

Tauākī Tūmanako

Statement of Performance

Expectations

2023/24

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

Ngā mihi nui ki a tātou

Nau mai ki te komihana o He Pou a Rangi. Kua eke ki tō mātou tau tuawhā mai i tōna oroko tīmata, ā, ko tā mātou mahi he whakarite kupu akiaki me te mea nei he motuhake, he whai mana hoki ki te Kāwanatanga hei ārahi a Aotearoa e eke ai te āhuarangi pakari me te itinga o te tukunga hauwaro, ā, haere ake nei.

Welcome to He Pou a Rangi Climate Change Commission (the Commission). We are in our fourth year since being established and our job is to provide independent, evidence-based advice to Government to help Aotearoa New Zealand transition to a climate-resilient and low emissions future.

Statement of Performance Expectations 2023/24

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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 2023 to 30 June 2024 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 are grounded in the lived experiences of the Commission, 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.

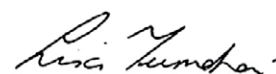
The Prospective Financial Statements have been prepared in accordance with generally accepted accounting practice in Aotearoa New Zealand.

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

Signed by:



Dr Rod Carr, Chair
30 June 2023



Lisa Tumahai, Deputy Chair
30 June 2023

Te karere a te Tumu | Chair's message

Ko te tuawhā tēnei o tā Te Komihana, tā He Pou a Rangi whakarite i te Tauākī Tūmanako.

Ka tū te tau tahua o 2024 hei tino tau anō ki te whakaputa hua mā He Pou a Rangi, ā, mō tōna wā tuatahi, ka taea e mātou te kī atu ki a Aotearoa whānui i ngā whāinga nui a te Kāwanatanga i tāna e whakaheke tukuwaro ana, ā, i tāna anō kua whai hua ki te Mahere Urutau ā Motu. Ka noho ēnei hei hiranga nui ki te urupare āhuarangi ā te motu.

Ka tūtohu hoki tēnei tau i te tīmatatanga o tō mātou Tauākī Whakaū, e rārāngi mai nā i tō mātou wahanga-waenga, te rautaki whā tau ki te 2027, ā, e whakarite mai nā i te whakaruruhau ki tēnei tauākī ā-tau.

Ka ngana tonu tā mātou whakatutuki i ngā momo mahi ki ngā wā kua whakarārangi mai e Te Ture Whakatika Āhuarangi 2002 (CCRA). Ko te kupu akiaki ka hoatu ki te Kāwanatanga he mea whakakoikoia e ngā kōrero taunaki me ngā arotake toa o te wā. He rite tonu tā mātou whakawhanake i ngā mātauranga, arā ki ngā hangarau me ngā urupare e tika ana ki te whakaheke tukuwaro ki ia wāhanga o te ōhanga me te whakarite ki ngā tūraru o te āhuarangi. Ka ngana hoki ki te whakarongo ki ngā iwi huri i te motu, e rite mai ai ki te panoni me te whakawhiti atu ki tētahi ōhanga whakaiti tukuwaro.

Inā rā te noho hei ratonga Karauna motuhake, ka tuku kupu akiaki ki te Kāwanatanga, engari ehara mā mātou te mahi whakatau tukanga. Inā rā hoki tō mātou tūranga motuhake, ko tā mātou he ākina kia matatika, kia whai whakaaro hoki ki te punaha tukanga āhuarangi. Hei tā te kupu akiaki whai take nei, he ārahina a Aotearoa ki tētahi āhuarangi toa, te āhuarangi pakari me te itinga o te tukuwaro, ā, haere ake nei.

Ko tā te CCRA he whai whakaaro ki i te tūhononga a te Karauna ki te Māori i o mātou mahi katoa, mā roto tonu i ngā whakawhitinga ki te Māori me ngā tino whakawhiunga o te āhuarangi ki te iwi Māori. I 2023, ko mātou ko Pou Herenga, tō mātou poari Māori, he ākina te Poari, he ākina kia tutuki i ngā haepapa ā te ture, he whakawhanake i tō mātou mōhio me tō mātou Mārama ki te āhuarangi mai anō i te tirohanga Māori.

Inā rā te whakarite kupu akiaki motuhake, whai take, kounga hoki, me whakaratarata, me whakapūmau hoki i te hunga mahi, arā te hunga mahi whai wheako. I roto i Te Tahua 23 i whakawhiwhia e mātou he \$2.6M anō mō te whā tau hei whakamāmā i te taha utu ki te hungamahi. Kua whakarite hoki ngā Minita Tahua ētahi pūtea mō te tūpono ka whai āheinga anō ki te tohutohu ki ngā ritenga hoko ki te ahuhenua, hei tā te tirohanga kei te rīpoata Kāwanatanga o tā te wāhanga 215 o Te Ture Whakatika Āhuarangi (CCRA). Kāhore anō te Kāwanatanga kia whakatauria mēnā rā ka whai i tēnei āheinga.

Hei roto i te 2023/24, ka nui tonu ngā wāhanga kupu akiaki me tutuki nei e mātou. Ka kore e mutu ētahi kaupapa tae noa ki te tau 2024/25. Ko ngā kaupapa kei te aroaro, kua kōkiri kē rānei:

- he akiaki ki te whakaoreore i te Kāwanatanga ki te whakarite i te tuarua o ngā mahere whakaheke tukuwaro ki 2026-2030
- he akiaki ki ngā herenga hokohoko me ngā ritenga hokohoko ETS mō 2025-2029
- he arotake mehemea me whai waahi mai ngā tukuwaro kei te ahu kawenga ā poti, ā rererangi hoki ki roto i te ahunga 2050, ā, he aha hoki ngā whakawhiunga kei ngā tahua me ngā mahere
- he akiaki ki te tuawhā o ngā tahua tukuwaro mō te wāhanga 2036-2040, inā hoki ko te aromatawai mēnā rā me arotake ētahi taunga tahua tukuwaro
- he arotake i tō Aotearoa ahunga tukuwaro 2050 ki te ture, he akiakinga, mēnā rā kei ngā whakamahinga kua whakatakoto ki te CCRA, ko ētahi whakarerekētanga rānei ki ngā ahunga
- he pūrongo anga-whakamua e kōrero ana ki tā te Kāwanatanga whakarito tika i te Mahere Urutau ā Motu
- he pūrongo mō tā te Kāwanatanga anga whakamua ki te tutuki i ngā tahua tukuwaro, ngā mahere whakahekenga tukuwaro me te ahunga 2050.

Ka taea e Aotearoa te tū hei iwi āhuarangi toa, āhuarangi pakari, whakaiti tukuwaro hoki engari ki te tutuki, me rerekē te āhua o tā tātou noho, te āhua o tā tātou haere me te āhua o tā tātou whai pūtea.

Ko tōna tikanga ko te whakaheke tukuwaro he kōrero ki ngā āheinga ka whakaritea mā tātou ki tēnei whenua, arā hoki ko ō tātou herenga ki ētahi atu tāngata, ki etahi whakareanga hoki e haere tonu mai ana.

Ko tō mātou ahunga anō tēnei ki te whakaheke tukuwaro. Ka haere mai ana te waenga rautau nei, ka uaua kē te utu ki te ao, ā, ka nui te whakatikatika i te whakaraerae a ngā pakihi tukuwaro nui. Me kaua tātou e heke i te ara o te mahi poka noa, o te mahi takaroa noa, o te noho hei kai tukuwaro nui, kai tuku hua nui hoki.

Ko te whakaheke tukuwaro o te anamata he whakaiti tonu i te whakaraerae, he whai rawa, he whai orange, ā, he ao tautīnei ake i tō te ao e noho nei i tēnei wā, ā, ka anga noa iho nei ki o mātou whāinga mā te whakaheke tukuwaro tuatahi, tuarua mā te whakarite mai ki tēnei ao hurihuri

Ehara te komihana i te kaitautoko, ehara hoki i te kaitūtohu i ngā amokapua. He kaitohutohu motuhake e ai tā te mahere āwhina a Aotearoa ki te whakarite me te whakatere i ētahi whāinga tukanga āhuarangi hei tutuki i ngā ahunga o Aotearoa.

Hei roto i te rua marama, ā, e haere ake nei, ka tukuna tētahi kupu akiaki motuhake, kua herea ki te kōrero taunaki ki te Kāwanatanga, arā hei whiriwhiringa maha ki te whakatika i te āhuarangi- me te mōhio he aha hoki te urupare ki ēnā whakawhiunga.

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

The 2023/24 financial year will be another important year of delivery for the Climate Change Commission. For the first time, we will be able to tell the people of Aotearoa New Zealand how much progress the Government is making on reducing emissions, and its progress against the Government's National Adaptation Plan. These will be major milestones in the country's climate response.

The year also marks the start of our new Statement of Intent, which sets out our medium-term, four-year strategy through to 2027, and provides the overarching framework for this annual statement.

We will continue to deliver the specific tasks and timeframes set out in the Climate Change Response Act 2002 (CCRA). The advice we provide to the Government is strongly rooted in the best available evidence and analysis. We are always building our knowledge of the available technologies and approaches that can reduce emissions in each sector of the economy and manage the risks from climate change. We will also continue to talk and listen to people from across the motu to better understand what they need to help them make changes and transition to a low emissions economy.

As an independent Crown entity, we provide advice to the Government, but we don't decide what policies are set. Through our independent role we support transparency and accountability across the climate policy system. Our evidence-based advice helps guide Aotearoa New Zealand to a thriving, climate-resilient and low emissions future.

The CCRA requires that we consider the Crown-Māori relationship across our work, including through engaging with Iwi/Māori and giving specific consideration to the impacts of climate change on Iwi/Māori. In 2023, we established our Māori advisory group, the Pou Herenga, to support the Board, help meet our legislative obligations, and build our understanding and awareness of climate change from a kaupapa Māori perspective.

To provide expert, independent, evidence-based advice we need to be able to attract and retain expert, experienced staff. In Budget 23, we received additional funding of \$2.6 million over 4 years in recognition of wage pressures. Budget Ministers also appropriated funding for a possible new function advising on agricultural price settings, as explored in the Government's report under section 215 of the CCRA. The Government has not yet decided whether we should hold this function.

Over 2023/24, there are multiple pieces of advice we need to progress. Some projects will not be completed until the 2024/25 year. Projects underway or to be initiated include:

- advice to enable the Government to prepare the second emissions reduction plan for 2026-2030
- advice on ETS unit limits and price control settings for 2025-2029
- a 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 budgets and plans
- advice on the fourth emissions budget for the period 2036-2040, including assessing if there is a need to revise any notified emissions budgets
- a review of Aotearoa New Zealand's legislated 2050 emissions targets and advice on whether, under the provisions laid out in the CCRA, any changes should be made to the targets
- a progress report on how effectively the Government is implementing the National Adaptation Plan
- a report on the Government's progress towards meeting emissions budgets, emissions reduction plans and the 2050 target.

Aotearoa New Zealand can become a thriving climate-resilient low emissions society but to get there, we must make changes to where we live, how we travel and how we earn a living. Lowering emissions should be about the opportunities it will create for us as a country, as well as our obligations to other people and to future generations.

It is in our own self-interest to reduce emissions.

By the middle of this century, high emissions lifestyles will be less affordable and high emissions industries will be vulnerable to disruption. We cannot go down the path of doing as little as we can as late as we can or remain a high emissions and high-cost producer.

A low emissions future is likely to be less vulnerable to disruption, more affordable, healthier, and more sustainable than our current way of living, and we will only get to our goals by both reducing our emissions and adapting to our already changing climate.

The Commission is not an advocate, nor is it an elected decision-maker. The Commission is an independent advisor, here as part of the framework to help Aotearoa New Zealand develop and implement clear and stable climate policies to meet the country's climate goals.

Over the next 12 months and beyond, we will provide independent, evidence-based advice to the Government on the many choices available to take action on climate change – and make clear the consequences of those choices.

Signed by:



Dr Rod Carr, Chair
30 June 2023

**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 2002¹ (CCRA)
Our purpose	<ul style="list-style-type: none"> • We provide independent, expert advice to the Government on mitigating climate change and adapting to its effects • We monitor and review the Government’s progress towards its emissions reduction 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 • 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 • We use our independent analysis and expert judgement to advise the Government on climate mitigation and adaptation action, and we monitor progress to reduce emissions and adapt to climate change • We learn as we go, adapting and improving how we develop and communicate our statutory deliverables over time
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/2002/0040/latest/DLM158584.html>

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 a te ao Māori view, 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 2023/24 financial year is shaped by the strategic intentions set out in our new 2023-27 Statement of Intent (SOI)² and will be driven by the development and delivery of our key advice and monitoring outputs: our statutory deliverables.

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 new SOI, our strategic intentions for the 2023-2027 period 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.

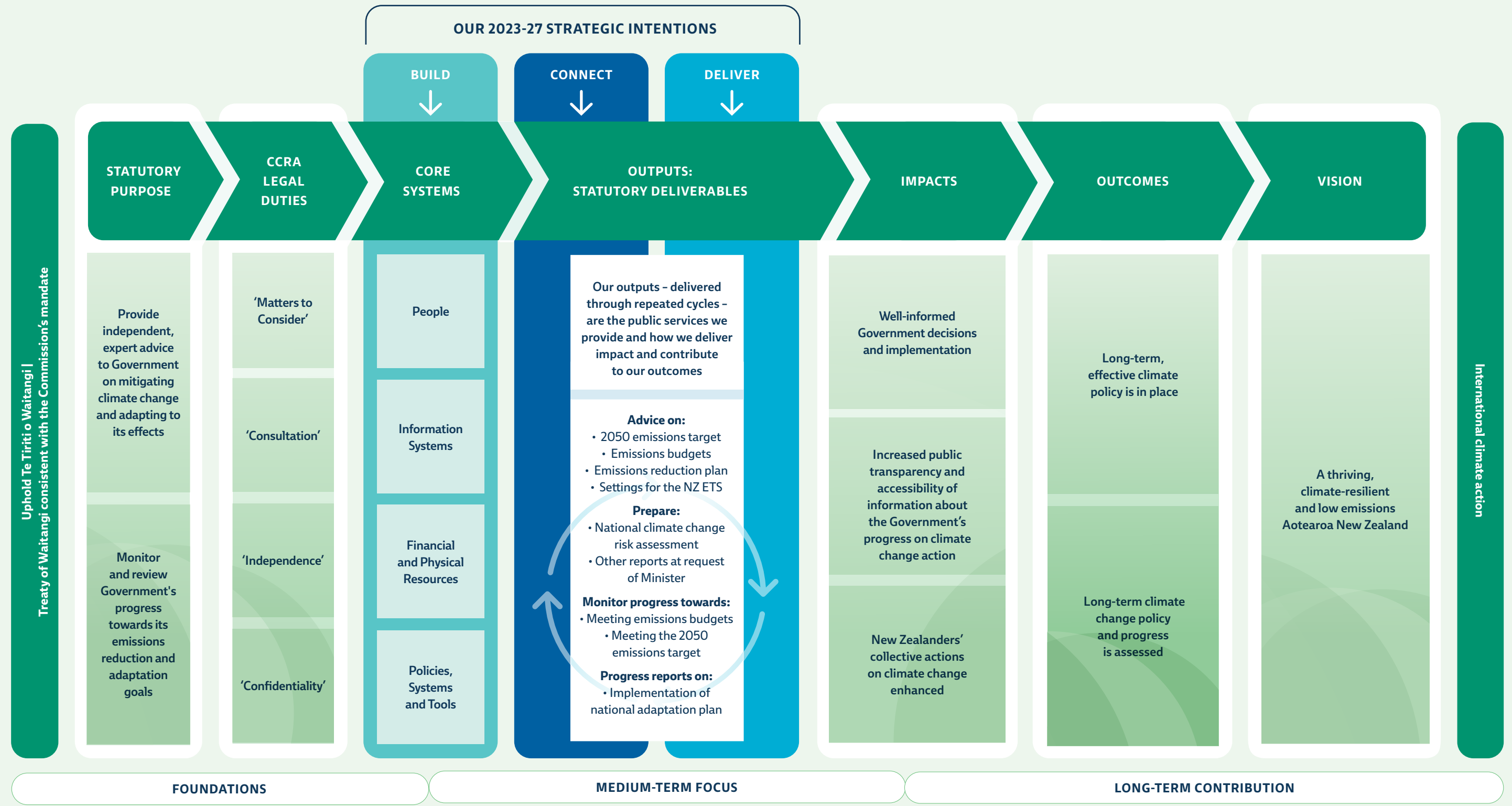
The first two strategic intentions, Connect and Deliver, are focused on the quality of our statutory deliverables – and by extension the impacts and outcomes we are seeking to achieve.

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.

A full description of the Strategic Framework and strategic intentions can be found in our SOI.

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

**FIGURE 1:
STRATEGIC FRAMEWORK**



Our outputs

In any given year, our work is defined by the outputs that must be **delivered** in the 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 2023/24 is driven by those statutory deliverables that are due over the next 12 to 18 months. Notably, this includes delivery of our first monitoring report to the Government (see Table 1). All this work is built on a combination of external engagement and consultation, and robust analysis of the evidence we have gathered.

We will also undertake a range of organisational initiatives to support and enhance our statutory deliverables 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.

Table 1 sets out our key 2023/24 outputs. Note that the list of operational/organisational outputs is not exhaustive but does include our major initiatives for the year.

More detailed information on our forward work programme of statutory deliverables can be found on our website³.

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

TABLE 1:
OUR YEAR AHEAD: KEY OUTPUTS

STATUTORY DELIVERABLES
(includes analytical work and engagement and consultation)

Action	Output	Description	Due date (estimated)
Deliver	Advice on NZ ETS unit limits and price control settings	Advice to help ensure that the ETS operates effectively and in accordance with the emissions budgets, nationally determined contributions, and the 2050 target.	Q3 or Q4
	Advice for preparation of second emissions reduction plan (ERP2)	Advice on the strategic direction of policy for the Government's ERP2. Preparatory work for ERP2 began in 2022/23, with all substantive evidence building and engagement and consultation work completed last year.	Dec 2023
Develop	First annual monitoring report on progress towards meeting emissions budget and emissions reduction plans	Report to include: measured emissions and removals from previous year using data available from the New Zealand Greenhouse Gas Inventory, latest projections of current and future emissions and removals, and assessment of the first emissions reduction plan (ERP 1) and progress in its implementation.	Mid-2024 ⁴
	Progress report on National Adaptation Plan	Report on the progress made towards the implementation and effectiveness of the Government's national adaptation plan. The report must judge how well the plan achieves its objectives and responds to risk. It must also identify barriers to implementation and effectiveness, and how those barriers can be managed.	Aug 2024
	Advice for preparation of emissions budgets	Advice on the system of emissions budgets to step Aotearoa New Zealand towards the 2050 emissions reduction targets. The next emissions budget advice will be for the period 2036-2040. We will be consulting on the draft budgets, likely between March and May 2024.	Dec 2024
	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.	Dec 2024
	Review the 2050 target	Review the existing target and provide advice on whether any changes should be made to Aotearoa New Zealand's target.	Dec 2024

4. The Commission may deliver this work during either the 2023/24 or 2024/25 reporting year.

INTERNAL OPERATIONS

Action	Output	Description	Due date (Estimated)
Establish	Project framework and PMO	Complete implementation of a standardised project framework and supporting project management office (PMO) to enhance effectiveness and efficiency of production of our advice and monitoring outputs.	End Q1
	Accommodation project	Complete refit to ensure office is fit for purpose and able to accommodate increased staff numbers.	Q4
	Learning and development framework	Complete and implement learning and development framework to support and enable ongoing professional skills training for staff aligned to organisational and individual needs.	Q4
	Organisational values	Begin embedding new organisational values.	Q2-Q4
Review	Policies and procedures	Carry out our three-yearly review to ensure our policies and guidelines are fit for purpose, compliant and provide clarity for working at the Commission.	Q2/Q3

Note: The Government has indicated that the Commission may assume a new advisory function this financial year in relation to agricultural emissions pricing. Funding for this function (\$3 million per annum through to Budget 23) has been appropriated to the Commission through to 2026/27 under Vote Environment. As of June 2023, the exact nature and timing of establishment of this function had not been confirmed by the Government. Consequently, this work has not been included in the table above.

In addition to the statutory deliverables set out in Table 1, 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. No such reports had been requested before publication of this statement.

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

Te kupu whakarite | Appropriation information

Non-Departmental Output Expenses

We are funded through Vote Environment under Non-Departmental Output Expenses. Our appropriation is defined as follows in Table 2.

TABLE 2:
CLIMATE CHANGE COMMISSION - ADVISORY AND MONITORING FUNCTION (M12) (A15)

Scope	2022/23		2023/24
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
	15,532	15,532	18,433*

What is intended to be achieved with this appropriation

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.

* Note: this figure includes an increase of \$3 million to support a possible new advisory function in relation to agricultural emissions pricing from 2023/24 onwards. As of June 2023, the exact nature and timing of establishment of this function had not been confirmed by the Government.

Te aromatawai kaupapa 2023/24 | How we will assess our performance for 2023/24

Evolution of our performance measurement system

As we move into our second SOI period, we have adopted a revised performance measurement approach for 2023/24 and beyond that reflects what we have learned in our first three to four years of operation.

This approach is informed by our Strategic Framework (see Figure 1) and is focused on our outputs – the statutory deliverables – and the engagement, consultation, and analytical work that sits behind them. It is through this work that we achieve our impacts, contribute to our outcomes, and deliver public benefit for New Zealanders. By extension it is the area most relevant for assessing our performance.

By assessing performance in this way, we focus on measuring our organisational achievement directly rather than attempting to measure our performance against outcomes that will only be achieved over the long-term and through the efforts of many different actors in the climate system.

Our reportable class of outputs

The Commission has one reportable output class – Advisory and Monitoring Function – as defined by our appropriation.

Within this output class we have chosen to identify two output sub-areas that reflect the two key areas of activity that underpin all our advisory and monitoring work:

- Sub-area 1: **Analytical work** (aligned to our Deliver strategic intention)
- Sub-area 2: **Engagement and consultation** (aligned to our Connect strategic intention)

Te tūtohu mahi | Performance measures

Our nine performance measures for 2023/24 (Table 4) sit within or across these two sub-areas.

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 2023/24 Annual Report using the following standards and assessment criteria:

**TABLE 3:
STANDARDS AND ASSESSMENT CRITERIA**

Standard	Criteria
Achieved	On standard or better as determined by assessment methodology
Partially achieved	Judgement using assessment methodology
Not achieved	Judgement using assessment methodology
Not measured	Data or information not available to enable assessment

Service performance information – judgement and assumptions

The External Reporting Board has issued the *PBE FRS 48 Service Performance Reporting Standard*.⁵ 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 various judgements and assumptions in the selection of our non-financial performance information. Key steps or actions taken include:

- reviewing our strategic framework and our existing performance measures and assessment methodologies
- documented our rationale, assumptions, and judgements in retaining existing measures and selecting new 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.

In line with PBE FRS 48, further judgements and assumptions based on performance measure results will be disclosed in the 2023/24 Annual Report.

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

**TABLE 4:
PERFORMANCE MEASURES 2023/24**

Output area	ID	Performance measure	Standard to meet 2023/24	Standard to meet 2022/23	Assessment methodology	Why this measure matters
ANALYTICAL WORK	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 agree⁶ that we provide credible advice to the Government⁷	≥ 60%	> 60%	Stakeholder survey	This measure is important to understanding external views that our advice is credible
	3	Survey respondents agree⁶ we are an evidence-based, robust organisation⁷	≥ 60%	> 60%	Stakeholder survey	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: a) Advice on NZ ETS unit limits and price control settings b) Advice for preparation of emissions reduction plans c) Monitor and report on progress towards meeting emissions budgets, emissions reduction plans and the 2050 target - First annual progress report due mid 2024⁸	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
ENGAGEMENT AND CONSULTATION	6	Our advice is developed and delivered using documented project and programme methodology	New measure - achieved	N/A	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	New measure - achieved	N/A	All published reports are reviewed with consideration to te ao Māori, and specific effects on Iwi/Māori as per the Board approved QA/QC approach	This measure seeks to demonstrate that we have considered Iwi/Māori perspectives consistent with the Commission's mandate
ENGAGEMENT AND CONSULTATION	8	Survey respondents believe that "there is value for me" in engaging with the Commission⁷	≥ 60%	> 60%	Stakeholder survey	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'⁷	≥ 60%	> 60%	Stakeholder survey	This measure tracks the effectiveness of our consultation process in relation to our statutory advice

6. 'Agree' is defined as having reported 'agree' or 'strongly agree' in the response to this survey question.
7. 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 will run the survey in 2023/24.
8. Which may fall in the 2023/24 or the 2024/25 reporting year.

**Te Tuatoru -
Ngā matapae
whakataunga
pūtea 2023/24 |
Section 3 - Prospective
financial statements
for 2023/24**

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 14 June 2023.

Assumptions

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

- The Commission will continue to operate in its current structure and form.
- The Commission's existing statutory functions will remain unchanged.
- The Commission has received a funding increase of \$3 million to support a possible function for the Climate Change Commission advising on agricultural emissions pricing. Detailed costings will be prepared through the financial year and once government decisions have been made.
- Revenue from the Crown of \$18.433 million will be available for the 2023/24 year.
- There will be no change in premises occupancy.
- Externally driven costs have been adjusted to increase based on 2023/24 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.
- 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. No such reports had been requested before publication of this Statement of Performance Expectations.

Statement of accounting policies

(a) Reporting Entity

The Climate Change Commission (the Commission) is a Crown entity as defined by the Crown Entities Act 2004. It was established under the Climate Change Response (Zero Carbon) Amendment Act 2019 and its parent is the Crown. 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 \$30 million.

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 risk 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 prospective 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 (IR) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IR, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of prospective 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 statement of prospective prospective cash flows is prepared exclusive of GST, which is consistent with the method used in the statement of prospective 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 prospective 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 2024

	Estimated actual 2022/23 \$000	Forecast 2023/24 \$000
Revenue		
Revenue Crown*	15,532	18,433
Interest income	212	-
Other revenue	43	-
Total revenue	15,787	18,433
Expenses		
Personnel	(9,594)	(12,305)
Other expenses*	(5,340)	(8,055)
Depreciation and amortisation expenses	(182)	(410)
Total expenses	(15,116)	(20,770)
Net surplus/(deficit)	671	(2,337)
Other comprehensive income	-	-
Total comprehensive revenue and expenses	671	(2,337)

* Revenue from the Crown includes \$3 million to support a "possible function for the Climate Change Commission advising on agricultural emissions pricing"⁹. Other expenses include \$3 million of expenses associated with the Revenue which will be incurred following Government decisions.

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

9. See 'The Estimates of Appropriations 2023/24 - Natural Resources Sector' (Vote Environment) <https://budget.govt.nz/budget/pdfs/estimates/v8/est23-v8-envir.pdf>

Statement of Prospective Changes in Equity

for the year ending 30 June 2024

	Estimated actual 2022/23 \$000	Forecast 2023/24 \$000
Balance as at 1 July	3,497	5,128
Comprehensive revenue and expenses		
Surplus/(deficit)	671	(2,337)
Total comprehensive revenue and expenses	671	(2,337)
Capital contributions		
Crown funding – Capital	960	600
Total capital contributions	960	600
Balance as at 30 June	5,128	3,391

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

Statement of Prospective Financial Position

for the year ending 30 June 2024

	Estimated actual 2022/23 \$000	Forecast 2023/24 \$000
Assets		
Current assets		
Cash and cash equivalents	6,064	3,352
Debtors and other receivables	-	-
Total current assets	6,064	3,352
Non-current assets		
Property, plant and equipment	402	1,533
Intangible assets	78	78
Total non-current assets	480	1,611
Total assets	6,544	4,963
Liabilities		
Current liabilities		
Creditors and other payables	705	421
Annual leave liability	483	871
Goods and services tax	(106)	(63)
PAYE and withholding tax	196	214
Lease incentive - current	-	-
Employee entitlements	-	-
Total current liabilities	1,278	1,443
Non-current liabilities		
Provisions	-	-
Lease incentive	137	128
Total non-current liabilities	137	128
Total liabilities	1,415	1,571
Net assets	5,128	3,391
Equity		
Total comprehensive revenue and expenses	671	(2,337)
Retained earnings	2,898	3,569
Capital contributions	1,559	2,159
Total equity	5,128	3,391

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 2024

	Estimated actual 2022/23 \$000	Forecast 2023/24 \$000
Cash flows from operating activities		
Cash was received from		
Receipts from Crown	15,744	18,433
Receipts from other revenue	255	-
Cash was applied to		
Payments to suppliers	(5,244)	(8,305)
Payments to employees	(9,471)	(11,899)
Net cash flows from operating activities	1,284	(1,771)
Cash flows from investing activities		
Cash was applied to		
Purchase of property, plant, and equipment	(154)	(1,541)
Purchase of intangible assets	(78)	-
Net cash flows from investing activities	(231)	(1,541)
Cash flows from financing activities		
Capital contributions	960	600
Capital withdrawal	-	-
Net cash flows from financing activities	960	600
Net (decrease)/increase in cash	2,014	(2,712)
Opening cash and cash equivalents	4,050	6,064
Closing cash and cash equivalents	6,064	3,352

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

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