



2021 **Annual Report**





Our purpose

To guide Aotearoa to change in ways that will help address the global problem of climate change.



Our vision

A thriving, climate-resilient and low-emissions Aotearoa.



Our mission

To deliver independent, evidence-based advice to guide climate change action for Aotearoa.

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Introduction

I te ka tukuna e He Pou a Rangi Climate Change Commission i tōna pūrongo tohutohu tuatahi o Ināia tonu nei – Kia Whakaheke E Aotearoa Te Hauwaro i te 31 o Mei 2021. Ko tā te Pūrongo ā Tau nei he whakarārangi ake i te ahunga o te pūrongo, ā, he aha hoki tā te Komihana whakarite me te whakatupu ki tēnei tūāhuatanga. Ko tā ngā Pou he hiki nei i ngā mahi ā te Komihana; te pou tāngata, te pou rautaki, ā, te pou tikanga. Ko tana mahi ki tō mātou Ripōata ā Tau 2020/2021 he miramira i ngā tino take a Ināia tonu nei.

In 2020/21 He Pou a Rangi Climate Change Commission delivered its first advice report, *Ināia tonu nei: a low emissions future for Aotearoa*. This Annual Report tells the story of how our advice report was delivered and how the Commission continued to build and grow as part of this process. The Pou (pillars) that uphold the Commission's work are people, research, and practices/policies and are used in our 2021 Annual Report to highlight different elements of the journey to *Ināia tonu nei*.

Hei tā te Hemana o Te Komihana, hei tā Tākuta Rod Carr he hoki whakamuri ki ngā tutukinga o te tau, ā, he

kōrero hoki he aha rā te anga whakamua. Hei tāna, he mihi ki ngā iwi katoa o te motu mō ā rātou tohutohu ki tō mātou kōrero akiaki ki te kāwanatanga; mō te rautaki whakaheke hauwaro tuatahi a Aotearoa: *Ināia tonu nei* – Kia Whakaheke E Aotearoa Te Hauwaro. Kia pānuitia ngā kōrero a te whitiatia i konei.

Commission Chair Dr Rod Carr shares his reflections (on the following page) on what we've achieved this past year and what we're looking ahead to. He also acknowledges the contribution of all those in Aotearoa that helped us deliver our advice to the government on New Zealand's first emissions reduction plan.



“The independent advice we deliver to government is grounded in the best available evidence we have today. And our work puts people at the heart of our analysis – recognising that we must listen to New Zealanders and understand their views on what climate action should look like in Aotearoa. The broad range of expertise we have at the Commission enables us to exercise good judgement on the steps needed to guide Aotearoa towards a thriving, climate-resilient and low-emissions future.”

Jo Hendy, Chief Executive, Climate Change Commission

Chair's message



E ngā mana, e ngā iwi. Tēnā koutou katoa. Ko Rod Carr ahau. Kaiwhakahaere He Pou a Rangi.

In the past year, we have not only established capabilities as a new agency of the Crown but we have also delivered a body of work to help New Zealand make good choices about our emissions reduction plan. In particular, the focus of the Commission's work in the year ending 30 June 2021 was to provide advice to the government on New Zealand's first emissions reduction plan to support our emissions budgets out to 2035.

Before we were able to provide that advice, the Commission involved itself in extensive engagement, with over 700 meetings with individuals, groups, stakeholders, government agencies, and private sector businesses. That engagement informed our draft advice, which was released in February. In February and March, during our formal consultation period, we engaged with a further 200 organisations and received more than 15,400 submissions. So, by the time we finalised our advice and delivered it to the government, many New Zealanders had taken the opportunity to make a contribution to this important body of work.

The Commission concluded in its advice that there were various pathways for New Zealand that could be aligned with achieving our statutory targets and domestic obligations. In the view of the Commission there were technically achievable, economically affordable, and socially acceptable pathways for New Zealand. But the time for action was now.

As we deliver our Annual Report on our 2020/21 year, the government is formulating its response to our advice. The Minister has also asked us to provide advice on New Zealand's Nationally Determined Contribution, and what reduction in biogenic methane might be required in the latter part of this century to limit New Zealand's contribution to global warming and hold temperature rise to 1.5 degrees above

pre-industrial levels. We offered that advice and again it remains with the government to decide what commitment we should make to bear our share of the global task of stabilising our climate.

The work of the Commission is not done just because we have completed a year of work and delivered this important body of advice. Our work looking forward includes developing a monitoring framework so that when the government does make a decision about emissions budgets and our emissions reduction plan, we're able to monitor and report publicly to all New Zealand on the progress we're making against those budgets and that plan.

I'm proud of the work the Commission and its staff have done. I'm grateful for the contribution that has been made by so many New Zealanders to influence this body of work. And I look forward with anticipation to the commitment that we must make and the action that we must take to play our part in leaving a better world for our children, grandchildren and generations to come.

On behalf of all the Commission Board members I express my appreciation to all those who have played a significant role in helping us do our job this past year.

Kia ora.

Key highlights



Delivery of our advice report *Ināia tonu nei: a low emissions future for Aotearoa*

We delivered our historic first advice report, [Ināia tonu nei: a low emissions future for Aotearoa](https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf)¹. Our advice is grounded in evidence and analysis and refined based on what New Zealanders have told us through consultation. This report demonstrates that bold climate action is possible when we work together.



Building He Pou a Rangi Climate Change Commission

The strength of our young Commission is in the Pou (pillars) that uphold it: people, research, and policies/practices. We have made impressive progress in building and supporting our young organisation while still meeting the demands of our work programme. From day one, we have been building, connecting and performing all at once to form a resilient, trusted and evidence-based organisation.

¹ <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf>

01

Pou Tāngata OUR PEOPLE AND HOW WE ENGAGE WITH OTHERS

Outcome 1: An equitable transition to a climate-resilient and low-emissions Aotearoa.

Outcome 2: Aotearoa delivers on its commitments to global climate change action.

HIGHLIGHT 1:

Te Haepapa: tō mātou mahi ki te urupare whānui **Our role in the wider climate response architecture**

He whare motuhake nā Te Karauna mātou, hei whakarite i ētahi kōrero āwhina, kōrero taunaki hoki ki ngā kāwanatanga hou, e ākina ai a Aotearoa kia whakawhiti ki te oranga tiketike, ki te āhuarangi ora me te whakaheke hauwaro tika.

We are an independent Crown entity set up to provide expert, evidence-based advice to successive governments to help Aotearoa transition to a thriving, climate-resilient and low-emissions future.

Our role as an independent Crown entity

The establishment of an independent Climate Change Commission is a commitment by Aotearoa to take strong and decisive action to address climate change. We are a new independent Crown entity set up to provide expert, evidence-based advice to successive governments to help Aotearoa transition to a climate resilient and low-emissions future. We were established in December 2019 by an amendment to the Climate Change Response Act 2002 (the Act) called the Climate Change Response (Zero Carbon) Amendment Act 2019.

We also monitor and review the government's progress towards its emissions reduction and adaptation goals. Our independence means we can provide impartial advice, and can challenge and hold the government to account for action on climate change. We are a small but growing team dedicated to ensuring we can pass a better Aotearoa on to future generations.

The government holds the mandate to make decisions about our country's response to climate change. These decisions will be based on its own priorities and will be informed by the Commission's advice, as well as advice from officials in policy agencies, such as Ministries. Government action on climate change will be subject to the important checks and balances of the parliamentary process.

Our role in driving climate action

We work to achieve the deliverables and timeframes set out in the Act, and from time to time, the Minister of Climate Change (the Minister) will ask us for advice on specific topics. We also provide other independent advice on matters we believe will impact on the ability of Aotearoa to meet its climate change goals.

Over the past year, our main task was delivering our first package of advice to Government by 31 May 2021, which included the first three emissions budgets for Aotearoa and guidance on the Government's first emissions reduction plan. The Commission has an ongoing role to monitor progress towards emissions budgets and targets. As part of this, we will assess the adequacy of government action and share our conclusions publicly. Our advice sets out how the government of the day can achieve the deliverables and timeframes set out in the Act.

How governance works at the Commission

The Commission is governed by a Board that reports, and is accountable, to Parliament via the Minister of Climate Change as the responsible Minister.

Board membership comprises Dr Rod Carr – Chair; Ms Lisa Tumahai – Deputy Chair; and five Commissioners – Dr Harry Clark, Dr Judy Lawrence, Ms Catherine Leining, Professor James Renwick and Professor Nicola Shadbolt. The Chair and Commissioners are responsible for the effective governance of the Commission, which includes:

- › making appointments to the Senior Leadership Team and overseeing its performance
- › setting and monitoring strategic direction
- › delivering our accountability documents and ensuring we meet the performance targets in them
- › ensuring the overall health, wellbeing and sustainability of the organisation (including oversight and management of reputation and risk).

The Chair and Commissioners also help shape the scope and direction of our work programme, oversee the outputs, content, balance, quality and presentation of work, and have responsibility for ensuring it gets delivered. All seven current members were appointed in December 2019, with two having previously been members of the Interim Climate Change Committee, which helps ensure continuity of knowledge between the Committee and the Commission. Profiles of each of our Commissioners can be found on our [website](#)².

2 <https://www.climatecommission.govt.nz/who-we-are/our-people-2/>

HIGHLIGHT 2:

Te Whakarite: Te Pouārahi me Te Pou Tāngata Building the expertise and capability of our people

Ko ngā tāngata te mauri o te whare, ā, ko tā mātou e whai nei he whakarawerawe hei wāhi mahi pai, hei whare tūmatawhānui, hei whare hauora, hei whare tūwhera, ka mutu, hei whare ora.

Our people are our life force and we seek to ensure we are maintaining a workplace that is diverse, healthy, inclusive and progressive. Our Board continues to provide expert governance and guidance as we seek to set the Commission apart as an attractive place to work.

A diverse, skilled and inclusive workforce is central to our success

A high calibre of specialist expertise across all areas of the organisation is critical to our success. Our people capability is our greatest asset at the Commission.

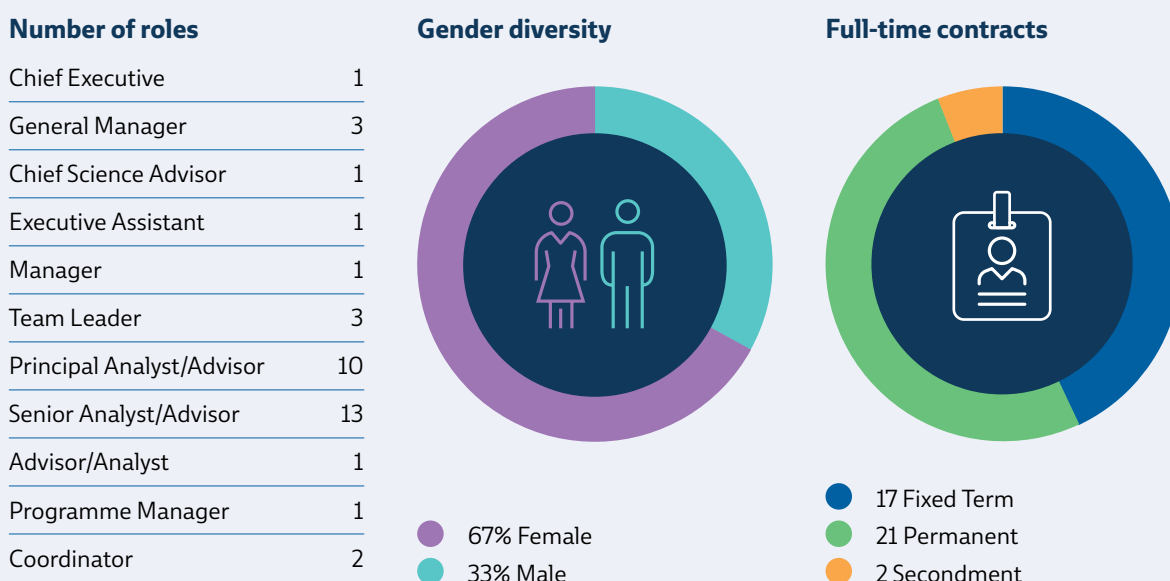
The journey to delivering our advice report, *Ināia tonu nei*, enabled the Commission to build deep institutional knowledge of a wide range of climate-related topics and has further solidified our staff as reliable and respected experts.

Looking back on the year, delivering our advice report took a great deal of our resource and, as a result, some of the Commission's people-focused activities were delayed. Despite these challenges, we have put a significant amount of work into establishing a permanent structure and this work is ongoing as we plan out the Commission's statutory work programme for the next four years.

We are taking our people along on this journey by using a collaborative approach to designing our work programmes and organisational frameworks. The Commission considers that collaborating with staff when designing people and culture initiatives is central to ensuring they are the right fit for our unique workplace.

We employ a core team of permanent staff supported by a small number of secondments, fixed term employees and contractors as needed. Many of our team members hold advanced qualifications (Masters or PhDs). Our work requires a high level of capability in topics such as economics, public policy, environmental law, environmental sciences, emissions trading, land and resource management, physics and climate science, mathematical and computational modelling, engineering, behavioural sciences, impacts and adaptation science, Te Ao Māori (including tikanga Māori, te reo Māori and mātauranga Māori), strategy and engagement and communications.

As at 30 June 2021, the Commission had 40 people (39.64 FTE) employed as shown in the following table:



In Aotearoa, there is a limited supply of the skills and capabilities the Commission needs to deliver on our statutory requirements. The advice the Commission provided to government will continue to generate a greater need for climate change expertise and other skills. It will be critical for the Commission to be an employer of choice. This past year we have laid the foundations of setting the Climate Change Commission apart as an attractive place to work, something we will build upon in the future. The next year will see a strong focus on our people, defining long-term initiatives and further developing the Commission's identity and culture.

We actively build organisational cultural capability and seek out development opportunities

Towards the end of 2020/21, the Commission began the initial stages of embedding a new innovative and modern performance and development framework.

The new approach is forward focused and is designed to support staff to develop and perform to their potential and create the culture we want for the Commission - with a particular focus on regular, effective feedback discussions.

Our performance and development approach focuses on supporting staff to develop and grow in their job and helping them to achieve their career aspirations. Individual development priorities, learning, coaching, and mentoring will all feature in the ongoing conversations staff have with their people leader. Learning at the Commission uses the 70/20/10 approach, which is 70% predominantly on the job, supported by 20% learning from others and 10% formal training.

Additional focus areas for the year ahead include increasing the cultural competency of our staff, particularly with regard to Te Ao Māori, mātauranga Māori and Crown-Māori relations capability, reviewing the learning and development policy and guide to support the new performance and development framework, reviewing our remuneration framework, developing a wellness network, and co-developing new processes for our health and safety staff committee. We will also seek to embed training and strategies to address bias and promote inclusive leadership.

HIGHLIGHT 3:

Te Tūhonohono i a Aotearoa mā te Uiuinga Whānui **Connecting with Aotearoa through extensive** **consultation**

I rangona, ā, i ako hoki i ngā kōrero ā te koni o te 15,400 tāngata huri i te motu. Mā te whakataukī 'Kia pono te ahunga, e tika ai te aronga' i whānui te uiui ā ngā Kaikomihana me ngā kaimahi ki ētahi tino hoa tāpui, ā, i haere hoki ki te hui kanohi ki te kanohi me ngā iwi Māori. I rangona ngā reo o Aotearoa, ā, i konā whakawhanake i ā mātou kōrero akiaki.

We listened to and learned from over 15,400 people across Aotearoa. With the ethos of 'share as much as we can, as early as we can', Commissioners and staff undertook extensive engagement with key stakeholders and met kanohi kitea with Iwi/Māori where possible. We heard Aotearoa's voice and developed our advice accordingly.

The process of engaging with New Zealanders to help shape our draft advice

Our approach in the run-up to consultation was phased, and our engagement began as early as January 2020. Between then and January 2021 (prior to consultation opening), Commissioners and staff held more than 700 meetings, workshops and hui.

Our main principle for the months immediately prior to the opening of public consultation was to 'share as much as we can, as early as we can', so stakeholders would come to consultation with knowledge and understanding of the Commission, its role and approach, and how they could contribute to our thinking.



Pre-consultation engagement gave stakeholders and groups an opportunity to hear from us on our direction of travel, where we were at with our advice, and the process we were taking. It also meant we could test the final stages of our analysis and conclusions before going out to consultation. As part of pre-consultation, we began our open webinar series and had targeted workshops/meetings with stakeholders.

The open webinars gave the broader public an opportunity to attend and find out more about our mahi. Open webinar topics included a look at the big decisions Aotearoa needs to make on climate action, the science we were using to shape our advice, and an opportunity to 'get to know our sectors' with the team leads. A highlight was our 31 January open webinar, 'Intro to our advice', which drew our biggest audience of pre-consultation and consultation, with 320 individuals and organisations joining in.

**We listened to and learned from
over 15,400 New Zealanders
across the country.**

Consultation and engagement on our draft advice helped form the advice report *Ināia tonu nei*

Our work during the pre-consultation period meant we had set the foundations for a consultation process that would enable us to meet the requirements set out in legislation. We worked to achieve a lot in a short space of time by focusing on collaborative, meaningful and considered engagements.

We publicly consulted on our first draft advice to government from 1 February to 28 March 2021, where we listened to and learned from more than 15,400 New Zealanders across the country. Of the submissions received, 14,463 were from individuals, 901 from organisations, and 40 were from Iwi/Māori. The 100 Coastie Voices campaign, a targeted consultation survey we ran for Iwi/Māori, gathered an additional 167 responses.

Both Commissioners and staff undertook extensive engagement with key stakeholders. More than 200 events were held or attended by the Commission team during the consultation period, and we met with an estimated 4,000 people. We wanted to engage with as many people across Aotearoa as possible to ensure there was ample opportunity to contribute to our first advice.

We met *kanohi kitea* with Iwi/Māori where possible and engaged online where necessary. Due to time and engagement constraints, we trialled a case study approach focused on seeking insights from Māori organisations that were directly responsible for making decisions on their *whenua* on behalf of *iwi* or *hapū*. The aim was to draw out insights relevant to our mitigations work. While our initial engagement represented a small sample of Māori collectives, our consultation process confirmed that these perspectives applied broadly across *Te Ao Māori*. The combination of our engagement and consultation work enabled the Commission to reflect the perspectives of *tangata*

whenua in our advice report and put forward final recommendations that emphasised the importance of an equitable transition that upholds the Treaty and the Crown-Māori relationship.

Staff from the Commission often attended events in person where possible, and virtually where appropriate or required due to COVID-19 alert level changes. We met with people from community groups, unions, non-governmental organisations (NGOs), business, central and local government, and parliamentary groups, amongst others. A series of thematic workshops were held where we reached out to groups that wouldn't ordinarily be engaged. Putting these groups in the same room helped us identify gaps and gave them a voice.

Our sector teams ran invitation-only online webinars to connect with their stakeholders and give them an opportunity to ask questions. We also knew it would be important to hear from *rangatahi*/young people specifically and a key way we achieved this was through our collaboration with The Hive, a programme that uses social media to encourage young people to have their say on public policy.

Webinars were an effective way of reaching a broader audience and enabling people to learn more about our draft advice so they could make an informed submission. Topics included the role of the Emissions Trading Scheme (ETS), agriculture and forestry, the 1.5°C goal and Nationally Determined Contribution (NDC), our path to 2035, our modelling, and sessions with School Strike 4 Climate. The webinars and sessions have been well received, have contributed to building a positive reputation for the Commission as open, transparent and willing to engage, and have provided people with the time and space to ask questions.



We got some great feedback about our consultation processes

Feedback was largely positive. Some of the key feedback we received commented on:

- › Availability and access to Commission staff and analysts who were able to provide detailed answers to specific questions.
- › The Commission's commitment to open conversations and willingness to answer tough questions and engage in meaningful discussion.
- › The breadth of events that covered multiple topics and responded to stakeholder interest, for example, modelling and ETS specific discussions.
- › Accessibility of CitizenSpace and the three-tiered structure of the consultation questions which allowed people to provide feedback no matter their expertise.
- › The willingness of the Commission to work with organisations developing form submissions to ensure the feedback was able to be considered.
- › The Commission's commitment to consultation. Stakeholders felt like what they were saying was being heard and the Commission was open to changing its advice in light of that.

The Commission continues working on enhancing its engagement strategies and further developing and strengthening relationships with key stakeholders. Going forward, we also plan to more fully engage in case studies with Māori collectives.

HIGHLIGHT 4:

Te Whakamahinga Pae Papori: Kia Rangona Ngā Kōrero E Aotearoa Utilising digital channels to communicate and engage with people across Aotearoa

Mā ēnei whakawhitinga kōrero me ngāi Aotearoa, ma roto mai i ngā pae papori kua tutuki rā anō ā mātou whāinga me te tuku tika i ā mātou karere mō ā mātou mahi te take. E hikaka ana ki a mātou mahi whakapiki i ngā nama ki ngā pae papori, i a mātou hoki e whakarite kōrero akiaki anō ki te Kāwanatanga.

By engaging with New Zealanders through digital channels, we have furthered our reach and kept Aotearoa up to date with our mahi as it happens. We look forward to increasing our online presence as we provide further advice to government.

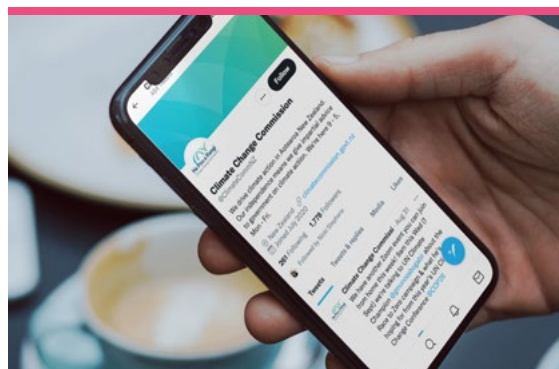
Extending our reach through digital channels

The Commission actively engaged with stakeholders on a regular basis over the past year, and the digital channels we set up were instrumental in facilitating the online aspect of this engagement.

In the last year, we have launched our main Commission website and the 'have your say' consultation portal, and set up our Twitter and LinkedIn social media accounts. These tools have been used to communicate who we are and what we do, share and explain our advice, and connect with New Zealanders across Aotearoa.

As at 30 June 2021, we had 1,637 followers on Twitter and 3,866 on LinkedIn. We will continue to build these channels and connect with people both at home and overseas, as we build on the success of the international speaker series and aim to connect with more people across Aotearoa.

Although we have improved our website over the last few months, there is still more work to do to ensure our information is user-friendly and accessible for all. We will continue to build our capacity in this area. The use of a digital platform to deliver our Annual Report this year signals our desire to increase our digital presence.



Reach



654,810

Twitter views



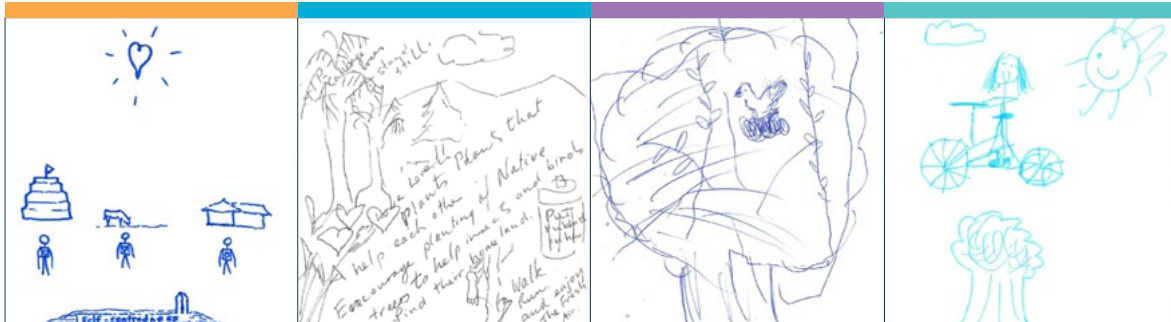
228,009

LinkedIn views

Our open webinar series is another way we have used digital channels to effectively reach a broad audience across Aotearoa. These webinars enable people to learn more about our advice and to engage with Commissioners, staff and climate change experts.

Illustrated submissions Whakaahua Tono Kōrero

One of the submissions we received included illustrations from children showing what they hoped Aotearoa might look like in 15 years.



We also knew it would be important to hear from rangatahi/young people specifically and a key way we achieved this was through our collaboration with The Hive, a programme that uses social media to encourage young people to have their say on public policy.



International speaker series compilation video

We have run multiple webinar series as an effective way of reaching a broad audience across Aotearoa.

The webinars enable people to learn more about our advice, and to engage with Commissioners, staff and international climate change experts. Our international speaker series has been extremely popular – watch a sample of these sessions at <https://youtu.be/LXhvZ9MnE-Q>

02

Pou Rautaki RESEARCH, ANALYSIS AND ADVICE AND HOW WE SHARE IT

Outcome 1: An equitable transition to a climate-resilient and low-emissions Aotearoa.

Outcome 2: Aotearoa delivers on its commitments to global climate change action.

HIGHLIGHT 1:

Te Whakarite Kōrero Taunaki Whai Kaha Building a strong evidence base for our advice

He mea nui ki te Kōmihana kia mātāmua te noho o ōna kōrero taunaki ki ōna kōrero akiaki. Ko te tukunga o tōna kaupapa he taikaha, he mea i aromatawaia, ā, he mea i āta ketuketuhia.

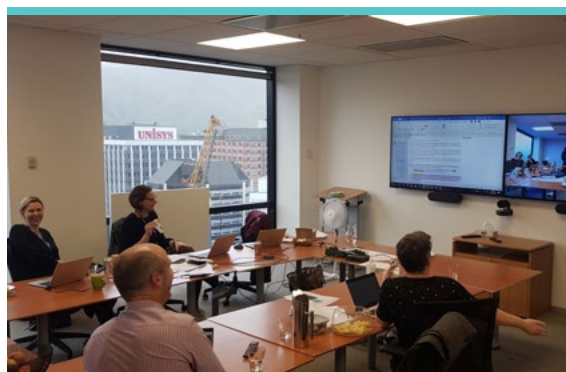
It was paramount to the Commission that a strong evidence base was at the centre of delivering our advice. The approach was iterative, considered and thorough.

A multi-dimensional framework underpinned our research

Underpinning our evidence base was the consideration of the range of matters set out in the Climate Change Response Act. We captured these considerations at a high level in the framework shown on the following page. This makes explicit the lens we have approached our work through, highlights the key components of the system that we consider in our analysis, and shows the dimensions across which we consider distributional impacts.

The combination of the layers in the framework helped us to ensure we considered the wide range of issues the Commission was dealing with. For example, incorporating both a whole-of-New Zealand lens and the dimensions of people and time allowed us to reflect an inter-generational perspective in our work.

In the initial stages of building our evidence base, evidence and information was gathered directly through domestic and international sources as well as through engagement with stakeholders and Treaty partners. This enabled the Commission to build a credible evidence base on the potential range of current and future mitigations, and the level of projected emissions under current Government policy. Early engagement also allowed the Commission to understand concerns about the impacts of future policy. We assessed the materiality of evidence gathered and ensured we prioritised our efforts toward the actions that would make the most difference.



Modelling, and analysis then drew on the evidence collected and potential pathways to meet the 2050 emissions target were analysed while building an understanding of the links between sectors. The economic models we commissioned were foundational elements of this work and they were supported with other analysis to construct a more comprehensive understanding of the potential pathways for emissions reductions. The modelling and analysis were to look at what would be possible in the budget periods to 2035, but also to work back from what would be necessary to ensure the 2050 target is met.

Lens

People



Te Ao Māori
and the Treaty
of Waitangi

Environment

Values



Manaakitanga



Tikanga



Whanaungatanga



Kotahitanga

Systems



*Ecology/
Environment*



*Individual/
Households*



*Social/ Cultural/
Business*



Economy

Dimensions



People



Place



Time

HIGHLIGHT 2:

Te Aromatawai: Tono Kōrero, Whakahoki Kōrero, Tuitui Kōrero Analysing submissions and feedback and refining inputs and modelling

I tukuna tētahi aromatawai nui e tō mātou rōpū ake i ngā tono kōrero, me te mea nei, i tūtohua ngā tino kaupapa. Ko tā ngā kōrero taunaki i tae mai, he mea whakamātau me te whakaniko ki o mātou rautaki whakapae me te whakauru.

An extensive process of analysing submissions and identifying themes was undertaken by an internal purpose-built team. Evidence we received through submissions was used to test and refine our modelling assumptions and inputs.

An extensive process of analysing submissions and identifying themes

In early March, Commission analytical staff and post-graduate student contractors began processing submissions. When reading each individual submission, feedback was captured in a number of categories to identify themes and new evidence.

Daily meetings for the processing team enabled group discussion and peer review of information, ensuring that knowledge was captured consistently throughout the process. Wider weekly team meetings and meetings with an internal steering group were forums where potential risks, resource allocation and progress updates were discussed.

Staff across the Commission considered how the submission themes compared to the themes we heard through our earlier engagement with stakeholders and found that much of what we heard was reflected in the submissions. Evidence we received through submissions was used to test and refine our modelling assumptions and inputs.

Staff presented summarised insights and themes from submissions to the Commissioners at a series of in-depth workshops in April and May. The focus of these workshops included the final emissions budgets, policy direction, and impacts, alongside consideration of the advice requested on the NDC and biogenic methane.

The consultation process allowed us to assess and modify our judgements, conclusions and recommendations where appropriate in light of the material we received. To find out more about what we heard during consultation and what was changed as a result, refer to chapter 2 of our [advice report *Ināia tonu nei*](#)³.

³ <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf>

Our approach to modelling

We use modelling alongside other quantitative and qualitative analysis to guide our advice. We approach the use of models as a tool, and we take a careful and considered approach to how we interpret the outputs. We look to balance complexity with clarity, ensure coherence and consistency within the models, be transparent about assumptions and recognise the limits of our models. The four models we used were:

- › Energy and Emissions in New Zealand (ENZ)
- › Climate Policy Analysis (C-PLAN)
- › Distributed Impacts Model (DIM)
- › EMarket and I-Gen models (proprietary models owned by EnergyLink).

Use of these four models enabled a broader understanding of impacts, allowed for complementary perspectives and strengths, and overcame many of the limitations identified from previous modelling exercises.



You can learn more about our approach to modelling in chapter 4 of *Ināia tonu nei*⁴ and take a detailed look at our data and modelling on our [website](#)⁵.



Staff across the Commission considered how the submission themes compared to the themes we heard through our earlier engagement with stakeholders and found that much of what we heard was reflected in the submissions.

4 <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf>

5 <https://www.climatecommission.govt.nz/get-involved/sharing-our-thinking/data-and-modelling/>

HIGHLIGHT 3:

Te Arotake: Te Arohaehae, Te Whakatau Mutunga o Te Kōrero Akiaki Peer review and finalising our advice report

I tukuna e mātou te pūrongo akiaki ki te Minita Take Āhuarangi i te 31 Mei 2021. Ko tā te kōrero akiaki a Ināia tonu nei - Kia Whakahekea E Aotearoa Te Hauwaro i tuku tūmatawhānui i te 9 o Hune 2021. I arotakengia e te hunga o waho o tō mātou whare ngā taha ki te taunaki me ngā kōrero akiaki, ā, mō a mātou rautaki ōhanga hoki te take.

We successfully delivered our advice report to the Minister of Climate Change on 31 May 2021. The advice report, *Ināia tonu nei: a low emissions future for Aotearoa* was released to the public on 9 June 2021. An external peer review process was instituted for both our evidence and advice reports, and for our economic models.

Quality assurance and peer review of our work

Testing and review of our work was largely facilitated through engagement with the Technical Reference Groups and broader technical engagement with stakeholders and Treaty partners. Public consultation also served as a valuable opportunity to test and review the findings and refine the overall analysis.

We spent a significant portion of our time developing analytical principles and broader internal quality assurance and analytical clearance processes that were approved by the Board. The analytical principles dealt with how we consider, use and assess quantitative analysis, either developed by the Commission or produced by other bodies (including both published research papers and reports or material from other sources).

For our advice, there were three components to the external peer review process:

1. Before it was released, the draft evidence report was externally checked, with appropriate protocols for market sensitive information, with agencies, organisations or individuals that were cited before it was released. Any relevant material in the draft advice report was also amended where necessary in light of feedback received through this process.
2. The draft advice and evidence reports were subject to external peer review through the public consultation process, where over 15,400 submissions were received and considered.
3. The advice report was externally checked prior to sign off using the same protocol that was applied for the draft advice.

We commissioned a separate peer review of our three economic models, carried out by modelling experts from Aotearoa and overseas.

Compiling and finalising our advice report

In preparing the Commission's advice report, Ināia tonu nei, considerable resources were deployed to the submissions analysis workstreams and the development of material to support the Board's decision-making process and workshops.

Commission staff processed and considered over 15,400 submissions. Findings and insights were drawn from the modelling and supplementary analysis was done to understand the broader impacts of different emissions pathways, for example across individuals, communities, sectors and nationally.

The Commission's advice report was successfully delivered to the Minister of Climate Change on 31 May 2021, and was released to the public on 9 June 2021. Overall, it was received well by both media and stakeholders and has sparked healthy debate on climate action in Aotearoa.

In the weeks after the advice report was released, the Commission began work to release the material supporting the Board decisions. The consultation submissions have been uploaded to the Commission's website, as have three of the four the models used by the Commission (the fourth model is a proprietary model, owned by EnergyLink). The Commission will continue to improve these models over time and will update the public versions as appropriate. This work is continuing into 2021/22.



Dr Rod Carr, Minister Shaw and CE Jo Hendy

In addition to the specific statutory advice set out in the Climate Change Response Act 2002, the Commission also has a role to provide independent advice to government on topics that we feel it is important to draw attention to – or as part of feeding into work happening on climate related legislation. In addition to our advice on the emissions budgets, advice on the direction of policy and advice on NDC and biogenic methane, the Commission has offered advice or submitted on a number of other topics such as Emissions Trading Scheme settings, economic recovery and infrastructure strategy. Visit our [website](#)⁶ to learn more about additional advice the Commission has provided to government in the past.

On 1 July 2021 a judicial review was filed against the Commission and the Minister of Climate Change by Lawyers for Climate Action New Zealand Incorporated alleging errors in its final advice. The Commission denies the allegations made about the errors in its advice and is defending the judicial review. The matter is set down for a hearing commencing 28 February 2021.

PEER REVIEWER FEEDBACK

“In summary I would say that the review panel endorses the model and modelling efforts which provide a robust quantitative framework to support ambitious climate policy proposals.”

- Adolf Stroombergen, Infometrics

6 <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/>

HIGHLIGHT 4:

Te Tuku Kōrero: Ngā Whakawhitinga me Ngā Pānuitanga

Sharing knowledge through engagement and publications

I whakaritea te tuku kia tūmatawhānui pau te kaha ngā tutukinga mā roto i ngā tukunga pānui, kōrero huihuinga, ngā pae huihuinga, ngā tukunga whakaaroaro, ngā terenga ā ao me te tukunga hoki o ngā tono kōrero me ngā rautaki ki te katoa.

We made a conscious effort to share our knowledge through publications, speaking engagements, open webinars, opinion editorials, international speaker series and the release of submissions and models to the public.

International speaker series – post-consultation

On the back of the success of our open webinar series held during consultation, we launched an international speaker series in March to run through to COP26 in November 2021 in Glasgow. Recognising that climate change is a global challenge, the speakers we select are international experts who have been leading climate action in their respective jurisdictions.

We have seen a high interest in these sessions, with experts in different climate-related fields joining us from across the globe – ranging from the UK to Ireland, Australia to the USA, Brussels to Brazil, and the Marshall Islands to the Netherlands.

Between 17 March and 30 June, we have held four sessions, with more planned for July through November 2021. To date, 455 individuals and organisations have joined the sessions. We will look to continue the series beyond November if the sessions remain popular.

To date, 455 individuals and organisations have joined the sessions.



Insight articles and opinion editorials

Towards the end of 2020/21, we began sharing insight articles in the 'news' section of our website. These are thought pieces from Commissioners on their areas of expertise, highlighting the relevance to our advice, or seeking to clarify common misconceptions about our work or role.

Some of these insight articles have also been published in the media as opinion editorials. This has enabled us to contribute to discussion on current topics of public interest, and raise awareness of the Commission's work and expertise.

Engaging with stakeholders to share our mahi

Part of our wider engagement strategy is to ensure that our CE, Board Chair and technical specialists are intentional in engaging with key stakeholder groups, whether this be through speaking events, meetings, business lunches or drop-ins. We want to be as open as possible with our work programme, and help Aotearoa to better understand our mahi, its implications and the thinking behind it.

Keeping in touch with Aotearoa on an ongoing basis

From the large volume of enquiries and Official Information Act requests that coincided with the phases of our advice being released, it was evident that there was a significant level of interest in the Commission's mahi.

We are committed to being a Commission that answers queries in a timely manner. We have dedicated resources and an internal process that enable us to respond to enquiries that we receive through our hello@climatecommission mailbox. We have found that people are highly engaged and eager to hear about our work, in particular the work we have done across the sectors to help underpin our advice report, *Ināia tonu nei*, to government. In the year 2020/21, we responded to more than 1,000 enquiries, many of which were received during the consultation on our draft advice.

CE and Chair speaking at events/ Te Tumu Whakarae me Te Heamana



Jo Hendy (CE, Climate Change Commission), Ambassador Brigitte Collet (French Ambassador for Negotiations on Climate Change, Renewable Energy and Climate Risk Prevention), Eva Murray (Principal Analyst, Climate Change Commission).



CE Jo Hendy delivering a speech to BusinessNZ.



Dr Rod Carr, Chair of the Climate Change Commission, speaking at DairyNZ.

Op eds/Insight articles/Ngā Kōrero Tuku me Ngā Whakakitenga

Throughout the last year, insight articles from the Commissioners have been shared on the news section of our website. Some of these have also featured in media outlets as opinion editorials, providing commentary on important issues that are relevant to our work.

Opinion editorials

- › [Economically sound, socially acceptable – the climate transition challenge | BusinessDesk](#)
- › [The Climate Change Commission’s Rod Carr details how & why NZ needs to make fundamental changes to transition to a thriving, climate-resilient, low emissions economy | interest.co.nz](#)
- › [Opinion Editorial – Dr Harry Clark, Climate Change Commissioner](#)

Insight articles

- › [Insight: Why not the ‘least cost’ pathway to net zero? – Dr Rod Carr, Climate Change Commission Chair](#)
- › [Insight: The Commission’s role – Dr Rod Carr, Climate Change Commission Chair](#)
- › [Insight: Time for serious action on decarbonisation – James Renwick, Climate Change Commissioner](#)

03

Pou Tikanga POLICIES AND PRACTICES

Outcome 1: An equitable transition to a climate-resilient and low-emissions Aotearoa.

Outcome 2: Aotearoa delivers on its commitments to global climate change action.

HIGHLIGHT 1:

Te mahi a te kaiwhakahaere me te whakarito i tōna whare hei wāhi mahi pai **Being a good employer and an attractive place to work**

Ko te oranga te poutuārongo o a mātou tikanga, ā, he rite tonu tō mātou aronga ki te whai i ngā tūtohunga e tika ana ki o mātou kaimahi. E aro pū ana mātou kia tika a mātou tukanga, kia pīngore te āhua mahi, ā, kia mahi tahi te ahunga o ngā reanga katoa kei te Komihana.

Wellbeing is at the centre of our organisational culture and we continuously seek ways to ensure this is tangible to our staff. We place importance on transparent processes, flexible working and a collaborative approach across all levels of the Commission.

A safe and healthy work environment

We use the Te Whare Tapa Whā model to support a holistic approach to wellbeing. This model was developed by leading Māori health advocate and researcher Prof Mason Durie in 1984 and recognised the need to balance wellbeing across the four cornerstones of health and wellbeing – physical; mental and emotional; spiritual, land and roots; family and social wellbeing. Employees have access to actual and reasonable sick leave, rather than a fixed number of days. We have a mechanism for reporting health and safety issues. EAP counselling is available to all staff.

Leadership place a strong emphasis on taking care of staff during changing COVID-19 alert levels to ensure that wellbeing is prioritised. The immediate focus is always keeping friends and whānau safe. Following this, clear and consistent messaging is given to ensure staff can access the necessary equipment to work from home, that staff stay well connected both for work and socially and that work programmes can be managed in light of competing demands that include childcare and wider care responsibilities.

Embedding Te Ao Māori

We have instituted weekly Te Ao Māori activities that include mātauranga Māori videos and kōrero and interactive sessions on questions that staff may have relating to Te Ao Māori, for example, how Te Tiriti relates to our work at the Commission. Last year also saw the successful establishment of a Te Ao Māori Lecture Series, which included a variety of speakers from different backgrounds presenting on a range of topics. The Commission has also established an internal Puka Rauemi/resource booklet to assist and support all staff to navigate workplace tikanga and to build their capability and understanding of Te Ao Māori, the Māori worldview.

Te reo Māori language classes will begin in July 2021 with a marae visit for all staff at the Commission scheduled for later in the year. Our lecture series will continue with an exciting line-up of speakers and we will actively seek out further opportunities to improve our Crown-Māori relations capability. We are also developing the role of mātauranga Māori in our science strategy.



Diversity and inclusion

We are committed to diversity and fostering a culture of inclusion to enhance our overall performance, reputation and credibility, and our ability to be a good employer. For us, diversity and inclusion means that, in pursuit of achieving our goals, diversity is valued and sought after, and the potential of our diversity is brought to life through inclusive behaviour. From a capability perspective, it's the ability to encourage and harness difference for better solutions.

Leadership, accountability and culture

The Commission's vision of a thriving, climate-resilient and low-emissions Aotearoa is supported by inclusive leadership from the Board and Senior Leadership Team. Our leaders are driving a progressive culture that enables staff to co-design the Commission's future work programmes, policies, frameworks, and strategic direction. We are working towards embedding organisational values alongside solidifying our permanent structure.

The Commission has a Risk, Audit, Safety and Health (RASH) Committee, which meets quarterly and oversees the work of the Commission in discharging its responsibilities in the areas of risk management, relevant statutory reporting, external audits and assurance monitoring of compliance with laws and regulations (including health and safety) also including relevant projects and programmes of work.

Remuneration, recognition and conditions

Our remuneration decisions are based on a number of factors to ensure our system of appointing and reviewing remuneration is equitable, transparent and competitive. Our process of evaluating jobs enables us to review job descriptions to ensure they are still current and relevant and ensure remuneration bands are aligned with the role.

Flexibility and work design

The Commission's approach to flexible working arrangements complements our purpose of guiding Aotearoa to change in ways that will help address the global problem of climate change. We encourage and support flexible working arrangements where staff can split their time between home and office locations, as well as working remotely from other locations across Aotearoa. As ways of working continue to evolve and change due to the COVID-19 pandemic, we will look to enhance our flexible working policies to ensure we are keeping up with change and developing initiatives. We support a range of flexible working options, including flexibility of role, schedule, workplace and leave.

HIGHLIGHT 2:

Te whakatūwhera i ngā kōrero mō te whakahekenga hauwaro Building an awareness of our carbon footprint and taking action to reduce it

Kua kōkiri tētahi kaupapa whakamātau i tō tātou toiora me te tuku i tētahi rautaki whakarauora hoki. Kua kitea ētahi wikitoria ki ētahi wāhanga, ā, ki ētahi atu wāhanga me āta tiroiro i a te tupu mai o te Komihana.

We have kicked off a process of measuring our sustainability and putting in place a plan to improve it. Progress has been made in some areas, with others needing further attention as our organisation grows and matures.

Over the past year, the Commission has taken steps to build an awareness of what is contributing to our carbon footprint. We have been tracking our emissions through Toitū since July 2020 and have recently received reporting we will use to take action over the next year. In March 2021, the Sustainability Trust conducted a waste audit and waste composition workshop. Audit results suggested that the Commission has a relatively low level of total waste generation.



In 2020/21, Commission staff did not take any international flights, and domestic travel was limited. In addition, the Commission employed flexible working arrangements which enabled staff to cut down on their travel emissions by working remotely. The Commission has also laid the foundations for procuring goods and services that minimise our carbon footprint, such as selecting energy-efficient laptops and appliances, coffee delivery by bike, selecting second-hand furniture for the office and procuring services from carbon-conscious organisations.

Now that the advice report *Ināia tonu nei* has been delivered, the Commission is actively prioritising the monitoring and minimisation of its own carbon footprint. The Commission will also activate a sustainability strategy that will include activities such as setting Toitū emissions reduction targets, and providing staff education on how to reduce personal and professional emissions profiles and how to minimise waste in the workplace.

HIGHLIGHT 3:

Ngā mātāpono e ārahi nei i a mātou ki te tātari me te whakamahi taunakitanga

The principles that underpin the way we collate and use evidence

Ko tā mātou he whakawhānui ake i tō mātou titiro ki ngā pūnaha matua e mārāma ai tō mātou tutuki i ngā kōrero akiaki ki o tātou uri, tō tātou taiao, tō tātou whenua me tō tātou ōhanga. E kimi ana mātou i te huarahi e tika ana kia tūwhera ngā taunakitanga me ngā tātarianga hei whakatairanga i ngā whakataunga ka tutuki i a mātou kōrero akiaki.

We take a wide systems view so we understand what our advice means for our people, our environment, our land and our economy. We seek to ensure the best available evidence and analysis informs the judgements we make and the advice we give.

Central to our work is understanding and incorporating current scientific knowledge while acknowledging that this information does not sit in a vacuum.

Through the development of our evidence base and advice, the Commission seeks to understand and factor in the context and values associated with the information we assess. For Iwi/Māori, this connection is particularly important, and the concepts of tikanga and mātauranga Māori set out the relationships between information and those who create and hold it and use it. Another aspect of this process is the consideration of different dimensions of wellbeing as laid out in the Living Standards Framework, including the concepts that sit within He Ara Waiora.



The Commission is committed to best ethical practices at all stages of our use of scientific and other information. This means we uphold high ethical standards relating to our collection, use and delivery of data and information. Following ethical practices ensures we are good users of information, having respect and responsibility for the information we use, and what we use it for.

HIGHLIGHT 4:

Hei Hoa Tiriti: Tā mātou aronga whakawhitiwhiti me ngā haepapa How we approach engagement and our responsibilities as a Treaty partner

I ā mātou whakawhitinga kōrero ka ngākau tūwhera, ā, ka haere atu me te wairua ako i te whānui o ngā whakaaro kei ngā hoa tāpui. E mau nei i te whakaaro nui, he whānui kē atu te mahi a te hoa Tiriti pai i ngā mahi whakawhiti kōrero, ā, ko tā mātou he whai i te māramatanga ki tā te Māori titiro, ki tā te Māori whakapūmau i ōna tikanga, ā, he whakatū hoki i te mahi whakahoahoa me te whakatū huarahi e tika ana ki tēnei tūhonohononga.

We approach engagement with an open mind and a readiness to learn from the perspectives of a wide range of stakeholders. We recognise that being a good Treaty partner goes beyond engagement, and involves us working to understand Māori expectations, recognise Māori rights and interests, enable active partnership and create opportunities for participation.

Treaty partnership focuses on building enduring relationships with Iwi/Māori through an approach that fosters a reciprocal exchange of data and information, with an intention to build knowledge to prepare the Commission for immediate and ongoing work. The Commission believes the most effective approach to achieve our long-term objectives while meeting our short-term deliverables is to focus on building meaningful and enduring relationships with Māori through a partnership and case study approach.

Engagement is at the core of what we do. Engaging with our stakeholders and people across Aotearoa helps us gain actionable information and insights that ensure our work is practical, accurate and ambitious. Climate change affects everyone so it's important that we bring people with us by hearing from a diverse range of voices and reflecting that in our work. We seek to be open and strive to make our advice accessible. As we are an evidence-led organisation, the information we share and the positions we take are grounded in good evidence and considered data.

You can read more about how we [work](#)⁷ and the consultation on our draft advice on our [website](#)⁸.

7 <https://www.climatecommission.govt.nz/our-work/how-we-work/>

8 <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/inaia-tonu-nei-a-low-emissions-future-for-aotearoa/submissions>



The Commission’s vision of a thriving, climate-resilient and low-emissions Aotearoa is supported by inclusive leadership from the Board and Senior Leadership Team. Our leaders are driving a progressive culture that enables staff to co-design the Commission’s future work programmes, policies, frameworks, and strategic direction.

Te Ao Maori Lecture Series/Te Ao Māori - Ngā Pou Kōrero

Our Te Ao Māori Lecture Series kicked off last year and included a variety of speakers from different backgrounds who presented on a range of topics.



Kennie Tsui (CEO, NZ Geothermal Association) and Meng Foon (Race Relations Commissioner, Human Rights Commission).



Dr Kathie Irwin (Kaihautū|Director Māori Development [Ngāti Porou, Rakaipaaka, Ngāti Kahungunu]) and Bevan Hunter (Principal Advisor, Climate Change Commission).



Bevan Hunter (Principal Advisor, Climate Change Commission) and Hirini Reedy (Wairua strategist, Māori entrepreneur and engineer of potential).



Commission staff and staff from the Sustainability Trust sorting through four days of waste to determine the Commission's waste profile.



Commission staff from Wellington forgoing plane travel for a lower-emissions transport option (train) in order to engage with stakeholder groups in Auckland during consultation on the draft advice.

Te Rīpoata Toitū me Te Tātari Hauwaro/ Toitū report and waste audit

We completed a waste audit with the Sustainability Trust to better understand our waste profile. The results suggested the Commission has a low level of waste generation and we continue to look for ways to reduce waste and make our workplace more sustainable.

04

Te Taha Moni me Te Taha Whakapeto Ngoi

FINANCIAL AND NON-FINANCIAL PERFORMANCE

The Commission has received an unqualified independent auditors report for the financial year ended 30 June 2021. The financial statement and performance information fairly reflect the Commission's activity for the period and its financial position at the end of the period.

The Statement of Responsibility

FOR THE PERIOD ENDED 30 JUNE 2021

We are responsible for the preparation of the Climate Change Commission's financial statements and statement of financial performance, and for the judgements made in them.

We are responsible for any end of year performance information provided by the Climate Change Commission under section 19A of the Public Finance Act 1989.

Signed on behalf of the Board:



Dr Rod Carr
Chair
Date: 16 November 2021

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the Climate Change Commission for the period of 1 July 2020 to 30 June 2021.



Dr Nicola Shadbolt
Commissioner and Chair of the Risk Audit
Health and Safety Committee
Date: 16 November 2021

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Readers of the Climate Change Commission's Financial Statements and Performance Information for the Year Ended 30 June 2021

The Auditor-General is the auditor of the Climate Change Commission ('the Commission'). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Baker Tilly Staples Rodway Audit Limited, to carry out the audit of the financial statements and the performance information of the Commission on his behalf.

Opinion

We have audited:

- the financial statements of the Commission, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements including the statement of accounting policies; and
- the performance information of the Commission, that comprises the reporting of performance against outcome indicators.

In our opinion:

- the financial statements of the Commission:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the period then ended;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - the actual expenses incurred compared with the appropriated expenses; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards (Reduced Disclosure Regime); and
- the performance information:
 - presents fairly, in all material respects, the Commission's performance for the period ended 30 June 2021, including:
 - its standards of delivery performance achieved as compared with outcomes included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriations; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 18 November 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Commission's Board, our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Commission's Board for the financial statements and the performance information

The Board is responsible on behalf of the Commission for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

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

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

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Commission's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission's Board.

We evaluate the appropriateness of the reported performance information within the Commission's framework for reporting its performance.

We conclude on the appropriateness of the use of the going concern basis of accounting by the Commission's Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Commission to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Commission audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Commission's Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the audited financial statements and performance information, and our auditor's report thereon.

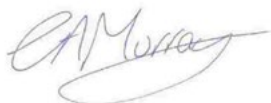
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

Other than the audit, we have no relationship with or interests in the Commission.



Chrissie Murray
Baker Tilly Staples Rodway Audit Limited

On behalf of the Auditor-General
Wellington, New Zealand

Managing Commissioner Interests

Our role is to provide independent, evidence-based advice to the Government of the day. Because of this, our Commissioners are required to have sufficient skills, experience and knowledge to make valuable contribution to the Commission's work. As part of their role, Commissioners have to use their experience and judgement to provide advice on how Aotearoa can meet its climate goals.

Because of their skills, experience and knowledge it is not unusual for Commissioners to have interests that relate to the Commission's work. To manage these, the Commission has an interest's policy and maintains a live register of interests which can be found on the Commission's website [here](#)⁹.

All interests declared by board members are managed using the [policy](#)¹⁰.

Permission to act despite being interested in a matter

Section 68(6) of the Crown Entities Act 2004 requires the Board to disclose any interests to which a permission to act has been granted, despite a member being interested in a matter. During the 2020/21 financial year, the following permissions were granted:

- › One Commissioner has an employment contract with Motu Economic and Public Policy Research. This Commissioner was not involved in the contract negotiations, nor the project itself, and was exempt from voting on matters relating to the administration of the contract between Motu and the Commission. The Commission's contract with Motu ended in July 2021.

9 <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fccc-production-media.s3.ap-southeast-2.amazonaws.com%2Fpublic%2Fdocuments%2FInterests-register-as-at-8-June-2021.docx&wdOrigin=BROWSELINK>.

10 <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/documents/Interests-Policy-February-2021.pdf>.

Climate Change Commission 2020/21 Financial Statements

This section sets out the financial statements, notes to the financial statements and other explanatory information.

The Climate Change Commission commenced on 9 December 2019. Therefore, the comparative numbers in these financial statements are for the period from 9 December 2019 to 30 June 2020 and 2021 actual is a full financial period.

Statement of Comprehensive Revenue And Expense

FOR THE YEAR ENDED 30 JUNE 2021

2020 Actual \$000		Note	2021 Actual \$000	2021 Budget \$000
REVENUE				
5,407	Funding from the Crown	2	9,415	8,535
-	Interest Revenue		1	-
-	Other Revenue		9	60
5,407	Total revenue		9,425	8,595
EXPENSES				
1,818	Personnel costs	3	5,368	5,538
2,441	Other expenses	4	4,190	4,407
13	Depreciation expense	7	93	50
4,272	Total expenses		9,651	9,995
1,135	SURPLUS/(DEFICIT) AND TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(226)	(1,400)

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 17.

Statement of Financial Position

AS AT 30 JUNE 2021

2020 Actual \$000		Note	2021 Actual \$000	2021 Budget \$000
ASSETS				
CURRENT ASSETS				
2,333	Cash and cash equivalents	5	2,063	1,201
60	Receivables	6	130	-
-	Prepayments		85	
2,393	Total current assets		2,278	1,201
NON-CURRENT ASSETS				
387	Property, plant and equipment	7	471	202
387	Total non-current assets		471	202
2,780	Total assets		2,749	1,403
LIABILITIES				
CURRENT LIABILITIES				
749	Payables	8	715	490
9	Lease incentive	9	9	-
243	Employee entitlements	10	481	314
1,001	Total current liabilities		1,205	804
NON-CURRENT LIABILITIES				
45	Lease Incentive	9	36	-
45	Total non-current liabilities		36	-
1,046	Total liabilities		1,241	804
1,734	NET ASSETS		1,508	599
EQUITY				
-	Balance at 1 July		1,734	1,999
599	Contributed capital		-	-
1,135	Accumulated surplus/(deficit)		(226)	(1,400)
1,734	TOTAL EQUITY		1,508	599

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 17.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

2020 Actual \$000		Note	2021 Actual \$000	2021 Budget \$000
-	Balance at 1 July		1,734	1,999
1,135	Total comprehensive revenue and expense for the period	13	(226)	(1,400)
599	Capital injection	13	-	-
1,734	Balance at 30 June		1,508	599

The accompanying notes form part of these financial statements. Explanations of major variances to budget are provided in Note 17

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

2020 Actual \$000		Note	2021 Actual \$000	2021 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
5,407	Receipts from the Crown		9,415	8,535
-	Receipts from Other Revenue		-	60
-	Interest Received		1	-
(2,092)	Payments to suppliers		(4,135)	(4,448)
(1,468)	Payments to employees		(5,088)	(5,451)
162	Goods and Services Tax (net)		(280)	172
2,009	Net cash flow from operating activities		(87)	(1,132)
CASH FLOWS FROM INVESTING ACTIVITIES				
(275)	Purchase of Property, Plant and Equipment		(183)	-
(275)	Net cash flow from investing activities		(183)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
599	Capital Injection	13	-	-
599	Net cash flow from financing activities		-	-
2,333	Net Increase in cash and cash equivalents		(270)	(1,132)
-	Cash and cash equivalents at 1 July 2020		2,333	2,333
2,333	Cash and cash equivalents at 30 June 2021		2,063	1,201

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 17.

Note 1: Statement of accounting policies

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 and its parent is the Crown. The Commission's primary objective is to provide services to the public. The Commission does not operate to make a financial return.

The Commission is a public benefit entity (PBE) for financial reporting purposes. The entity was created when the enabling legislation received Royal assent and Commissioners were appointed on 9 December 2019. Therefore, the comparative numbers in these financial statements are for the period from 9 December 2019 to 30 June 2020 and 2021 is a full financial period.

The financial statements for the Commission are for the year ended 30 June 2021 and were approved by the Board on 16 November 2021.

Basis of preparation

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

Comparatives

The comparative information for other personnel expenses, other expenses and payables were updated for changes in the current year expenditure classification. Relevant cashflow comparatives were also updated.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

As the Commission has expenses of less than \$30 million, it is a Tier 2 entity. These financial statements comply with the PBE Standards Reduced Disclosure Regime

Presentation currency and rounding

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

Standards early adopted

The Commission has not early adopted any accounting standards.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services 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 GST recoverable from, or payable to, Inland Revenue (IR) is included as part of receivables or payables in the Statement of Financial Position.

The net amount of GST paid to, or received from, IR, 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.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board. The budget figures have been prepared in accordance with NZ GAAP, using the accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation

Direct costs are costs directly attributed to an output. Personnel costs are allocated to outputs based on 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.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- › Useful lives and residual values of property, plant and equipment – refer Note 7

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

- › Classification of the rental lease as an operating lease – refer Note 4.

Note 2: Revenue

Accounting policy

Funding from the Crown

The Commission is primarily funded through revenue from the Crown. Revenue receipts from the Crown transactions are non-exchange transactions. The funding is restricted in its use for the purpose of the Commission meeting its objectives as specified in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, the Commission considers there are no conditions attached to the funding. Revenue from the funding is recognised in the financial period to which the appropriation relates. The fair value of the revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Interest revenue

Interest revenue is recognised by accruing, on a time proportion basis, the interest due for the investment.

Note 3: Personnel costs

Accounting policy

Salaries and wages

Salaries and wages costs are recognised as an expense as employees provide services.

Defined contribution schemes

Employer contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are expensed in the surplus as they occur.

Defined benefit schemes

The Commission does not make employer contributions to any defined benefit superannuation scheme.

2020 Actual \$000	Personnel costs	2021 Actual \$000
1,509	Salaries and wages	4,592
34	Defined contribution scheme employer contributions	139
200	Increase in employee entitlements	238
75	Other Personnel Costs	399
1,818	Total personnel costs	5,368

2020 Actual \$000	Employee remuneration Total remuneration paid or payable that is or exceeds \$100,000:	2021 Actual \$000
1	\$100,000 - 109,999	6
-	\$120,000 - 129,999	4
-	\$140,000 - 149,999	4
-	\$150,000 - 159,999	3
-	\$160,000 - 169,999	4
-	\$190,000 - 199,999	2
-	\$200,000 - 209,999	1
-	\$250,000 - 259,999	1
1	Total employees	25

The above disclosure shows the total remuneration paid or payable to employees for the period that the Commission has been operating.

No employees have received compensation or other benefits in relation to cessation (2020: \$0).

Note 4: Other expenses

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised as a reduction of rental expenses over the lease term.

Breakdown of other expenses

2020 Actual \$000		2021 Actual \$000
34	Audit fees for audit of financial statements	43
949	Consultancy	1,232
271	Contractors	820
351	Board Fees	800
398	Technology expenses	515
197	Operating lease expense	327
96	Financial services*	183
26	Travel and accommodation	91
119	Other expenses	179
2,441	Total other expenses	4,190

*The Central Agencies Shared Service within the Treasury provides the Commission with accounting and finance services, including: a transactional finance system, payroll, accounting and payment processing services.

Operating leases as lessee

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

2020 Actual \$000		2021 Actual \$000
241	No later than one year	241
966	Later than one year and not later than five years	925
201	Later than five years	-
1,408	Total non-cancellable operating leases	1,166

The non-cancellable lease expense relates to the lease of Part Level 21, AON Centre, 1 Willis Street, Wellington. The lease expires in April 2026 with no current renewal terms.

Any lease incentive received is recognised as a reduction of rent over the term of the lease. Future payment amounts disclosed above are based on the current rental rates.

There are no restrictions placed on the Commission by any of the operating lease arrangements.

Board Member Remuneration

2020 Actual \$000	Board member remuneration	2021 Actual \$000
130	Roderick Carr (Chair)*	296
41	Lisa Tumahai (Deputy Chair)*	87
45	Catherine Leining*	88
41	Harry Clark*	87
24	James Renwick	63
31	Judy Lawrence	98
39	Nicola Shadbolt	81
351	Total Board member remuneration	800

The Commission has provided a Deed of Indemnity to all Board members for certain acts and omissions (being acts and omissions in good faith and in performance or intended performance of the Commission's functions) to the maximum extent permitted by the Crown Entities Act 2004. The Commission has also obtained Professional Indemnity, and Directors and Officers Liability insurance for Board members.

No Board members have received compensation or other benefits in relation to cessation.

There have been no payments made to committee members appointed by the Board during the year.

*These Board members' remuneration also includes membership of the Risk, Audit, Safety and Health committee.

Note 5: Cash and cash equivalents

Accounting policy

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.

2020 Actual \$000	Cash and cash equivalents	2021 Actual \$000
2,333	Cash at bank and on hand	2,063
2,333	Total cash and cash equivalents	2,063

Note 6: Receivables

Accounting policy

Short term receivables are recorded at the amount due, less an allowance for credit losses. The Commission applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. Short term receivables are written off when there is no reasonable expectation of recovery. There were no receivable write-offs in the period.

2021 Actual \$000	Breakdown of receivables	2021 Actual \$000
60	Debtors	12
-	GST receivable	118
60	Total receivables	130

Note 7: Property, plant and equipment

Accounting policy

Property, plant and equipment consists of the following asset classes: information technology equipment, furniture and fittings, and leasehold improvements. All items are measured at cost less accumulated depreciation and impairment losses. The capitalisation threshold is \$1,000.

Additions

An item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Commission beyond one year or more and the cost of the item can be measured reliably. Property, plant, and equipment is initially recorded at its cost. 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 expensed in the surplus or deficit as they are incurred. Work in progress is recognised at cost and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. 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 at rates that will write off the cost of the assets to their estimated residual values over their useful life. Leasehold improvements are depreciated over the unexpired period of the lease. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use. Any impairment losses are recognised in the surplus or deficit. At each balance date, the useful lives and residual values of the assets are reviewed.

The estimated useful lives of major asset classes are:

Type of Asset	Estimated Life
Information Technology Equipment	3 to 5 years
Leasehold Improvements	6 years
Furniture & Fittings	5 years

Breakdown of property, plant and equipment and further information

	Information Technology Equipment \$000	Furniture & Fittings \$000	Leasehold Improvements \$000	Total \$000
Cost or valuation				
Balance at 9 December 2019	-	-	-	-
Additions	108	4	-	112
Work in progress	-	6	282	288
Balance at 30 June 2020	108	10	282	400
Additions	51	-	414	465
Work in Progress	-	(6)	(282)	(288)
Balance at June 2021	159	4	414	577
Accumulated depreciation				
Balance at 9 December 2019	-	-	-	-
Depreciation expense	13	-	-	13
Balance at 30 June 2020	13	-	-	13
Depreciation Expense	46	1	46	93
Balance at 30 June 2021	59	1	46	106
Carrying amount				
At 30 June 2020	95	10	282	387
At 30 June 2021	100	3	368	471

Capital commitments

As at 30 June 2021, the Commission has no capital commitments.

Note 8: Payables

Accounting policy

Short-term payables are recorded at the amount payable.

2020 Actual \$000	Breakdown of payables	2021 Actual \$000
	Payables under exchange transactions	
404	Accrued expenses	242
183	Creditors	473
	Payables under non-exchange transactions	
162	GST payable / (receivable)	-
749	Total payables	715

Note 9: Lease incentive

Accounting policy

Any unamortised lease incentive received is recognised as a liability in the Statement of Financial Position.

A lease incentive liability is created to spread the incentive received at the inception of the lease, throughout the term of the lease. The Commission received a contribution towards fit out costs when it commenced the lease of its office premises.

2020 Actual \$000	Breakdown of lease incentive	2021 Actual \$000
9	Current Portion	9
45	Non-current Portion	36
54	Total lease incentive	45

Note 10: Employee entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay.

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

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

The Commission does not have long-term employee entitlements.

2020 Actual \$000	Breakdown of employee entitlements	2021 Actual \$000
135	Accrued annual leave	322
108	Accrued salaries and wages	159
243	Total employee entitlements	481

Note 11: Provisions

Accounting policy

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.

The Commission has no provision as at 30 June 2021.

Note 12: Contingencies

The Commission has no contingent liabilities and no contingent assets at 30 June 2021 (2020: \$nil).

Note 13: Equity

Accounting policy

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

- › contributed capital
- › accumulated surplus

2020 Actual \$000	Breakdown of equity	2021 Actual \$000
Contributed capital		
-	Balance at 1 July	599
599	Capital injection	-
599	Balance at 30 June	599
Accumulated surplus/(deficit)		
-	Balance at 1 July	1,135
1,135	Surplus/(deficit) for the year	(226)
1,135	Balance at 30 June	909
1,734	Total equity	1,508

The Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives. The Commission manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the Commission effectively achieves its objectives and purpose, while remaining a going concern.

Note 14: Financial instruments

Accounting policy

Categories of Financial Instruments

All financial assets and liabilities held by the Commission are recognised at amortised cost. The carrying amount of financial assets and liabilities in each of the financial instrument categories are:

2020 Actual \$000		2021 Actual \$000
Financial assets measured at amortised cost		
2,333	Cash and cash equivalents	2,063
60	Receivables	12
2,393	Total financial assets measured at amortised cost	2,075
Financial liabilities measured at amortised cost		
792	Payables	715
54	Lease incentives	45
846	Total financial liabilities measured at amortised cost	760

Note 15: Related party transactions

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

Key Management Personnel

Board members are appointed by the Minister of Climate Change and are the Board for the purposes of the Crown Entities Act 2004. In addition to their role with the Commission, Board members have other interests and may serve in positions with other organisations, including organisations to which the Commission is related. Interests are declared in the interests register and they are then assessed as to whether there are any actual or perceived conflicts of interest.

2020 Actual \$000	Key Management Personnel Compensation	2021 Actual \$000
351	Board Members	800
0.97	Full-time equivalent	2.43
371	Leadership Teams	886
2.49	Full-time equivalent	4.19
722	Total key management personnel remuneration	1,686
3.46	Total full-time equivalent personnel	6.62

For the financial year ending 30 June 2020, the Board member remuneration related to the period from their appointment in December 2019. In addition, the Leadership Team remuneration related to the period from February 2020. Prior to February 2020, the Ministry for the Environment incurred the costs of remunerating the Leadership Team.

Full-time equivalent values reflect the period worked in the period covered by these financial statements.

No other related party transactions were entered into during the year with key management personnel.

Note 16: Events after balance date

A judicial review was lodged against the Commission on 1 July 2021 relating to advice provided to the Minister on 31 May 2021. The Commission has received an initial estimate for legal costs of approximately \$420,000. This amount is highly likely to change and will be re-estimated in Quarter 2, 2021/22. No provision is recognised as at 30 June 2021.

Note 17: Explanation of major variances against budget

For the year ended 30 June 2021, the Commission had a net deficit of \$0.226 million, \$1,174 million less than the planned deficit of \$1.4 million. The favourable variance can be contributed to \$0.880 million of funding brought forward from the 2023/2024 year, which was used to engage contactors and consultants required to complete the work on the *Ināia tonu nei: a low emissions future for Aotearoa* report.

Variances in the Statement of Financial Position and Statement of Cash Flows are timing differences only, resulting from timing and receipt of cash payments to suppliers and receipts from the Crown.

Note 18: Impact of COVID-19

In 2019/20, COVID-19 had an impact on the operations of the Commission which delayed some activities into 2020/21. This was considered while preparing the Statement of Intent and a deficit was anticipated in the 2020/21 financial year. The Commission was able to complete those delayed pieces of work. There are no financial impacts that need to be reflected in these financial statements as funding were brought forward.



Te Taha Moni me Te Taha Whakapeto Ngoi

Non-financial Performance

Ō ngā whakataunga 18 kua meangia ki te Whakataunga Whakapeto Ngoi Tuatahi 2020/21, me aromatawai i ēnei whakataunga e 9 mō te tau 2020/21. (Mēnā rā e hiahia ana kia kite i tōna katoa, ā, haere ki tā mātou [SPE 2020/2021](#)¹¹):

Of the 18 measures set out in our original Statement of Performance Expectations 2020/21, the following nine require reporting for the 2020/21 financial year (to see the full picture of our performance measures, see our [SPE 2020/2021](#)¹²):

11 <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/CCC-SPE-1-July-2020-30-June-2021.pdf>

12 <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/CCC-SPE-1-July-2020-30-June-2021.pdf>

OUTPUT INDICATOR #9

TARGET ACHIEVED



High-quality work

Measure: Advice is developed in accordance with rigorous internal standards and procedures for quality assurance. [100% of advice is reviewed internally and given analytical clearance and level 2 sign off prior to publication]

How we performed

A significant amount of time and effort was spent developing analytical principles and broader Quality Assurance/Quality Control processes that were reviewed, refined and ultimately approved at Board level.

All draft and final advice in the advice report *Ināia tonu nei: a low emissions future for Aotearoa* was internally reviewed in line with QA/QC guidelines and given analytical clearance and tier 2 sign off before final approval and publication.

The advice report delivered to the Minister on 31 May was peer reviewed internally and signed off by tier 2 managers. The Chief Executive then cleared it for publication and the Board signed it off.

Find out more about this on our [website](#)¹³.

What's next?

For all future advice, we plan on to uphold a high level of analytical rigour and clearance. We are committed to continuous improvement and will strive to improve on our internal procedures where appropriate.

13 <https://www.climatecommission.govt.nz/get-involved/sharing-our-thinking/data-and-modelling/>

OUTPUT INDICATOR #10

TARGET ACHIEVED



High-quality work

Measure: Advice on matters specified in the CCRA or requested by the Minister is externally peer reviewed and any issues identified addressed. [100% of statutory advice is externally peer reviewed, except for those cases where external peer review is deemed to be inappropriate]

How we performed

There were three components to this external peer review process:

- › Before being released, the draft evidence reports were externally checked, with appropriate protocols for market sensitive information, with agencies, organisations or individuals that were cited before being released. Any relevant material in the draft advice report *Ināia tonu nei* was also amended where necessary in light of feedback received through this process.
- › The draft advice and evidence reports were subject to external peer review from expert organisations and individuals as part of the public consultation process.
- › The final advice report *Ināia tonu nei* was externally checked prior to sign off using the same protocol that was applied for the draft advice.

The draft advice and evidence reports can be found on our [website](#)¹⁴.

What's next?

We will continue to build on the high level of peer review using both domestic and international experts.

We will apply the same quality standards and requirements for external peer review to the three pieces of statutory advice that we are required to deliver in FY21/22, and to other advice we produce over the year.

¹⁴ <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/inai-a-tonu-nei-a-low-emissions-future-for-aotearoa/draft-advice-report-and-documents/>

OUTPUT INDICATOR #11

TARGET ACHIEVED



High-quality work

Measure: Models and data are comprehensive and the best available.

[100% of processes to review and update models are completed on a timely basis]

How we performed

All processes to review and update models were completed on time. The models were reviewed by experts from Aotearoa and around the world in December 2020, prior to the release of our draft advice. The reviewers said that they were “impressed by both the scope and detail of the modelling efforts, and believe that these provide a robust quantitative framework to support ambitious climate policy proposals for Aotearoa”. Our economy-wide model C-PLAN was also described as being ‘best-in-class’.

We carried out sensitivity analysis, as suggested by the experts, and included this in our advice report, *Ināia tonu nei*, provided to the Minister of Climate Change in May 2021. For the modelling review, we asked five modelling experts to review the models. They provided separate reviews. Notable comments from reviewers include:

“Overall, we have been impressed by both scope and detail of the modelling efforts, and believe these provide a robust quantitative framework to support ambitious climate policy proposals of Aotearoa...”

– Matthias Weitzel and Toon Vandyck,
European Commission

“C-PLAN is a best-in-class recursive-dynamic general equilibrium model of New Zealand and the rest of the world based on economic microfoundations: households who maximize utility, firms who maximize profits, and prices that balance supply and demand throughout the economy.”

– Marc Hafstead, Resources for the Future

“In summary I would say that the review panel endorses the model and modelling efforts which provide a robust quantitative framework to support ambitious climate policy proposals.”

– Adolf Stroombergen, Infometrics

Find out more about this on our [website](#)¹⁵.

What’s next?

Model development and enhancement will be an ongoing part of the work programme, and the same targets and processes will apply.

¹⁵ <https://www.climatecommission.govt.nz/get-involved/sharing-our-thinking/data-and-modelling/>

OUTPUT INDICATOR #13

TARGET ACHIEVED



Effective engagement and consultation with stakeholders and communities

Measure: % of Commission's engagement and consultation that meets statutory requirements and internal engagement strategies, plans and processes. [100% met - statutory requirements from the Act (ss5M, 5N); internal consultation and engagement strategy; specific Māori engagement strategy]

How we performed

The organisation-wide consultation and engagement strategy met the statutory requirements. It is notable that the Commission went above and beyond the implied requirements through the recognition of our large and highly engaged stakeholder base throughout consultation and engagement.

The online engagement and consultation tool was launched in time for the start of consultation on our draft advice - 1 February 2021.

Due to COVID-19-related time and engagement constraints, the Commission trialled a case study approach focused on seeking out insights from Māori organisations that were directly responsible for making decisions on their whenua on behalf of iwi or hapū. The aim was to draw out insights relevant to our mitigations work. While our initial engagement represented a small sample of Māori collectives, our consultation process confirmed that these perspectives applied broadly across Te Ao Māori. The combination of our engagement and consultation work enabled the Commission to reflect the perspectives of tangata whenua in our final advice report, *Ināia tonu nei*, and put forward final recommendations that emphasised the importance of an equitable transition that upholds the Treaty and the Crown-Māori relationship.

What's next?

The Commission will continue to develop and implement engagement and communications strategies for upcoming work that centre on the needs of our audiences and the wider public. This recognises the expertise, knowledge and passion that exist outside of the Commission for its work, the contribution of external groups to our advice, and the impact our mahi has on New Zealanders.

We have committed to sharing a large amount of the data and analysis that sit behind our advice with the public and our stakeholders. We will continue to do this in recognition of its importance and the high level of interest exhibited by stakeholders.

Due to the success of our approach, we plan to engage more fully in case studies with Māori collectives going forward.

OUTPUT INDICATOR #15

TARGET ACHIEVED



Timely delivery of reports and advice

Measure: % of requested reports and advice that are delivered by the agreed date.
[100% of requested reports and advice]

How we performed

The Commission's advice report *Ināia tonu nei* was delivered to the Minister's office on 31 May 2021. Due to the impacts of COVID-19, the final advice date was extended from February to May 2021.

Delivering the advice report was a large undertaking for a small organisation of between 20 and 45 people and was successfully delivered on time and to an extremely high standard. Considering the challenges presented by the COVID-19 environment and the need to establish a permanent Commission while simultaneously producing the advice, Commission staff showed extreme resolve and dedication in their commitment to delivering the advice on time.

What's next?

In 2021/22, the Commission will deliver three pieces of independent advice. These are outlined in the Act and include additional functions created in the Climate Change Response (Emissions Trading Reform) Amendment Act 2020.

The three pieces of advice cover:

- › recommendations on limits and price control settings for units in the New Zealand Emissions Trading Scheme
- › advice on progress towards primary sector climate change commitments and on livestock farmers' readiness to start complying with reporting and surrender obligations
- › a report on what level of assistance, if any, should be given to participants in an alternative pricing system for farm-level agriculture emissions (agricultural assistance).

OUTPUT INDICATOR #18

TARGET ACHIEVED



Good process management

Measure: Implementation of robust internal policies and systems covering finance/ procurement, HR, good employer, payroll, IT, information management, risk management. [Completed by 31 March 2021 and confirmed by 2021 audit]

How we performed

In light of the deadline for the advice report *Ināia tonu nei*: being extended, the deadline for this measure was extended to 30 June 2021.

Despite limited resource and focus on delivering the advice, we have put significant work into establishing a permanent structure and embedding robust internal policies and systems within the organisation. We are committed to taking our people along on this journey by using a collaborative approach to designing our work programmes and organisational frameworks.

Highlights from 2020/21 include:

- › forming a new innovative and modern performance and development framework
- › continuing to use the Te Whare Tapa Whā model to support a holistic approach to wellbeing
- › continuing to support flexible working arrangements
- › refining financial systems and processes
- › developing standard procurement practices
- › establishing workplace tikanga (including karakia and pepeha) and various cultural competency classes including te reo Māori, introduction to Māori engagement, regular waiata practices and a Te Ao Māori Lecture Series, which has seen prestigious external speakers present to and engage with our staff.

What's next?

We will complete work on establishing the Commission's permanent structure, with a renewed focus on strategy and business planning to provide strong foundations for the continuing to build robust internal policies and systems.

Focus areas for the year ahead include increasing the cultural competency of our staff, particularly with regard to Te Ao Māori, mātauranga Māori and Crown-Māori relations capability, reviewing the learning and development policy and guide to support the new performance and development framework, reviewing remuneration framework, developing a Wellness network, and co-developing of new processes for our health and safety staff committee.

We will also seek to embed training and strategies to address bias and promote inclusive leadership.

OUTPUT INDICATOR #3

NOT ACHIEVED



Aotearoa delivers on its commitments to global climate change action

Measure: The Commission measures and mitigates its own carbon footprint (We “walk the talk”). [Baseline in 2020/21. Target to be established]

How we performed

We received our emissions audit report from Toitū on 30 July, which provided the evidence for a baseline to be established, missing the deadline by one month. We have also progressed on this measure in other areas that are highlighted below.

In 2020/21, Commission staff did not take any international flights, and domestic travel was limited. In addition, the Commission employed flexible working arrangements which enabled staff to cut down on their travel emissions by working remotely.

In March 2021, the Sustainability Trust conducted a waste audit and waste composition workshop. Audit results suggested that the Commission has a relatively low level of total waste generation.

Over the past year, the Commission has taken steps to procure goods and services that minimise our carbon footprint, such as selecting energy-efficient laptops and appliances, coffee delivery by bike, and procuring services from carbon-conscious organisations.

What's next?

Now that the advice report *Ināia tonu nei* has been delivered, the Commission is actively prioritising the monitoring and minimisation of its own carbon footprint.

We are working on establishing targets based on our Toitū audit delivered at the end of the year, and will explore our scope 3¹⁶ emissions to better understand the full impact of the Commission's activities.

The Commission will also educate staff further on how to reduce their personal and professional emissions profiles and how to minimise waste in the workplace.

¹⁶ By definition, scope 3 emissions occur from sources owned or controlled by other entities in the value chain (e.g. materials suppliers, third-party logistics providers, waste management suppliers, travel suppliers, lessees and lessors, franchisees, retailers, employees, and customers) (GHG Protocol, 2013, p. 27).

OUTPUT INDICATOR #14

NOT ACHIEVED



Effective engagement and consultation with stakeholders and communities

Measure: Effectiveness of overall engagement and consultation, based on ratings from those involved in both processes. [Online engagement and consultation tool. Tool implemented and tested by 31 March 2021. Baseline in 2020/21]

How we performed

The specific output not achieved was the implementation and testing of an online engagement and consultation tool, as the March 2021 deadline was not reached. A stakeholder survey tool has been commissioned and distributed, with a baseline to be established before the end of 2021.

Extensive consultation and engagement occurred with stakeholders and communities as shown by Output Indicator #13 and as detailed throughout the 2021 Annual Report.

What's next?

The setup of a stakeholder survey is currently in progress and is on track to be completed by the end of 2021. We will receive a stakeholder insights report at the conclusion of this survey.

Other future activities are tied to dates of engagement and consultation for our advice. These will be further scoped and detailed as part of the Commission's ongoing business planning.

OUTPUT INDICATOR #17

NOT ACHIEVED



Good process management

Measure: % of requests for information that are responded to within the appropriate timeframe. [100% of requests]

How we performed

The Commission responded to 98.6% of requests on time. Two out of 143 requests were late.

The 143 requests for information were categorised:

- › Written Parliamentary Questions (WPQs):
95 received
- › Official Information Act requests (OIAs):
48 received.

All WPQs were responded to within the appropriate timeframes.

Two OIAs were responded to late. One response was one day late and the other was 10 days late. These two late responses occurred in the first quarter. Once systems and processes were in place, all subsequent requests were responded to on time. The Commission has made a conscious effort to ensure that requests for information are adequately resourced and strong systems have been put in place to provide timely responses.

What's next?

The Commission will continue to build upon the existing processes for responding to requests in a timely manner and seek to ensure that the target is met for 2021/22.



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