaro-iti. E ū ana te Kōmihana ki ō mātou here ā-ture kia whiriwhiri, kia whai whakaaro anō hoki ki ngā take whānui i whakatau ai te Pāremata he hirahira i roto i tā te motu whakawhiti ki tētahi motu tukuwaro-iti, āhuarangi aumangea anō hoki.

Kua herea mātou e te CCRA kia whai whakaaro ki te hononga Karauna-Māori i roto i ā mātou mahi, tae ana ki te whai wāhi atu ki ngā Iwi/ki a ngāi Māori me te āta whai whakaaro ki ngā pānga o te āhuarangi hurihuri ki ngā Iwi/ki a ngāi Māori. I tērā tau i whakatūria e te Kōmihana he rōpū whakarato kōrero āwhina, a Te Pou Herenga, hei tautoko i te Poari mā te tautoko ki te whakatutuki i ngā here ā-ture me te whakapiki i te mōhiotanga, māramatanga hoki ki te āhuarangi hurihuri e ai ki te tirohanga Māori.

He hōtaka mahi whānui tā mātou hei te 2024/25, e aro ana ki ngā mahi hirahira ka whai pānga ki ngā mahi, ki ngā whakameheretanga me ngā whakatau haumitanga a te motu, ināianei, ā, i ngā tau 20-30 e haere ake nei.

Kapi ai i ēnei mahi:

- Ngā kōrero āwhina mō te tahua tukuwaro tuawhā mō te wāhanga 2036–2040, tae ana ki te aromatawai mēnā rā me whakahou i ngā tahua tukuwaro kāhiti
- Te arotakenga o te whāinga tukuwaro 2050 o Aotearoa i raro i te ture, me te tuku kōrero āwhina e mōhio ai mēnā rā i raro i ngā whakaritenga o te CCRA, me panoni rānei ngā whāinga
- He arotaketanga e kitea ai mēnā rānei me whai wāhi ngā tukuwaro kawenga kaupuke ā-ao me te rererangi ki te whāinga o 2050. Mehemea ka pērā, he aha ngā pānga ki ngā tahua tukuwaro me ngā whakapāpaku mahere
- Ngā kōrero āwhina ā-tau mō ngā herenga pāpātanga me ngā whakaritenga whakamatua utu mō 2026–2030 i NZ ETS (Te Kaupapa Tauhokohoko a Aotearoa)
- Ngā kōrero āwhina hei whāngai atu ki te Koha Whakatau ā-Motu tuarua a te motu
- Te pūrongo ā-rua tau mō ngā kokenga i te mahere urutau ā-motu
- Ngā kokenga pūrongo ā-tau mō te whakatutuki i ngā tahua tukuwaro, ngā mahere whakaheke tukuwaro me te whāinga o 2050
- Te pūkai i te Arotakenga Tūraru Āhuarangi Hurihuri ā-Motu e whai ake nei, me tuku ā te 2026.

Hei tāpiri ake, e rua ngā puka papanga matua ka whakaputahia e mātou – ko tēnei puka me te Pūrongo ā-Tau. Mā ēnei e whakatakoto tā mātou Tahua whakapae mō 2024/25.

Waihoki, i te āhua o tō mātou noho papanga ana mō ā mātou whakapaunga pūtea tūmatanui i roto i te tau ahumoni.

Kua whakatū mātou i tō mātou āheinga aroturuki. I tēnei tau ka whakatutuki mātou i te tuatahi o ā mātou pūrongo rite tonu nei te aromatawai kokenga – ko tētahi e aro ana ki te urutau, ā, ko tērā atu e aro ana ki te whakatutukitanga o ngā whāinga whakaheke tukuwaro mō Aotearoa.

Ka pūkai anō hoki mātou i te National Climate Change Risk Assessment te whai ake nei. He whakarato tēnei he kōrero hiranga hoki ki ngā whakatau a te Kāwanatanga, a ngā kaunihera, a ngā Iwi/ngāi Māori, ngā pakihi me ngā hāpori. Ka whakamātāmuahia, ka whakarite, ka whakaheke hoki i tō rātou whai wāhitanga atu ki tētahi āhuarangi e piki nei te tākohukohu. I tīmatahia te aromatawai tūraru i tēnei tau nei, ā, ka tukua te hua whakamutunga hei te 2026.

Kāore tēnei Kōmihana e whakatau i ngā kaupapahere. Ko te tūranga o te Kōmihana he mea whakamahuki e te ture; ko tā mātou he tuku kōrero āwhina mārohirohi, e whai taunakitanga ana, ā, e whakarārangi ana i ngā kōwhiringa me ngā whiunga o ngā whakataunga kaupapahere a te Kāwanatanga. Ko ā mātou kōrero āwhina, aroturuki hoki, e takune ana ki te tautoko i te Kāwanatanga ki te whakatinana i ngā kaupapahere āhuarangi hurihuri e mārāma ana, e tūwhena ana. Me te aha, ka tautoko nei i ngā mahi ā-ao ki te whakatepe i te pikinga o ngā pae mahana me te urutau ki ngā pānga o te āhuarangi hurihuri. Mā roto mai i tō mātou tūranga motuhake, ko ā mātou kōrero āwhina ka tukua mārāma atu ki te Kāwanatanga me ngā tāngata o Aotearoa.

Mai i te tau 2025/26 ka heke te haupū pūtea a te Kōmihana mā te 7.5 ōrau. Hei whakarite mo tenei, me mahi inaiane. He wero hou, he tūraru hou me whakahaere i te neke ki tētahi taumata paepito haupū pūtea hou, iti iho anō hoki. Me whai whakaaro anō mātou ki tā mātou whakatutuki i ngā herenga ā-ture i raro i te Climate Change Response Act, waihoki hei hinonga Karauna, tae ana ki te whakatū i tētahi taumata kaimahi hou, iti iho mō te Kōmihana kia hāngai ai ki tā mātou taumata paepito haupū pūtea kua heke nei.

Hei ngā marama 12 e tū mai nei, ā, ā tua atu, ka tuku tonu mātou i ngā kōrero āwhina e motuhake ana, e whai taunakitanga ana anō hoki, ki te Kāwanatanga mō ngā ara me ngā kōwhiringa e wātea ana ki te motu e pūkauria ai ngā mahi āhuarangi hurihuri.

This is He Pou a Rangi Climate Change Commission's fifth Statement of Performance Expectations.

The role of He Pou a Rangi Climate Change Commission is to provide independent, impartial, expert advice to the Government and monitor progress on reducing emissions and adapting to climate change. Our work will help tackle the challenges of climate change over coming decades.

Last year marked the warmest calendar year on record, by a large margin, with global average temperatures approaching 1.5°C over pre-industrial levels.

The Intergovernmental Panel on Climate Change (IPCC) has been clear that science shows every fraction of a degree of warming has additional adverse consequences for the planet. Every bit of warming avoided can yield benefits.

Transitioning to a low emissions future offers real opportunities to achieve a thriving, climate-resilient, prosperous economy and society. However, to get there we must make changes to where we live, how we travel and how we earn a living. And the effects – good and bad – will be felt by us all.

The Commission is sharply focused on what is required to fulfil its statutory responsibilities. The Climate Change Response Act 2002 (CCRA) defines what we are required to deliver and, in some key areas, how we go about our work. In turn, the Commission is held accountable through our annual set of performance measures which are deliberately anchored in the quality of our advice.

It is important that our work is grounded in the best available evidence and analysis. This means keeping abreast of current scientific understanding, and the newest available technologies and approaches that can reduce emissions in each sector of the economy, and manage the risks from climate change.

We also need to ground-truth our advice, ensuring it is robust and practical, and that we understand what support people need to make changes and how to transition to a low emissions economy. The Commission is committed to our legislative requirements to consult and consider the range of matters that Parliament determined were important elements in the country's transition to a low emissions and climate-resilient country. The destination is important and so is how we get there.

The CCRA requires us to consider the Crown-Māori relationship across our mahi, including through engaging with Iwi/Māori and giving specific consideration to the impacts of climate change on Iwi/Māori. Last year the Commission established a Māori advisory group, the Pou Herenga, to support the Board by helping to meet our legislative obligations and build our understanding and awareness of climate change from a kaupapa Māori perspective.

We have a full work programme over 2024/25, focused on important pieces of work that will affect the country's actions, planning, and investment decisions both now and for the next 20–30 years.

This work covers:

- Advice on the fourth emissions budget for the period 2036–2040, including assessing if there is a need to revise any notified emissions budgets
- Review of Aotearoa New Zealand’s legislated 2050 emissions target and advice on whether, under the provisions laid out in the CCRA, any changes should be made to the target
- Review of whether emissions from international shipping and aviation should be included in the 2050 target, and if so, what the implications would be for emissions budgets and reduction plans
- Annual advice on NZ ETS (New Zealand Emissions Trading Scheme) unit limits and price control settings for 2026–2030
- Advice to inform the country’s second Nationally Determined Contribution
- Biennial reporting on progress on the national adaptation plan
- Annual reporting progress towards meeting emissions budgets, emissions reduction plans and the 2050 target
- Working on the next National Climate Change Risk Assessment, due in 2026.

In addition, we will be producing two key accountability documents - this document and the Annual Report. These will tell the story of the Commission's mahi in 2023 and 2024, including work we delivered in 2023/24, and work that we began to develop for 2024/25 and beyond. The Annual Report will detail how we will be held accountable for our expenditure of public money during the financial year.

We have established our monitoring function. This year we will deliver the first of what will be regular reports assessing progress - one focused on adaptation and the other on meeting the emissions reductions goals for Aotearoa New Zealand.

We will also be working on the next National Climate Change Risk Assessment. This will provide a critical input into decision-making for Government, local

government, Iwi/Māori, business, and communities as they prioritise, prepare, and reduce exposure to an increasingly volatile climate. We began working on the risk assessment this year and will be delivering the final product in 2026.

This Commission does not decide what policies are set. The role of the Commission is defined by statute; we provide robust, evidence-led advice, setting out options and consequences for policy decisions that rest with the Government. Our advice and monitoring are intended to help the Government implement clear and stable climate change policies that contribute to international efforts to limit global temperature rise and prepare for and adapt to the effects of climate change. Through our independent role our advice is provided transparently to the Government and to the people of Aotearoa New Zealand.

From 2025/26, the Commission’s baseline funding will reduce by 7.5 percent. To prepare for this, we need to take action now. Moving to a new, lower level of baseline funding brings challenges and risks that need to be managed. We will need to reconsider how we meet our statutory requirements under the Climate Change Response Act and as a Crown entity, including through establishing a new lower staffing level for the Commission to match our new reduced level of baseline funding.

Over the next 12 months and beyond, we will continue to provide independent, evidence-based advice to the Government on the opportunities and choices the country has to take climate change action.

Signed by:



Dr Rod Carr, Chair
19 June 2024

Te kupu a te Pou / Chief Executive's message

Ko tā te Climate Change Response Act 2002 (CCRA) he whakatakoto i te koronga o te Kōmihana. Ko tā te Kōmihana he tuku i ngā kōrero āwhina e motuhake ana, e whai taunakitanga ana anō hoki, ki te Kāwanatanga mō te āhuarangi hurihuri. Waihoki, he aroturuki, he arotake hoki i ngā kokenga a te Kāwanatanga ki te whakamauru me te urutau ki te āhuarangi hurihuri.

Mā ngā mahi a He Pou a Rangi Climate Change Commission e āwhina ki te whāngai i ngā whakataua a te Kāwanatanga mō ngā mahi whakaheke i te āhuarangi hurihuri i roto i ngā ngahurutau e tū mai nei.

Ko ngā kōrero kounga e whai ana i nga taunakitanga me te aroturuki he mea waiwai kia tūwhena ai te whakawhitinga ki tētahi anamata tukuwaro-iti, āhuarangi aumangea hoki. Nā konei e kite mārama ai te hunga-whakataua me te hunga tūmatanui i ngā tūraru me ngā arawātea ka hua ake i ngā momo kōwhiringa.

Ko tētahi whakawhitinga mārama, tūwhena - ko tōna tūāpapa ko ngā taunakitanga mārama, rīrā - he painga mō te katoa ina hoki mā reira e āhei ai mātou te whakangāwari utu, te whakanui hua me te whakamātāmua i ō mātou whakapaunga kaha.

Ko ngā mahi e mahia ana e mātou, me ngā āhuetanga me whai whakaaro ai mātou i a mātou e mahi ana i aua mahi, ka whakaatu i ngā mea i kīia e te Kāwanatanga he hirahira ki ngā tāngata o Aotearoa, nō te wā i hipa ai te Climate Change Response Act i 2019.

Ko tō mātou noho motuhake he taurangi ki te motu, ki te ao anō hoki, he whai mana ngā mahi āhuarangi hurihuri a Aotearoa.

I tēnei tau, kei te uru atu te hōtaka mahi a te Kōmihana ki tētahi tūāoma hou. I te taha o te tuku kōrero āwhina mō te ahunga o ngā whakaritenga whakaheke tukuwaro me ngā tahua tukuwaro, ka tuku mātou i ā mātou pūrongo tuatahi e aroturuki ana i ngā kokenga o te Kāwanatanga ki te whakamauru me te urutau ki te āhuarangi.

Ko ngā whakataua ka a Aotearoa mō te āhua o tā tātou whakaheke tukuwaro ka whai pānga ki tō tātou āheinga hei motu ki te urutau ki ngā pānga o te āhuarangi hurihuri. Waihoki, ko ngā pānga ōkiko o te āhuarangi hurihuri ka whai pānga pea ki tō tātou āheinga ki te whakaheke tukuwaro. Kei roto i tēnei tūranga aroturuki ko te tohu i ngā taupā o te whakatinanatanga me te tuku kōrero āwhina ki te Kāwanatanga e pā ana ki te āhua o te haere whakamua.

Ko ngā whai wāhitanga he wāhanga matua o ā mātou mahi. Ka āwhina i a mātou ki te whakaū i te whaitake, te mātau, te whai hua, me te whakaata i te ao tūturu. He hirahira kia mārama mātou ki ngā wero kei te aroaro o te tangata, ngā arawātea e whakaritea ana, me ngā mahi whai pānga pai ki ngā hapori.

He tūranga nui tō ngā Iwi /ngāi Māori hoki i te urupare a Aotearoa ki te āhuarangi hurihuri. E mahara ana te Kōmihana ki te waiwai o te hononga Karauna-Māori i te whakawhitinga tōkeke. He wāhanga hirahira ki ā mātou mahi te whai wāhi ki ngā iwi/ki a ngāi Māori.

E mihi ana ki te katoa kua whai wā mai ki te hono mai ki a mātou, kua tuku mai i ngā whakaaro me ngā tirohanga. Nā ō koutou reo i tuawhiti ai ā mātou kōrero āwhina.

E aro nui ana te Kōmihana ki te rite tonu o tā mātou whakapai ake i te āhua o ā mātou mahi. He āwhina tēnei ki te whakaū i te whāomoomo me te tika o tā mātou whakahaere i ā mātou rauemi.

Waihoki, te tuku i ngā kōrero āwhina me ngā pārongo mārohirohi ki te Kāwanatanga. Katoa ā mātou rauemi ka aro ki te whakatutuki i ngā mahi ā-ture i tuhia ki te Ture me te whakatutuki i ō mātou haepapa hei kaitukumahi, waihoki hei hinonga Karauna.

I te whakaputanga o tēnei SPE, ka āta ruku mātou ki te āhua o te hekenga o te paepito haupū pūtea mō te Kōmihana. Ka uru mai ko te tiro anō i te rahinga o te whare, me te whai whakaaro anō ki te āhua o ngā mahi e tutuki ai ngā herenga. Kei te hia mihi ahau i te pānga o tēnei ki ngā kaimahi a te Kōmihana me te mihi ki a rātou i tō rātou manawa tītī ki ngā mahi a te Kōmihana me tō rātou ngaio i tēnei wā o te huri nui.

He wero nui, he whīwhiwhi ā mātou mahi, engari he hirahira. E poho kererū ana ahau i ngā mahi e mahi tahi nei tātou ki te tuku atu, ā, i te wāhi ki a tātou ki te āwhina i te Kāwanatanga ki te whakawhiti i a Aotearoa ki tētahi anamata e tōnui ana, e āhuarangi- aumangea ana, e tukuwaro iti ana.

The Climate Change Response Act 2002 (CCRA) sets out the purpose of the Commission. The Commission provides independent, evidence-based advice to the Government on climate change, and monitors and reviews the Government's progress mitigating and adapting to climate change.

The work of He Pou a Rangi Climate Change Commission will help inform Government decisions about tackling climate change over the coming decades.

Quality, evidence-based advice and monitoring is critical for maintaining a steady transition to a low emissions and climate-resilient future. It gives decision-makers and the public line of sight of the risks and the opportunities of different choices.

A clear and stable transition – built on strong and transparent evidence – is in everyone's best interests, because it allows us to minimise costs, maximise benefits, and prioritise our efforts.

The work we do and what we have to consider when doing it reflects what Parliament saw as important to the people of Aotearoa New Zealand, when the CCRA was passed in 2019.

Our independence provides assurance to the country, and internationally it offers credibility on Aotearoa New Zealand's action on climate change.

This year the Commission's work programme is entering a new phase. Alongside providing advice on the direction of emissions reduction plans and emissions budgets, we will deliver our first reports monitoring the Government's progress on climate mitigation and climate adaptation.

The choices Aotearoa New Zealand makes about how to reduce emissions will affect our ability as a nation to adapt to the impacts of climate change. What's more, the physical impacts of climate change can affect our ability to reduce emissions. This monitoring role includes identifying any barriers to implementation, and offering advice to the Government on how to address them.

Engagement is a core part of our mahi. It helps us to ensure the work we produce is relevant, informed, effective and reflects the real world. It's important we understand the challenges people are facing, the opportunities that are being created, and the actions that can make a real positive impact to communities.

Iwi/Māori have a crucial role in Aotearoa New Zealand's climate change response. The Commission recognises that the Crown-Māori relationship is critical for an equitable transition. Engaging with iwi/Māori is an important part of how we work.

Thank you to everyone who has made time to connect with us, sent their views and contributed perspectives in some way. Your voices enrich our advice.

The Commission is focused on continuously improving how we go about our work. This helps ensure we are managing our resources efficiently and responsibly, and delivering robust advice and information to the Government. All our resources are focused on delivering the statutory work prescribed in the Act and meeting our obligations as an employer and a Crown entity.

At the time of publication of this SPE we will be working through what a lower level of baseline funding means for the Commission. This will require resizing the organisation, as well as reconsidering how we work to

deliver on what is required of us. I want to acknowledge the impact that this has on Commission staff and to thank them for their continued dedication to the Commission's mahi and for their professionalism during this time of change.

The work we do is challenging and complex, but it is incredibly important. I am enormously proud of the work we collectively deliver, and the role we play as we advise the Government to transition Aotearoa New Zealand to a thriving, climate-resilient and low emissions future.

Signed by:

A handwritten signature in black ink, reading "Jo Hendy". The signature is written in a cursive, flowing style.

Jo Hendy, Chief Executive
19 June 2024

**Tuatahi - He Pou a Rangi
me ōna mahi |
Section 1 - The Commission
and our work**

He Pou a Rangi: te mātāi matua | The Commission at a glance

Our vision	<ul style="list-style-type: none"> • A thriving, climate-resilient and low emissions Aotearoa New Zealand
Our legislation	<ul style="list-style-type: none"> • We were established in 2019 by an amendment to the Climate Change Response Act 2002 (CCRA)¹
Our purpose	<ul style="list-style-type: none"> • We provide independent, expert, evidence-based advice to the Government on mitigating climate change and adapting to its effects • We monitor and review the Government’s progress towards its emissions reductions and adaptation goals
How we work	<ul style="list-style-type: none"> • The CCRA prescribes a repeating cycle of advice, monitoring and assessment reports that we develop and deliver through time to support the Act’s purpose – we refer to these as our statutory deliverables • Our work can have a long-term impact for all of Aotearoa New Zealand, so we engage, partner, and consult with relevant stakeholders and Iwi/Māori • We need to understand the specific impacts of our advice on Iwi/Māori, so we seek to build relationships to incorporate te ao Māori perspectives into our work as required by the CCRA • We rely on scientific information and other evidence to complement the variety of perspectives we gather • We use our independent analysis and expert judgement, grounded in evidence, to advise the Government on climate mitigation and adaptation action, and we monitor progress to reduce emissions and adapt to climate change • We are committed to supporting a global transition, following through on our deliverables and being open minded to new information
Our people	<ul style="list-style-type: none"> • We are eight Commissioners supported by a secretariat with expertise in natural and social sciences, economics, policy, modelling, communication and other relevant fields
Our legal status	<ul style="list-style-type: none"> • We are an independent Crown entity subject to the Crown Entities Act 2004 • We are accountable to the Minister of Climate Change for our performance • Our monitoring agency is the Ministry for the Environment

1. Climate Change Response (Zero Carbon) Amendment Act (2019) <https://www.legislation.govt.nz/act/public/2019/0061/latest/LMS183736.html>

Our name - He Pou a Rangi - Ingoa Māori

At its simplest, He Pou a Rangi can be translated as 'a pillar of the sky'.

Pou can uphold, provide a point of connection, protect, and provide stability. In te ao Māori, Pou provide a two-way connection, upholding and uplifting what is above, but also connecting and grounding with what is below. Pou connect Ranginui, the sky father, to Papatūānuku, the earth mother. He Pou a Rangi Climate Change Commission is honouring this connection and, in turn, has a duty to care for it.

The use of 'He' Pou rather than 'Te' Pou recognises that we are one of many Pou or organisations working to address climate change and transition Aotearoa New Zealand to a thriving, climate-resilient, low emissions future.

Te tau roa | Our year ahead

Our 2024/25 financial year is shaped by the strategic intentions set out in our new 2023–2027 Statement of Intent (SOI)² and will be driven by the development and delivery of our key advice and monitoring outputs. The Commission’s key advice and monitoring outputs are termed our ‘statutory deliverables’ for the 2024/25 year (see pages 19–21).

Our strategic intentions

Our strategic intentions, as part of our Strategic Framework (see figure 1), describe our medium-term objectives for improving our performance with respect to the production of our statutory deliverables and the strengthening of our organisational foundations.

As described in our SOI 2023–2027, our strategic intentions are:

CONNECT	Strengthen key relationships, evidence gathering, and shared understanding of the context for our analysis.
DELIVER	Continuously improve our analysis and how we communicate it.
BUILD	Strengthen our organisational capability, agility, and resilience.

2. <https://www.climatecommission.govt.nz/who-we-are/corporate-publications/>

The first two strategic intentions, 'Connect' and 'Deliver', are focused on the quality of our statutory deliverables, including the impacts and outcomes we aim to achieve. In delivering our work under the CCRA we must also proactively engage, and provide for public participation as necessary.

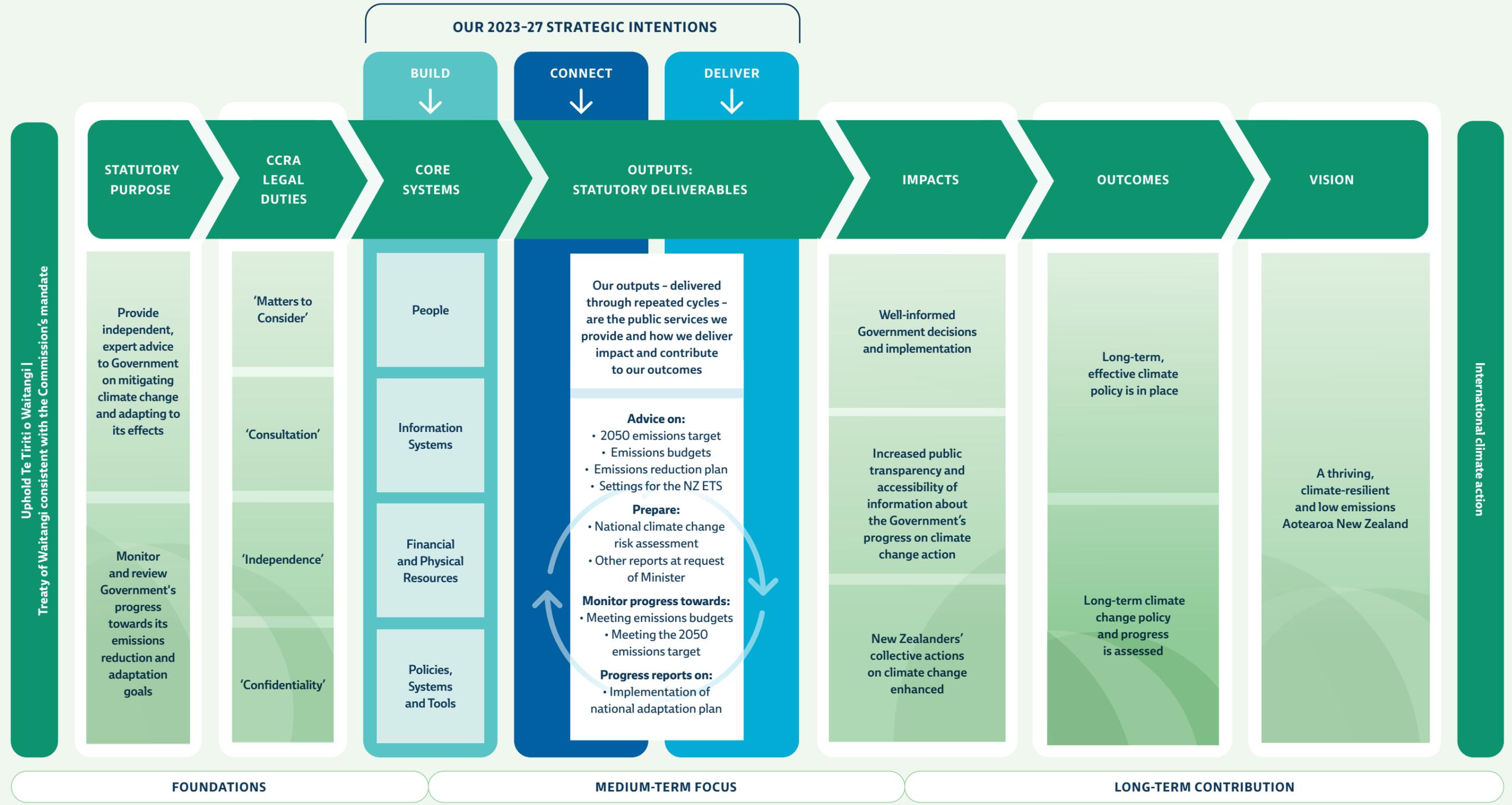
The third strategic intention, 'Build', is focused on the core systems – people, information systems, financial and physical resources, and policies, systems, and tools – that underpin our work.

Our focus for this year

Our focus will be on adapting to deliver our ongoing advisory and monitoring functions through to 2027 and prioritising efficient, effective delivery of our statutory obligations with prudent financial management in line with our appropriation. Through our strategic intentions we intend to:

CONNECT	Consistent with our obligations to consult and engage under the CCRA, engage purposefully and efficiently by streamlining our engagement processes and using available technology to do so. Build new relationships in our adaptation work and maintain our current relationships.
DELIVER	Standardise and optimise project delivery based on the best available science and evidence. We also intend to develop a fit-for-purpose evidence base for our adaptation work, and consider how our work could support the development of a national Climate Adaptation Framework.
BUILD	Prioritise building in-house capability in order to continue to reduce reliance on contractors and consultants, streamlining core systems and processes, and re-prioritising resourcing to support our deliverables through to 2027.

**FIGURE 1:
STRATEGIC FRAMEWORK**



Our outputs

In any year, our work is defined by the outputs that must be **delivered** in that period and those that are in the process of being **developed** to fulfil our purpose and functions as prescribed in the CCRA. This reflects the multi-year nature of much of our statutory advice and monitoring functions, and the long lead-in time to carry out related engagement and consultation work.

Our primary outputs are our statutory deliverables. Our work programme for 2024/25 is driven by those statutory deliverables that are due over the next 15 months, our key outputs (see table 1). Notably, this includes a number of firsts for the Commission, such as delivery of our inaugural review of the 2050 emissions target which will occur every five years, and our review of whether emissions from international aviation and shipping should be included in that target. These are in addition to the two monitoring reports set to be delivered in mid-2024, one of which will assess progress on emissions reduction, and a second that will report on progress on implementation of the national adaptation plan.

Our advice helps the Government understand the different choices it has, how they add up and where value judgements need to be made. Consequently, our work is built on analysis of the scientific information and evidence we have gathered, and external engagement and consultation across Aotearoa New Zealand.

Engagement and consultation ensure our advice reflects the real-world, practical experience of whānau, communities and businesses across the motu. The feedback and insights we receive through our engagement makes our analysis and advice more robust.

In analysing the range of evidence gathered, we consider how government policies, economy, industry, society and the environment are all connected. We also consider adaptation to climate change alongside reducing emissions. We use models to understand what the impacts of different choices might be. Our economy-wide models have been developed by internationally renowned experts and independently reviewed.

Alongside our statutory deliverables, we undertake a range of organisational initiatives to support and enhance this work. These initiatives reflect our continued growth from a start-up organisation to one that is operationally mature, building on our existing capacity and capabilities.

More detailed information on our forward work programme of statutory deliverables can be found on our website.³

3. <https://www.climatecommission.govt.nz/our-work/our-upcoming-work/>

TABLE 1:
OUR YEAR AHEAD: KEY OUTPUTS⁴

STATUTORY DELIVERABLES	Action	Output	Description	Due date (estimated)
	Deliver	First annual monitoring report on progress towards meeting emissions budget and emissions reductions plans	First annual progress report that will include measured emissions and removals for that year, the latest projections of current and future emissions and removals, and an assessment of the adequacy of the Government's Emissions Reduction Plan and progress against its implementation. The insights and lessons learned from monitoring can help inform our future advice on opportunities to reduce emissions, limitations in Aotearoa New Zealand's approach and gaps in progress. Independent monitoring by the Commission helps give people here, and overseas, confidence in how Aotearoa New Zealand is tackling climate change.	Mid-2024 ⁵
		Progress report on national adaptation plan	Progress report evaluating the implementation and effectiveness of the Government's national adaptation plan. It must also identify barriers to implementation and effectiveness, and how those barriers can be managed. By monitoring the Government's progress against its national adaptation plan we can better inform adaptation decisions going forward.	Aug 2024
		Advice to inform the country's second Nationally Determined Contribution (NDC)	Advice to identify a range of technically and economically achievable domestic emissions levels for the NDC period 2031–2035, consistent with different domestic emissions trajectories to 2050, along with the corresponding range of headline percentage reductions for NDC2 based on those domestic emissions levels.	Oct 2024

4. The list of key outputs is not exhaustive but highlights our major initiatives for the year.
5. The Commission may deliver this work during either the 2023/24 or 2024/25 reporting year.

STATUTORY DELIVERABLES

Action	Output	Description	Due date (estimated)
Deliver	Review of inclusion of emissions from international shipping and aviation in the 2050 target	Advice on whether the 2050 target should be amended to include emissions from international shipping and aviation, and if so, how the target should be amended. As a trading nation, Aotearoa New Zealand is particularly dependent on international shipping and aviation. However, emissions from these sectors are significant and growing, and global customers are increasingly aware and demanding reductions. If we recommend that emissions from international shipping and aviation are included in the 2050 target, and the Government decides to implement that change accordingly, policy decisions about how to effect these changes will be required by the Government. Any Government decision on international shipping and aviation will also affect our future advice on emissions budgets.	Dec 2024
	Review the 2050 Target	Review the existing 2050 target and provide advice on whether any changes should be made to that target. The 2050 target provides a consistent signal to business, communities, and others about what the country is aiming for and gives people time to plan and prepare. Every five years the Commission independently reviews new developments in evidence relating to key factors, providing a sense check to make sure the target is still fit-for-purpose. If we recommend a change to the 2050 target, and the Government decides to implement that change accordingly, policy decisions about how to effect these changes will be required by the Government. Any Government decision on the 2050 target will also affect our future advice on emissions budgets.	Dec 2024
	Advice on NZ Emissions Trading Scheme (ETS) unit limits and price control settings	The ETS is an important tool to help meet the country's climate goals. Our advice helps ensure that the NZ ETS operates effectively and in accordance with the emissions budgets, nationally determined contributions, and the 2050 target. Our advice feeds into the Government's annual update of the regulations that set limits and price control settings for the NZ ETS.	March 2025

STATUTORY DELIVERABLES	Action	Output	Description	Due date (estimated)	
	Develop (to be delivered outside of the 2024/25 year)		Second annual monitoring report on progress towards meeting emissions budget and emissions reductions plans	As above.	2025
			Second National Climate Change Risk Assessment (NCCRA) for Aotearoa New Zealand	The second NCCRA for Aotearoa New Zealand will be released in 2026. The NCCRA will assess the risks to the economy, society, environment and ecology from the current and future effects of climate change, and identify the most significant risks to Aotearoa New Zealand, based on their nature, severity and need for coordinated steps to respond to those risks in the following 6-year period. The second NCCRA will inform the Government's second National Adaptation Plan, due in 2028, that will lay out the objectives, strategies, policies, and proposals for adapting to the effects of climate change.	2026
			Progress report on national adaptation plan	As above.	2026
			Advice on NZ Emissions Trading Scheme (ETS) unit limits and price control settings	As above.	March 2026

As a reasonably new entity, we are continuing to develop and improve systems and processes that best supports the delivery of our statutory deliverables with the resources available. This includes improving our internal processes and management of product delivery in line with our Build strategic intention.

In addition to the statutory deliverables set out explicitly in the CCRA, under section 5K of the CCRA the Minister may, at any time, request that we prepare reports on matters related to reducing emissions and adapting to the effects of climate change. On 17 June 2024 the Commission received a request under section 5K from the Minister, as set out in Table 1 as the third key output to be delivered in 2024/25. The Terms of Reference for this advice was provided alongside the request and it has a delivery date of 31 October 2024. This request for advice replaces the previous request for advice from the Commission on the NDC2 in October 2023.

**Tuarua - Tauākī
matapae mahi |
Section 2 - Statement of
forecast non-financial
performance**

Te kupu whakarite | Appropriation information

The Commission receives funding from the Crown through appropriations of public money each financial year. We are funded by the Crown through two appropriations within Vote Environment.

Non-Departmental Output Expenses

We are funded under Non-Departmental Output Expenses, which is defined as follows:

Climate Change Commission - Advisory and Monitoring Function (M12) (A15)

Scope	2023/24		2024/25
This appropriation is limited to the establishment and operations of the Climate Change Commission in accordance with its statutory purposes and functions.	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
	18,433*	18,433	16,103

What is intended to be achieved with this appropriation/class of outputs

This appropriation is intended to provide independent, evidence-based advice to Government to help Aotearoa New Zealand transition to a low-emissions and climate-resilient economy.

How performance will be assessed and end of year reporting requirements

Assessment of performance	2023/24		2024/25
The Climate Change Commission will carry out its functions in accordance with its purpose as set out in its enabling legislation and its Strategic Intentions	Final budgeted standard	Estimated actual	Budget standard
	Achieved	Achieved	Achieved

* Note: this figure included the increase of \$3 million per annum to support the possible new advisory function in relation to Agricultural Emissions Pricing from 2023/24 onwards. As at 1 June 2024, this funding will be returned to centre from 2024/25 while further policy work is undertaken by the Government.

Non-Departmental Capital Expenditure

We are also funded through Vote Environment under Non-Departmental Capital Expenditure. Our appropriation is defined as follows:

Climate Change Commission: Capital Contribution (M12) (A15)

Scope	2023/24		2024/25
This appropriation is limited to providing a capital injection to the Climate Change Commission.	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
	600	600	600

What is intended to be achieved with this appropriation/class of outputs

This appropriation is intended to provide independent evidence-based advice to Government to help Aotearoa New Zealand transition to a low-emissions and climate-resilient economy.

How performance will be assessed and end of year reporting requirements

Assessment of performance	2023/24		2024/25
Expenditure is used to build and maintain an evidence base and a fit for purpose working environment	Final budgeted standard	Estimated actual	Budget standard
	Achieved	Achieved	Achieved

Our performance against each of these appropriations will be reported on in our Annual Report.

Te aromatawai kaupapa 2024/25 | How we will assess our performance for 2024/25

Our performance measurement approach

Our approach to performance measurement is informed by our Strategic Framework (see figure 1). It focuses on our statutory advice and monitoring outputs (our 'statutory deliverables'), and the engagement, consultation and analytical work that sits behind them.

By assessing performance in this way, we focus on our organisational achievement and contribution, rather than the achievement of long-term outcomes that are influenced by many different factors across the climate system. This allows us to optimise our advice delivery process and measure our impacts on delivering public benefit to New Zealanders.

Our reportable classes of outputs

The Commission has two reportable output classes, as defined by our appropriations:

- Advisory and Monitoring Function
- Capital Contribution

The Commission does not have any other classes of output that are not reportable classes of output.

There have been no exemptions granted under s149F(1)(a) of the Crown Entities Act 2004.

Performance measures

Our nine performance measures for 2024/25 sit across our Advisory and Monitoring Function output class.

Our measures have been created to capture the following performance dimensions of our analytical, engagement and consultation work:

- Usefulness: is our advice considered in the Government's decision-making?
- Credibility: do stakeholders have confidence in our engagement, consultation, and advice?
- Timeliness: do we deliver our advice and monitoring outputs on time?
- Assurance: is our work subject to high-quality control measures?

We will report on our performance measures in the 2024/25 Annual Report using the following rating and assessment criteria:

Standards and assessment criteria

Rating	Assessment criteria
Achieved	On standard or better as determined by assessment methodology
Partially achieved	Judgement using assessment methodology, where significant progress was made towards the performance standard ⁶
Not achieved	Performance did not meet the standard as determined by assessment methodology
Not measured	Data or information not available to enable assessment

6. Where a performance result is rated 'partially achieved', the judgements used for that result will be disclosed in our Annual Report.

Service performance information – judgement and assumptions

The External Reporting Board has issued the *PBE FRS 48 Service Performance Reporting Standard*.⁷ This standard is effective for all reporting periods commencing on or after 1 January 2022, and is applicable to all public benefit entities, including Crown entities.

In complying with PBE FRS 48, we have made the following judgements and assumptions in the selection of our non-financial performance measures and targets:

- reviewed our strategic framework, the performance measures, targets, and assessment method used
- documented rationale, assumptions, and judgements in selecting the performance information
- rationalised our performance measures balancing what matters most to our work delivery while linking to our strategic intentions and outcomes in the SOI
- balanced ongoing improvement with maintaining comparability and consistency
- created two distinctive outputs and output descriptions for improved visibility and transparency of our work.

7. <https://www.xrb.govt.nz/dmsdocument/3815>

Te tūtohu mahi | Performance measures

Output class	ID	Performance measure	Standard to meet 2024/25	Standard to meet 2023/24	Assessment methodology	Why this measure matters
ADVISORY AND MONITORING FUNCTION	1	The Government has considered our advice in its decision-making	Achieved	Achieved	Assessment of collated feedback from government, including government responses to our advice, Cabinet minutes, and ministerial discussions	This measure shows the usefulness of the Commission's advice, which informs the Government's decision-making
	2	Survey respondents agree⁸ that we provide credible advice to the Government⁹	N/A	≥ 60%	Stakeholder survey, which runs biennially and we will not be conducting it in 2024/25	This measure is important to understanding external views that our advice is credible
	3	Survey respondents agree¹⁰ we are an evidence-based, robust organisation¹¹	N/A	≥ 60%	Stakeholder survey, which runs biennially and we will not be conducting it in 2024/25	This measure shows external views of us being 'evidence-based', which underpins the quality of our advice
	4	Our advice is delivered within statutory timeframes:¹² a) Advice on NZ ETS unit limit and price control settings b) Monitor and report on progress towards meeting emissions budgets, emissions reduction plans and the 2050 target - first annual progress report due mid 2024 c) Progress reports on the national adaptation plans d) Advice to inform the country's second Nationally Determined Contribution (NDC) e) Provide advice for preparation of emissions budgets f) Review of inclusion of emissions from international shipping and aviation in 2050 target g) Review the 2050 Emissions Targets	100%	100%	State the specific statutory advice delivered to the statutory timeline during the reporting period	This measure tracks the timely delivery of our advice and the specific advice due for the year
	5	Our advice is subject to appropriate internal assurance and external testing and review	100%	100%	All statutory work has been signed off by the delegated authority as meeting our Board approved quality assurance / quality control approach	This measure ensures that our work is of high quality for our statutory purpose
	6	Our advice is developed and delivered using documented project and programme methodology	Achieved	New measure - achieved	That our project and programme methodology has been followed to develop our advice	This measure seeks to demonstrate optimal process management, effectiveness, and efficiency in delivering our work
	7	Advice is made with consideration to the Crown-Māori relationship, te ao Māori, and specific effects on Iwi/Māori	Achieved	New measure - achieved	All published reports are reviewed with consideration to te ao Māori, and specific effects on Iwi/Māori as per the Board approved quality assurance / quality control approach	This measure seeks to demonstrate that we have considered Iwi/Māori perspectives consistent with the Commission's mandate
	8	Survey respondents believe that "there is value for me" in engaging with the Commission¹³	N/A	≥ 60%	Stakeholder survey, which runs biennially and we will not be conducting it in 2024/25	This measure tracks the effectiveness of our engagement and communication with stakeholders and communities
	9	Survey respondents rate our consultation process as 'very good' or 'fairly good'¹⁴	N/A	≥ 60%	Stakeholder survey, which runs biennially and we will not be conducting it in 2024/25	This measure tracks the effectiveness of our consultation process in relation to our statutory advice

The above performance measures sit in our Advice and Monitoring Function output class to showcase our performance, alongside our Estimates measure (see page 23). The measure of our performance against our second output class Capital Contribution will be the Estimates measure (see page 24).

8. 'Agree' is defined as having reported 'agree' or 'strongly agree' in the response to this survey question.

9. Data on which we rely to assess performance is only available on a biennial (two-yearly) basis through the Stakeholder Survey, run by an external party. We ran the survey in 2023/24, but will not be running it in 2024/25.

10. Ibid Footnote 8

11. Ibid Footnote 9

12. This list is specific to confirmed outputs required to be delivered during 2024/25. It does not include requests under section 5K of the CCRA received after 19 June 2024. Refer to page 21.

13. Data on which we rely to assess performance is only available on a biennial (two-yearly) basis through the Stakeholder Survey, run by an external party. We ran the survey in 2023/24, but will not be running it in 2024/25.

14. Ibid.

**Te Tuatoru - Ngā Matapae
Whakataunga Pūtea 2024/25 |
Section 3 - Prospective financial
statements for 2024/25**

Introduction

These prospective financial statements have been prepared in accordance with generally accepted accounting practice for public sector public benefit entities. Their purpose is to facilitate consideration by Parliament of the planned performance of the Commission. The use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the information presented and that the variation may be material. The information has not been audited.

These prospective financial statements have been prepared on the basis of assumptions about future events that the Commission reasonably expects to occur as at the date the information was prepared. It is not intended that this information will be updated. The forecast financial statements were authorised for issue by the Board on 19 June 2024.

Assumptions

The following assumptions have been used in preparing these prospective financial statements.

- The Commission will operate with a new structure and form, which is yet to be determined. Estimated personnel cost reductions, and associated employee entitlements have been included in the prospective financial statements.
- The Commission's statutory functions will remain unchanged.
- Revenue from the Crown of \$16.1m will be available for the 2024/25 year.
- In FY2024/25 the Commission will repay \$2.4m to the Crown, which is the unspent portion of the funding appropriated in FY2023/24 for a possible Agricultural Emissions Function.
- There will be no change in premises occupancy.
- Externally driven costs have been adjusted to increase based on 2024/25 actual increases.
- There will be no unexpected external events (such as a natural disaster) that will require significant operating or capital expenditures to be incurred.

Statement of accounting policies

(a) Reporting Entity

The Climate Change Commission (the Commission) is an independent Crown entity as defined by the Crown Entities Act 2004. It was established under [the Climate Change Response \(Zero Carbon\) Amendment Act 2019](#). The Commission's principal activities are to:

1. provide independent, expert advice to the Government on mitigating climate change and adapting to its effects; and
2. monitor and review the Government's progress towards its emissions reduction and adaptation goals.

The Commission is a public benefit entity (PBE) for financial reporting purposes.

(b) Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These prospective financial statements comply with PBE accounting standards, being prepared in accordance with Tier 2 PBE accounting standards, as a PBE with expenses less than \$30m.

The Commission has applied these standards in preparing these prospective financial statements and has applied all the Reduced Disclosure Requirements Concessions available at Tier 2.

(c) Measurement base

The prospective financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) Functional and presentation currency

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

(e) Significant accounting policies

The significant accounting policies which materially affect the measurement of financial performance, position and cash flows have been applied consistently for all reporting periods covered by these financial statements.

Revenue

Revenue is measured at fair value of consideration received or receivable. Revenue is derived through the provision of outputs for the Crown, services to third parties and investment income.

Revenue from the Crown

Revenue from Crown transactions is considered to be non-exchange transactions.

The Commission is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose specified in the Appropriation. Revenue from the Crown is recognised in the financial period to which it relates.

Other revenue

Other revenue transactions including interest revenue and provision of services are considered to be exchange transactions.

Interest

Interest revenue is recognised using the effective interest method.

Provision of services

Revenue derived through the provision of services to third parties is recognised in proportion to the stage of completion at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Expenditure

All expenditure incurred in the provision of outputs for the Crown is recognised in the surplus or deficit when an obligation arises, using an accruals basis.

Leases

The Commission is party to operating leases as lessee. As the lessors retain substantially all the risks and rewards of ownership of the leased property, plant and equipment, the operating lease payments are recognised in the surplus or deficit only in the period in which they occur. Any lease incentive received or obligations to make good on the condition of the leased premises are recognised in the surplus or deficit over the term of the lease. At balance date, any unamortised incentive or outstanding obligation for reinstatement is recognised as a liability in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with maturities of three months or less.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: information technology assets; furniture; office equipment; and leasehold improvements.

Additions

All items of property, plant and equipment owned are recorded at historical cost less accumulated depreciation and any impairment losses. Depreciation on items of property, plant and equipment acquired in stages does not commence until the item of property, plant and equipment is in its final state and ready for its intended use. Subsequent expenditure that extends the useful life or enhances the service potential of an existing item of property, plant and equipment is capitalised. All other costs incurred in maintaining the useful life or service potential of an existing item of property, plant and equipment are recognised in the surplus or deficit as expenditure when incurred.

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably. Assets are capitalised if the purchase price is \$1,000 or greater. Items (such as chairs) with a lower individual cost are considered to be capitalised by being aggregated into the asset class. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains or losses arising from the sale or disposal of an item of property, plant and equipment are recognised in the surplus or deficit in the period in which the item of property, plant and equipment is sold or disposed of.

Depreciation

Depreciation is provided on a straight-line basis on all asset components to allocate the cost of the asset (less any estimated residual value) over its useful life. The residual values and remaining useful lives of property, plant and equipment are reviewed annually. This review includes a test of impairment to ensure the carrying amount remains recoverable. Any impairment losses are recognised in the surplus or deficit. The estimated useful lives of the major asset classes are:

Information technology equipment	3 to 5 years
Leasehold improvements	6 years
Furniture and fittings	4 to 5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives 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 end.

Intangible assets

Software acquisition

Acquired computer software licences 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. Assets are capitalised if the purchase price is \$5,000 or greater.

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 life of intangible assets has been estimated as follows:

Purchased software	3 years
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Impairment of property, plant and equipment and intangible assets

The Commission does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment and intangible assets 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 amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined based on either a depreciated replacement cost approach, restoration cost approach, or a service units 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 receivable 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.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Commission is a public authority and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Contributed capital
- Accumulated surplus/(deficit)

Cash flows

The prospective cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive revenue and expense.

Performance outputs

Direct costs are charged directly to outputs. Research personnel costs are allocated to outputs based on the time spent. The indirect costs of support groups and overhead costs are charged to outputs based on the proportion of direct costs of each output.

Critical judgements in applying accounting policies

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

Leases classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised. The Commission has exercised its judgement on the appropriate classification of equipment leases, and has determined that none of the lease arrangements are finance leases.

Statement of Prospective Comprehensive Revenue and Expense

for the year ending 30 June 2025

	Estimated actual 2023/24 \$000	Forecast 2024/25 \$000
Revenue		
Revenue Crown	18,433	16,103
Interest income	135	50
Other revenue	-	-
Total revenue	18,568	16,153
Expenses		
Personnel	(12,806)	(11,771)
Other expenses	(7,030)	(3,957)
Depreciation and amortisation expenses	(355)	(374)
Total expenses	(20,191)	(16,102)
Net surplus/(deficit)	(1,623)	51
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	(1,623)	51

The Statement of Accounting Policies forms part of and is to be read in conjunction with the Statement of Prospective Comprehensive Revenue and Expense.

Statement of Prospective Changes in Equity

for the year ending 30 June 2025

	Estimated actual 2023/24 \$000	Forecast 2024/25 \$000
Balance as at 1 July	4,926	3,903
Comprehensive revenue and expenses		
Total comprehensive revenue and expense for the year	(1,623)	51
Ownership transactions		
Crown funding – Capital contribution	600	600
Crown funding – Capital distribution ¹⁵	-	(2,339)
Balance as at 30 June	3,903	2,215

The Statement of Accounting Policies forms part of and is to be read in conjunction with the Statement of Prospective Changes in Equity.

15. The capital distribution is the return of unspent funding for a possible Agricultural Emissions Function which was appropriated to the Commission in FY23/24.

Statement of Prospective Financial Position

for the year ending 30 June 2025

	Estimated actual 2023/24 \$000	Forecast 2024/25 \$000
Assets		
Current assets		
Cash and cash equivalents	3,408	2,044
Debtors and other receivables	-	-
Total current assets	3,408	2,044
Non-current assets		
Property, plant and equipment	1,580	1,257
Intangible assets	-	-
Total non-current assets	1,580	1,257
Total assets	4,989	3,301
Liabilities		
Current liabilities		
Creditors and other payables	89	330
Annual leave liability	551	519
Goods and Services Tax	(13)	(88)
PAYE and withholding tax	291	182
Lease incentive - Current	-	-
Employee entitlements	-	-
Total current liabilities	918	943
Non-current liabilities		
Provisions	-	-
Lease incentive	168	143
Total non-current liabilities	168	143
Total liabilities	1,086	1,086
Net assets	3,903	2,215
Equity		
Total comprehensive revenue and expense	(1,623)	651
Retained earnings	5,526	3,903
Total equity	3,903	2,215

The Statement of Accounting Policies forms part of and is to be read in conjunction with the Statement of Prospective Financial Position.

Statement of Prospective Cash Flows

for the year ending 30 June 2025

	Estimated actual 2023/24 \$000	Forecast 2024/25 \$000
Cash flows from operating activities		
Cash was received from		
Receipts from Crown	18,806	16,103
Receipts from other revenue	135	50
Cash was applied to		
Payments to suppliers	(8,221)	(3,816)
Payments to employees	(12,641)	(11,912)
Net cash flows from operating activities	(1,921)	425
Cash flows from investing activities		
Cash was applied to		
Purchase of property, plant and equipment	(1,378)	(50)
Purchase of intangible assets	-	-
Net cash flows from investing activities	(1,378)	(50)
Cash flows from financing activities		
Capital contributions	600	600
Capital withdrawal ¹⁶	-	(2,339)
Net cash flows from financing activities	600	(1,739)
Net (decrease)/increase in cash	(2,699)	(1,364)
Opening cash and cash equivalents	6,107	3,408
Closing cash and cash equivalents	3,408	2,044

The Statement of Accounting Policies forms part of and is to be read in conjunction with the Statement of Prospective Cash Flows.

16. The capital withdrawal is the return of unspent funding for a possible Agricultural Emissions Function which was appropriated to the Commission in FY23/24.

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Te Kāwanatanga o Aotearoa
New Zealand Government