

Annual Report 2023

For the year ended 30 June 2023



Annual Report 2023

October 2023

ISSN: 2744-385X (Print)

ISSN: 2744-3868 (Online)

© Crown Copyright

This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to He Pou a Rangi Climate Change Commission and abide by the other licence terms.

To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>. Please note that this licence does not apply to any logos, emblems, graphics or trademarks that may be placed on the Commission's website or publications. Those specific items may not be used without express permission.

Contents

Te karere a te Tumu / Chair’s message	2
Te kupu a te Pou / Chief Executive’s message	6
01 - He Pou a Rangi me ōna mahi / The Commission and our work.....	10
02 - Te arotaketanga o tēnei tau / Year in review	19
03 -Te Mātai Kawenga / Performance assessment.....	30
04 - Pou Kawana Pou Tangata / Governance and people	42
05 - Whakataunga Pūtea / Financial Statements.....	56

Te karere a te Tumu Chair's message

Mā te mārama me te tautika o ngā tukanga āhuarangi kua āhei te tū whakahī mai a Aotearoa ki te whakarite mai i te āhua whakaheke tukuwaro me te aro ki te āhuarangi. Ko te aronga o te Komihana he hanga i tētahi Aotearoa ora, āhuarangi taikaha, iti te tukuwaro hoki hei ārahi i tō mātou ahunga matua, arā i te kupu akiaki motuhake, kounga hoki ki te Kāwanatanga.

I tēnei tau, ko Aotearoa tētahi o ngā whenua maha huri i te ao, i pāngia kinotia e te āhuarangi. Huri i Aotearoa, kua parekuratia e te waipuke ngā kāinga, ngā hapori, ngā pakihi me te taihanga e tautoko ana i a rātou. E mōhio ana mātou nā te āhuarangi anō kua kino ake ēnei tūmomo whakawhiunga.

Inā te putuputu haere o ēnei momo tūāhuatanga, mā te tukanga mārama, tautika hoki ka noho hei tūāpapa ki te whakawhanake i te taikaha me te whakapakari ake i a mātou anō. Ko te whakamauru me te whakarite ngā taha e rua ki te kapa kotahi – ki te pōturi tonu te haere o te ao ki te whakaheke tukuwaro, ka piki ake tā mātou mahi ki te urutau.

Inā te noho hei hinonga Karauna, ko tā te Komihana he whakarite kupu akiaki ki te Kāwanatanga mō te ahunga o te tukanga āhuarangi hei tautoko ake i te motu ki te whakawhiti atu ki tētahi anamata āhuarangi pakari, tukuwaro iti hoki. Kua tuku mā mātou hoki te aromatawai me te arotake i te kauneke whakamua a te Kāwanatanga ki te whakaheke i ōna tukuwaro me ōna ahunga urutau.

Ko te ora o te tangata me tōna ao ka tika tonu i ngā tukanga e horo nei, e tere nei anō hoki i te mahi whakaheke i ngā parakino o te āhuarangi me te whakaputa i ngā hua tukuwaro iti, ka mutu, ko ngā ratonga ka mate, ka hiahia rānei i te ao. He nui tonu te mahi ki te whakarito raungao hou, te taihanga pakari me te whakawhiti atu i te tahu waro hei whakamahana i ngā wheketere, ngā kura me ngā hohipere.

Mā te mahi ināia tonu nei, kia tere nei anō hoki ka hua mai he āheinga maha mā Aotearoa. Ko te whakawhitianga ki tētahi papori iti te tukuwaro, he mea pai mā mātou. Mā tēnei ka iti ake te whakaraerae ki te pōreareatanga, ā, ka tuku hoki ki a mātou tamariki mokopuna te maha ake o ngā kōwhiringa me ngā āheinga e kō atu ana i tētahi huarahi nui te tukuwaro.

Inā rā hoki tēnei whenua, kua tīmata noa iho i tā mātou anga ki te patu i ngā tukuwaro – me nonoi kē nei te mahi hei whanake ake i ēnā kaunekehanga, koi tere pea ka ngaro nei.



I te 2022/2023 ka tukuna e te Komihana e rua ngā tino wāhanga ki te kupu akiaki, ā, mō te herenga utu me ngā ritenga taura-hoko ki te Kaupapa Hokohoko Tukunga o Aotearoa (NZETS). Ko tā NZ ETS he tino rauemi ki te whakaheke tukuwaro, ā, me ngana ki te whakateretika, ā, me eke ki ngā tikanga o te wā e tika tonu ai tana haere. Mehemea kua kore e taurite ki ngā ahunga whakaheke tukuwaro a Aotearoa, ka uaua rawa, ā, ka piki hoki te utu ki te tutukihanga o ēnā whāinga.

I whakarite hoki i a mātou tētahi kupu hukihuki hei ārahi i te rautaki a te Kāwanatanga i tōna mahere whakaheke tukuwaro tuarua, ka mutu, he whānui tōna uiuinga, ā, i mua tonu tēnei i te whakaputanga o tō mātou kupu whakamutunga ā te mutunga o 2023.

E whakapūmautia ana e mātou te mana o Te Tiriti o Waitangi, hei tā te mana hoki ki te Komihana. Ko tā He Pou Herenga, arā te rōpū ārahi Māori hou, he tautoko i te Poari a te Komihana me te ārahi i te whanaketanga o tā te Komihana mōhio ki te āhuarangi, e ai tā te tirohanga Māori. Ko tā te Pou he whakatīnana i te kupu akiaki me te whai whakaaro ki te hononga a te Karauna ki te Māori, te ao Māori me ngā momo whakawhiunga ka rangona e te iwi Māori.

Hei tērā tau pūtea, 2023-2024, ka kitea tētahi tino hirahiratanga ki te Komihana. Mō tōna wā tuatahi, ka taea e mātou te whakī atu ki ngā iwi o Aotearoa mō te kaunake whakamua a te Kāwanatanga i tōna whakahekenga tukuwaro, ā, i tōna kaunake whakamua e ai rā hoki e te Mahere Urutau-ā-Motu a te Kāwanatanga. Ka tirohia hoki e mātou te ahunga whakaheke tukuwaro, tuia rā hoki, mehemea me uru mai ngā tukuwaro a ngā rererangi me ngā kaipuke o te ao. Ka tū tēnei kupu akiaki hei tino kupu akiaki e noho karapīpiti nei i ngā āhuetanga katoa o te wā.

Kia ora.

Dr Rod Carr, Chair
18 October 2023

Having clear and stable climate policies will give New Zealanders the confidence to make decisions to reduce emissions and adapt to climate change. The Commission's vision to create a thriving, climate-resilient and low emissions Aotearoa New Zealand guides our approach to provide independent, expert advice to the Government.

This year Aotearoa New Zealand was one of many countries around the world that felt the impacts of climate change. Across New Zealand, flooding has devastated households, communities, businesses, and the infrastructure that supports them. We know that climate change has made these impacts more intense.

As these types of events become more frequent, having clear and stable climate policy is fundamental to building resilience and being better prepared. Climate change mitigation and adaptation are two sides of the same coin – the slower the world is at reducing emissions, the more we will need to adapt.

As an independent Crown entity, the Commission provides advice to the Government on the direction of climate policy that will support the country to transition to a climate-resilient, low emissions future. We are also tasked to monitor and review the Government's progress towards its emissions reduction and adaptation goals.

Our lives and livelihoods are going to be best served by policies that work at pace and with urgency to reduce climate pollution and produce the low emissions products and services the world will need and demand. More action is needed on new renewable energy generation, resilient infrastructure, and moving away from burning coal for heating in factories, schools and hospitals.

Acting now and at pace will create opportunities for Aotearoa New Zealand. The transition to a low emitting society is in our own interest. It will make us less vulnerable to disruption and will give our children and grandchildren more options and opportunities than a high emissions pathway.

As a country we have only just begun to bend the curve on emissions – more needs to be done urgently to build on those gains as the progress made so far could be easily lost.



In 2022/2023 the Commission delivered two key pieces of advice on price limits and unit supply settings for the New Zealand Emissions Trading Scheme (NZ ETS). The NZ ETS is an important tool to reduce emissions, and it needs to function well and be kept up to date for it to deliver effectively. If its settings do not line up with Aotearoa New Zealand's emissions reduction goals, it will be harder and more costly to reach them.

We also prepared draft advice to inform the strategic direction of the Government's second emissions reduction plan and consulted widely on it, ahead of releasing our final advice due at the end of 2023.

We are committed to upholding Te Tiriti o Waitangi / The Treaty of Waitangi consistent with the Commission's mandate. He Pou Herenga, the newly formed Māori advisory body, supports the Commission's Board and helps by building the Commission's understanding of climate change from a kaupapa Māori perspective. The Pou strengthens our advice and considers the Crown-Māori relationship, te ao Māori, and specific impacts for iwi/Māori.

Our next financial year, 2023/2024, will feature a major milestone for the Commission. For the first time, we will be able to tell the people of Aotearoa New Zealand how much progress the Government is making on reducing emissions, and its progress against the Government's National Adaptation Plan. We will also be reviewing the country's emissions reduction target, including whether emissions from international aviation and shipping should be included. This will be some of our most consequential advice to date.

Kia ora.

Dr Rod Carr, Chair
18 October 2023

Te kupu a te Pou Chief Executive's message

E rua ngā aronga kua tūtohua e Te Ture Urupare Āhuarangi mā te Komihana. Kia tuku ai i tētahi kupu akiaki motuhake, kounga hoki ki te Kāwanatanga mō te āhuarangi, me te mea, he tātari, he arotake hoki i te anga whakamua o te Kāwanatanga ki ōna ahunga āhuarangi.

Ko tā mātou mahere mahi e ai tā Te Ture Urupare Āhuarangi, i tā te herenga hoki me motuhake ā mātou mahi.

Mā te motuhake ka taea e mātou te whakarite i te kupu akiaki kia tōkeke hei tautoko i ngā whakataunga whai māramatanga a te Kāwanatanga. Ko ā mātou herenga tātari, arotake hoki he tautoko i te pikinga o te tangata aro me te whiwhi kōrero mō te Kāwanatanga ahu whakamua i ana mahi āhuarangi.

Ko te tūhonohono te matuatanga o tā mātou e mahi nei

E pūmau ana i a mātou kia tūhonohono tika hei whakatere tika i tā mātou kupu akiaki kia tōmau, kia mārama, kia whakaaweawe hoki – ā, e tautokotia ana e tō mātou herenga tukanga ā mātou mahi, hei tohutohu hoki i ngā wahanga ki te kupu akiaki.

I roto i te waru wiki o ngā uiuinga i whakaritea ki tō mātou kupu akiaki mō te ahunga o te mahere tuarua o ngā whakahekenga tukuwaro, i whakamahia e mātou te maha o ngā huinga ipurangi me ngā huinga ora e tūhonohono ai te huinga tangata huri i te motu. He mea nui ki a mātou te whakarongo atu ki ngā uauatanga me ngā āheinga i te aroaro tangata, ā, me ngā mahi ka tino whai mana ki ō mātou hapori.

E haere tonu ana ngā mahi whakatenatena i ō mātou tūhononga ā hapū, ā iwi mā te kōrero tika nei ki a rātou, ā, he mea tautoko e ō mātou pukenga Māori, kaupapa Māori hoki. He tino herenga te whai māramatanga ki ngā whiunga kei te kupu akiaki mō te tūhononga Karauna ki te Māori, te ao Māori me ngā tūmomo whiunga ki te iwi Māori.



Ā mātou mahere mahi kei te piki tōna uauatanga

Me whai i te manawanui, i te manawaroa me te manawa piharau e tutuki ai Te Komihana i āna mahi.

I tūtohua e te tau 2022/23 i te tīmatatanga o tētahi whakawhitianga ki te Komihana, ā, i tō mātou mahere mahi e uaua haere nei. He nunui tonu ā mātou mahinga, ā, he kotahi tonu tōna haere. Ā, kua tīmata tā mātou whakawhanake i ngā pukenga e tika ana ki te kawē i o mātou arotātāi me o mātou arotakenga.

Hei whakautu i tēnei uauatanga, kua whakatūrea e mātou tētahi Tari Whakahaerenga hei tāutu tika me te whakaoti wawe i ā mātou kaupapa.

O mātou tāngata

Ko ā mātou tāngata kei te Komihana he pukenga, ā, he whai whēako hoki. Ko rātou ngā ringaringa me ngā waewae o ā mātou mahi katoa. Kei te mōhio mātou he toa rātou, ā, he nui te hiahia ki a rātou. Nā reira, he mea nui te whakarite i te wāhi nei hei wāhi whakahirahira ki te mahi. I te Aperira 23, ka whakaputaina tā mātou mahere mahi a 'Kia Toipoto', ā, i kī ai a Te Kawa Mataaho 'he tino tauira, ā, he whanaketanga pai.

Tūia ki te kupu akiaki i whakaputaina i tēnei tau mō te herenga utu me ngā ritenga taura-hoko ki te NZ ETS, kua whakaritea e mātou ki te wahanga tiketike o ngā tukuhanga mō te 12 marama e haramai nei. Mā roto i tēnei kua whakaritea e mātou tētahi rōpū hou hei ārahi i te tuatahi o ngā tukuhanga o ā mātou ahunga whakawhiti me te arotaketanga, ā, he pūrongo ki te kaunekehanga me te whakaaweawenga o te Mahere Urutau-ā-Motu a te Kāwanatanga.

Tā mātou e tutuki nei

Kei konei mātou ki te tutuki i te kaupapa mā te katoa; he uaua, ā, he matatini te mahi engari tonu he tino kaupapa. E whakahī nei au i tā mātou e mahi tahi ana ki Te Komihana o He Pou a Rangi. Mā te tūhono tāngata me te tukuhanga o te kupu akiaki motuhake, whai mana hoki me ōna pārongo toa, e kawea nei e mātou i te taunaha nui nā te Pāremata tonu i whakarite ki te whakawhitianga o tā Aotearoa ki tētahi anamata pakari, tukuwaro iti, āhuarangi whakamārohirohi hoki.

Jo Hendy, Chief Executive
18 October 2023

The Climate Change Response Act (CCRA) sets out the purpose of the Commission. We provide independent, expert advice to the Government on climate change, and monitor and review the Government's progress towards its climate goals.

Our work programme is set out in the CCRA, as is the requirement that we must act independently.

Our independence enables us to provide impartial advice to support well-informed decisions by successive Governments. Our monitoring and review functions support increased public transparency and accessibility of information about the Government's progress on climate change action.

Engagement is at the heart of what we do

We are committed to genuine engagement to ensure our advice is relevant, informed, and effective - which is supported by our legislative requirement to engage on our work, and to consult on key pieces of advice.

In the eight-week consultation we held on our draft advice on the direction of the second emissions reduction plan, we used a variety of online and in-person engagements to connect with people across the motu. It was critical for us to hear the challenges and opportunities being faced, and actions that would make a real impact in our communities.

We continue to build our relationships with iwi/Māori through direct engagement, supported by internal cultural capability initiatives. Understanding the impacts of our advice for the Crown-Māori relationship, te ao Māori, and specific effects on iwi/Māori is integral to our work and is mandated by the CCRA.

Our work programme is increasingly complex

The Commission needs the capability, agility and resilience to do its job well.

The 2022/2023 year marked the beginning of a step-change for the Commission, with our work programme becoming increasingly complex. We have multiple work streams underway at the same time, and we have begun to build the capability required to deliver on our monitoring and review function.

In response to this complexity, we have stood up a Programme Management Office to facilitate effective and efficient completion of our projects.



Our people

The skilled and experienced people working at the Commission are the engine room of our work. We know their capability is in high demand, so it is important for us to be an employer of choice. In April 2023, we published our Kia Toipoto (Public Service Pay Gap) action plan which was recognised as “well-developed and exemplar” by the Te Kawa Mataaho Public Service Commission.

Alongside the advice we produced this year on price limits and unit supply settings for the NZ ETS, we have been preparing for a peak period of delivery over the coming 12 months. As part of this we have established a new team to lead the delivery of our first adaptation and monitoring outputs, including a report on the progress and effectiveness of the Government’s national adaptation plan.

Pride in our work

We are here to do a job for the sake of everyone; it is challenging and complex work but it is incredibly important. I take pride in what we collectively deliver at He Pou a Rangi Climate Change Commission. Through connecting with people and delivering independent, evidence-based advice and progress reports, we play our part in the system that Parliament established to transition Aotearoa New Zealand to a thriving, low emissions, climate-resilient future.

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

Jo Hendy, Chief Executive
18 October 2023



01

He Pou a Rangi me ōna mahi The Commission and our work

Box 1

He Pou a Rangi - Ingoa Māori

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

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

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

He Pou a Rangi: Te mātai matua The Commission at a glance

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

1. Climate Change Response (Zero Carbon) Amendment Act (2019)
<https://www.legislation.govt.nz/act/public/2002/0040/latest/DLM158584.html>

He Pou Haepapa: Te herenga āhuarangi o Aotearoa

Our role in Aotearoa New Zealand's climate action system

- As the independent climate change advisor to the Government, we have a unique role in helping enable climate action in Aotearoa New Zealand.
- Our statutory purpose is to provide expert, independent advice to the Government on mitigating and adapting to the effects of climate change, and to monitor and report on the Government's progress towards its emissions reduction and adaptation goals.
- Our mandate is to advise successive governments, so our work will inform national climate policy development over decades. This work will help Aotearoa New Zealand achieve its climate adaptation and mitigation goals.
- Our work is not conducted in isolation (see Figure 1). We engage and consult with other public agencies, iwi/Māori, and stakeholders across communities, businesses, and academia. This helps to ensure our advice is robust and informed by the experience, knowledge, needs, and insights of those affected by climate change policy and by the changing climate.

Te mahere mahi Work programme

- Our work programme is clearly laid out in the Climate Change Response Act 2002 (CCRA) which sets the boundaries for our work through our statutory purpose and functions².
- To fulfil our purpose, our legislative functions require us to perform specific tasks and deliver within specific multi-year timeframes. Figure 2 illustrates the multi-decade timeline of our statutory functions and deliverables from our establishment through to the 2040s.
- Consistent with our purpose under the CCRA, we also provide the Government with other advice as requested.
- This annual report highlights our progress against this work programme for outputs we delivered in 2022/2023 and those we began to develop for 2023/2024 and beyond.

2. For more information on our functions and duties under the CCRA refer to our Statement of Intent <https://www.climatecommission.govt.nz/who-we-are/corporate-publications/statement-of-intent-2/>

Figure 1 Our role in Aotearoa New Zealand’s climate policy and action system

Upholds - Te Tiriti o Waitangi / Treaty of Waitangi principles of partnership, participation, protection and equity

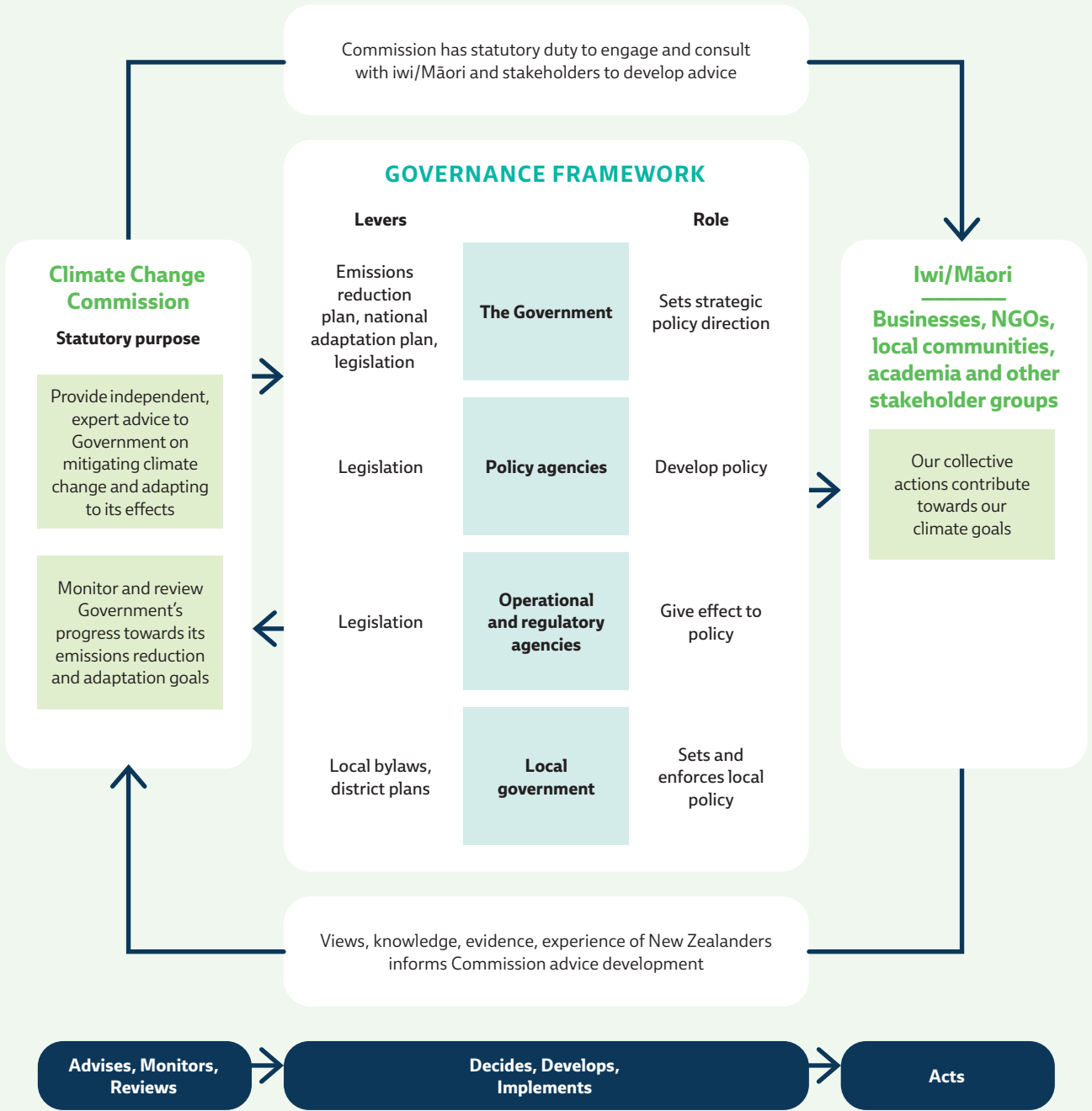
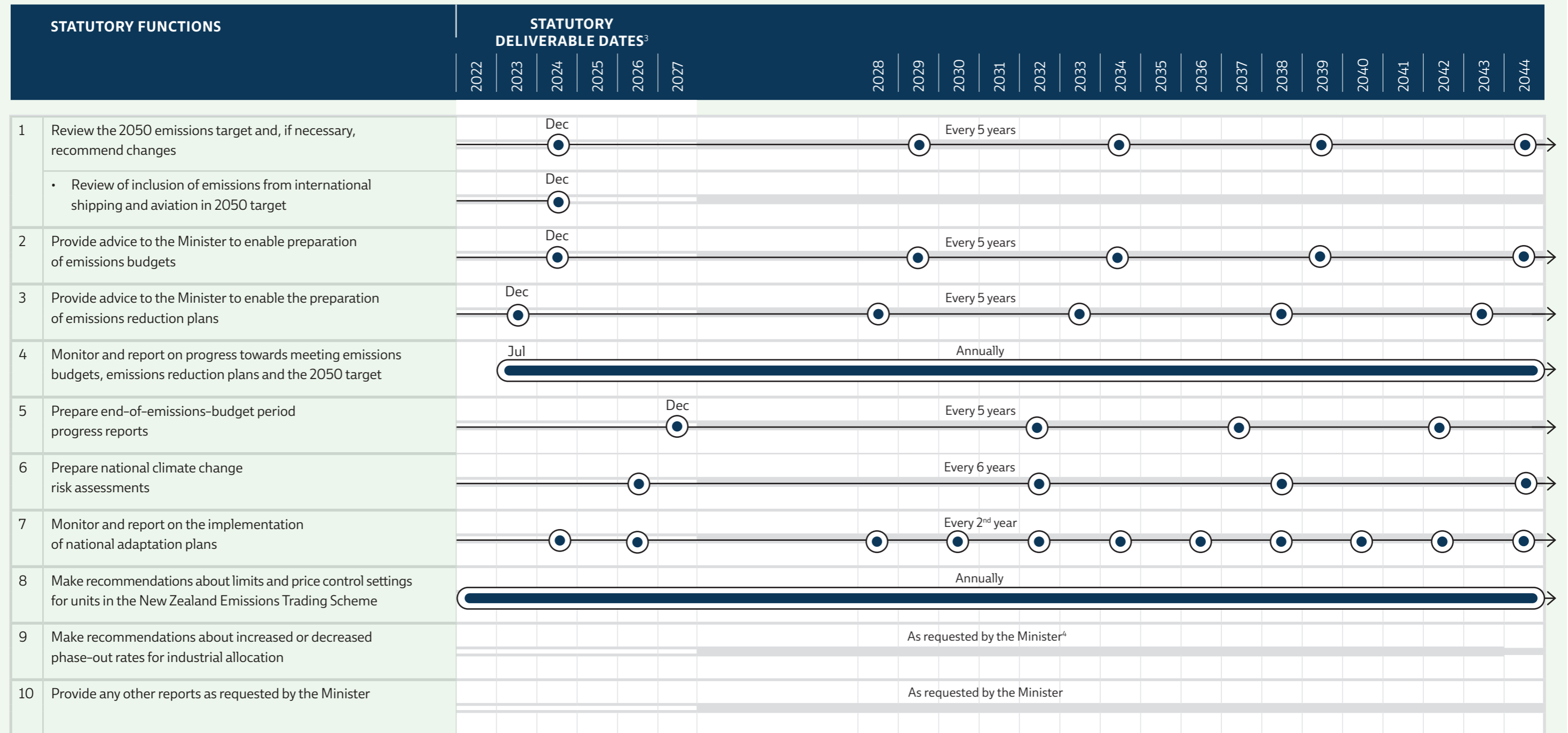


Figure 2 Statutory functions and deliverables mapped out to 2044



3. These dates reflect the latest time by which the deliverable must be provided. In some cases, there is also the possibility of the Commission providing advice at other times under certain circumstances.

4. Increases must be decided before the start of the emissions budget period in which they will apply from 2026 onwards; and decreases before the start of the year in which they will apply from 2031 onwards.

He Pou Aronga: Te whakarawe i te kupu-akiaki Our approach to providing advice

We know that *how* we develop our advice is as important as *what* our advice says, so we put engagement at the heart of what we do. Our approach is in three stages:

Engage and consult: We listen and have conversations with New Zealanders. The advice we develop can have a long-term impact for Aotearoa New Zealand and all who live here. Because of this, we need to understand and consider the various perspectives across Aotearoa New Zealand, whether in business, communities, or academia. We work to understand the specific impacts of our advice on iwi/Māori, build relationships with iwi/

Māori in developing our advice, and incorporate te ao Māori into our approach. Our engagement is two-way, ongoing, and scaled to the scope of the advice we provide. We recognise the importance of the Crown-Māori relationship under Te Tiriti o Waitangi / The Treaty of Waitangi and seek to understand and incorporate the aspirations of, and impacts on, whānau, hapū and iwi.

Collate and analyse the evidence: We gather and analyse data and weigh up all the evidence, taking care to ensure it is relevant and comprehensive. We gather our data and information from a wide range of credible sources. We are methodical in our approach to data collection and modelling. We also test the quality of our evidence and refine it with iwi/Māori and a wide range of stakeholders.

The CCRA requires us to think broadly about the impacts and effects of climate change and our policy response now and into the future. This means we need to consider all aspects of that system - ecology and the environment, how any changes would affect individuals and households, and what our advice would mean for business, our society, and our economy.

Advise and monitor: We deliver high quality advice to the Government and monitor progress to meet the emissions reduction and adaptation goals for Aotearoa New Zealand. The Government implements policies that support and incentivise

the transition to a climate-resilient and low emissions future. By providing independent and evidence-based advice, we help Aotearoa New Zealand make good choices and avoid costly mistakes.

Te whakamahere 2020-2024 Strategic framework 2020-2024

Our strategy and approach to performance measurement for this annual report is set out in our July 2020 to June 2024 Statement of Intent (SOI)⁵.

Our strategic outcomes framework from the 2020-2024 SOI is described in Figure 3. It sets out the **vision** and **mission** that have guided us for the past three years; the two high-level, long-term **outcomes** we have sought to contribute towards; the three medium-term **impacts** we have aimed to influence or drive; our broad **outputs** ('What we deliver'); and the organisational **capabilities** that enabled us to do this.

The 'Strategies for Delivery' section in Figure 3 lists **our three strategic intentions** for the 2020-24 period - **Perform, Connect, Build**. These are the pillars or Pou that have provided a consistent structure for defining, organising, delivering, and communicating what we have sought to achieve over the life of the 2020-2024 SOI.

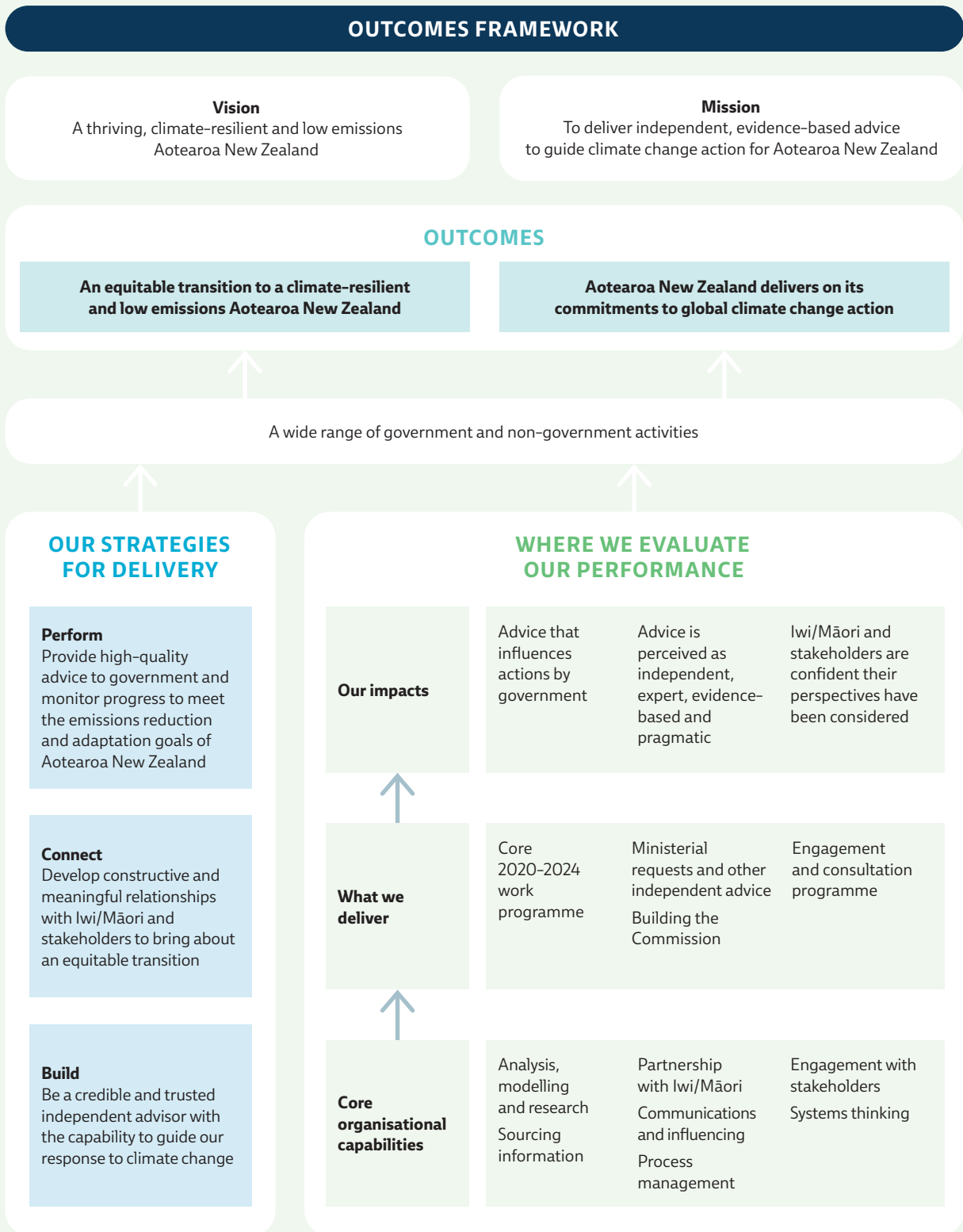
In the following section we describe the key highlights for 2022/2023 that contributed towards delivering our strategic intentions. These highlights are a reflection of the key outputs we described in our 2022/2023 Statement of Performance Expectations⁶.



5. <https://www.climatecommission.govt.nz/public/CCC-SOI-July-2020-June-2024.pdf>

6. <https://www.climatecommission.govt.nz/public/Corporate-publications/SPE/SPE-2022-23/CCC-SPE-22-23-Final-version-for-Minister-21-06-22.pdf>

Figure 3 Our strategic outcomes framework 2020-2024





02

**Te arotaketanga
o tēnei tau**
Year in review

Pou whakaheke tōtā

Pou Perform

Under this strategic intention, we provide high quality advice to Government and monitor progress to meet Aotearoa New Zealand's emissions reduction and adaptation goals.

Our work programme, as defined in the Climate Change Response Act (CCRA), sets out our advice and monitoring deliverables years in advance (see Figure 2). For example, we have seven⁷ deliverables due by or before December 2024. Because this work can be highly complex, we begin scoping, planning, engaging, analysing, and consulting on these outputs up to two to three years ahead of due dates.

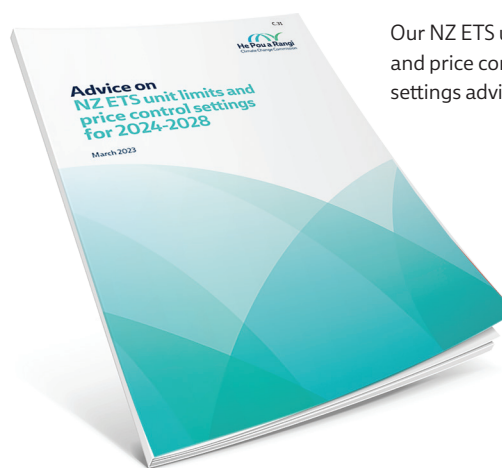
Delivery of our annual NZ ETS advice

As part of our statutory work programme, we have an annual cycle of developing and delivering advice on the New Zealand Emissions Trading Scheme (NZ ETS) to the Government.

This year, we delivered our first two reports on NZ ETS unit limits and price control settings. The first, for the 2023–2027 period, was delivered in July 2022, and the second, for the 2024–2028 period, was delivered in March 2023. (Note: the delivery of two reports in the 2022/2023 year was a one-off occurrence, reflecting the unique and compressed timeline associated with producing this advice for the first time.)

7. As at 30 June 2023

8. <https://www.legislation.govt.nz/act/public/2002/0040/latest/LMS282014.html>



Our NZ ETS unit limits and price control settings advice

The NZ ETS is currently the country's main emissions pricing mechanism. The purpose of the NZ ETS is to assist Aotearoa New Zealand to meet its international obligations to reduce emissions, including under the Paris Agreement, and the domestic emissions reduction target (the 2050 target)⁸ and emissions budgets.

The Government updates the NZ ETS unit limits and price control settings every year to ensure there are always settings in place for the next five years. Our role is to provide the Government with independent advice on what those unit limits and price control settings should be.

Our inaugural NZ ETS advice in July 2022⁹ recommended:

- reducing the limit on the number of units available for auction
- raising the trigger prices for the cost containment reserve and auction reserve price
- changing to a two-tier cost containment reserve from 2023.

In December 2022, the Government decided not to follow all of our recommendations. In its response, set out in a mandatory report to Parliament from the Minister of Climate Change¹⁰, the Government did not in our view provide sufficiently detailed reasoning for rejecting two of our recommendations, namely:

- to implement a two-tier structure of the cost containment reserve; and
- to increase the auction reserve price.

How the Government responds to our advice is an important part of the CCRA's accountability architecture. Ministerial reports allow us to properly consider the Government's judgements, the reasons for them, and their implications as we develop our next advice. We wrote to the Minister of Climate Change in February 2023 to highlight our concern that the lack of detail behind the Government's

NZ ETS reasoning had been the first test of this element of the CCRA and could set a precedent¹¹.

Our second NZ ETS advice delivered in March 2023 contained largely the same analysis as our first, with further adjustments in unit limits to align with Aotearoa New Zealand's emissions budgets, 2050 target, and Nationally Determined Contribution (NDC) to lowering global emissions. We were also more explicit that some of our recommendations are interconnected and should not be implemented in isolation.

In May 2023, Lawyers for Climate Action New Zealand Incorporated (LCANZI) brought a judicial review of the Government's changes to the NZ ETS regulations that were promulgated following the Government's decision not to accept our advice. The parties reached a settlement and in July 2023, the High Court issued a decision reflecting this settlement. Later in July, consistent with the settlement, the Government announced that it had re-made its decision to almost entirely align with our advice. As a result, settings for the December 2023 auction will be retrospectively changed at the same time as new settings for 2024-2028 are adopted.

Our next annual NZ ETS advice is due in March 2024.

9. <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/nz-ets/our-advice-on-the-nz-ets/nz-ets-unit-limits-and-price-control-settings-for-2023-2027/>

10. <https://environment.govt.nz/assets/publications/cab-22-min-0533-minute.pdf>

11. <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/nz-ets/our-advice-on-the-nz-ets/letter-to-the-minister-response-to-report-on-nz-ets-settings/>

Developing our other work programme deliverables

We have seven¹² deliverables due by or before December 2024. Alongside our annual NZ ETS advice, we initiated work on the other deliverables this year, namely:

- advice for preparation of the next emissions reduction plan for the period 2026–2030
- monitoring and progress report towards meeting emissions budgets, emissions reduction plans and the 2050 target
- progress report on the implementation of the national adaptation plan and its effectiveness
- advice for preparation of the fourth emissions budget for the period 2036–2040
- advice on inclusion of emissions from international shipping and aviation in the 2050 target
- review of the 2050 target.

This represents a significant step change for the Commission’s work programme as we move from producing and delivering a relatively small number of reports, into producing and delivering multiple reports next year.

One of the challenges in developing this work through the year was the continued tight labour market which caused delays in recruitment as we competed to secure the skilled staff we require.

Developing and delivering advice on emissions reduction plans and emissions budgets

To ensure that Aotearoa New Zealand keeps moving towards its climate targets, we advise the Minister every five years on the direction of policy required in the next emissions reduction plan to achieve the next emissions budget.

Our 2021 advice, *Ināia tonu nei*¹³, provided advice on the level of Aotearoa New Zealand’s first three emissions budgets, and the strategic policy direction needed to achieve the first emissions budget through the emissions reduction plan.

Government set these emissions budgets in 2021 and published the country’s first emissions reduction plan in 2022.

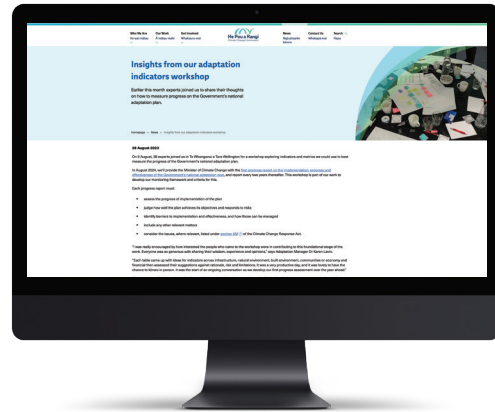
This year, we developed our draft advice on the direction of policy for the Government’s second emissions reduction plan (for 2026–2030), which will deliver on the second emissions budget (covering the period 2026–2030). We consulted on this draft advice between April and June 2023. Our final advice on the direction of policy needed for the second emissions reduction plan will be finalised and presented to the Minister by 31 December 2023.

12. As at 30 June 2023

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



<https://youtu.be/FeDmxk6HLUA>



<https://www.climatecommission.govt.nz/news/insights-from-our-adaptation-workshop/>

Monitoring progress on meeting Aotearoa New Zealand’s emissions budgets, emissions reduction plans and 2050 target

Our statutory purpose requires us to not only provide advice to the Government, but also monitor progress towards meeting Aotearoa New Zealand’s emissions budgets, emissions reductions plan and the 2050 target.

This year we began work to develop our first annual monitoring progress report. This report will include:

- measured emissions and removals based on the latest national greenhouse gas inventory report
- latest projections of current and future emissions and removals
- assessment of the adequacy of the Government’s emissions reduction plan for the emissions budget period and progress in its implementation, including any new opportunities to reduce emissions.

The report is due mid-2024, but the exact timing is dependent on the release of the annual New Zealand Greenhouse Gas Inventory report, which provides much of the raw data for our analysis.

Developing our first National Adaptation Plan Progress Report 2024

We provide the Minister of Climate Change with a progress report that evaluates the implementation of the national adaptation plan and its effectiveness on a two-yearly cycle. This report must include an assessment of implementation progress, of the degree to which the objectives of the plan have been achieved, how well the plan responds to the most significant risks posed by climate change, and identify barriers and recommendations as to how they might be addressed.

Analysis and advice relating to climate change adaptation forms a core part of our statutory purpose. This year we began to lay the foundations for this work, including preparing to develop our first biennial progress report which is due in August 2024.

Developing advice on emissions reduction target and emissions budgets

This year we have also progressed work on three pieces of advice regarding Aotearoa New Zealand’s emissions reduction target and emissions budgets.

- Advice for the fourth emissions budget period (2036–2040), and potential revision of emissions budgets one, two, and three if certain conditions are met.
- A review of whether emissions from international shipping and aviation should be included in the emissions reduction target and, if so, how.
- The inaugural five-yearly review of the 2050 target.

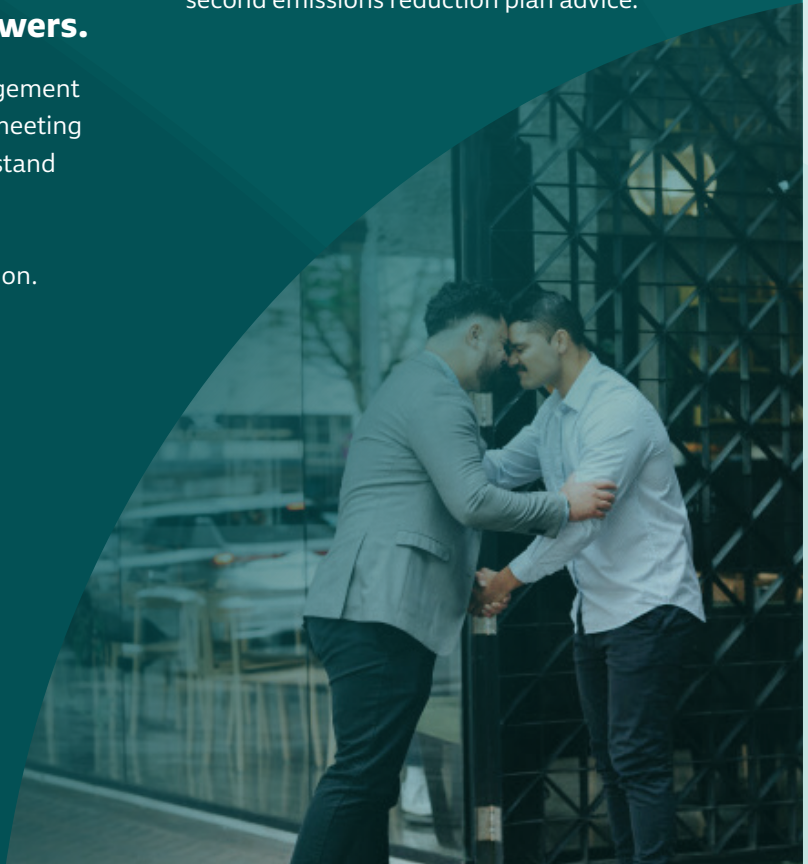
Te Tūhonoho: Tuia te iwi Māori

Building relationships with iwi/Māori

Under the Climate Change Response Act, we are required to consider the Crown-Māori relationship, te ao Māori and specific effects on iwi/Māori in our advice to Government. We also have an obligation to proactively engage with iwi/Māori when exercising our functions, duties, and powers.

We recognise that meaningful engagement with iwi/Māori goes beyond simply meeting people. It involves working to understand iwi/Māori expectations, recognising iwi/Māori rights and interests, and creating opportunities for participation.

This year we continued to build engagement with iwi/Māori through national and regional level hui in line with our strategy to build and foster ongoing relationships. This included a case study-based initiative looking at the climate challenges faced by some iwi/Māori groups and how they are responding to these challenges from a te ao Māori perspective. We also undertook wider engagement, as appropriate, as part of developing our NZ ETS advice, and consultation on our draft second emissions reduction plan advice.



He Pou Herenga

To support our statutory obligations to iwi/Māori and build understanding and awareness of climate change from a kaupapa Māori perspective, we began work to create a Māori advisory group in early 2020, not long after our establishment.

In September 2021, our Board agreed and endorsed the approach to set up an informal group, the Interim Pou Herenga, which met for the first time in October 2021. This year we finalised terms of reference for the group, and in May, we welcomed the founding members of He Pou Herenga (Pou Herenga) for their inaugural hui.

‘Herenga’ means to lash or bind together. Pou Herenga is the binding together of individuals with expertise (pūkenga) in te ao Māori and Te Tiriti o Waitangi/The Treaty of Waitangi, to form a Pou that will support our work as an independent, expert advisor to the Government. Two of its members must always be Commissioners, currently Dr Tanira Kingi and Lisa Tumahai, to maintain the connection between the Commission’s Board and the Pou Herenga.

The other founding members of Pou Herenga – appointed through a public process run by the Commission from December 2022 to February 2023 are¹⁴:

Professor Kura Paul-Burke – Professor Mātai Moana (Marine Research), Te Whare Wānanga o Waikato (Ngāti Awa, Ngāti Whakahemo)

Dr Dan Hikuroa – Associate Professor, Te Wānanga o Waipapa, Waipapa Taumata Rau-University, Auckland (Ngāti Maniapoto, Waikato-Tainui, Ngāti Whanaunga, Ngāti Uekaha)

Tui Shortland – Chair, Northland Regional Council (Ngāti Hine, Ngāpuhi, Ngāti Raukawa au ki te Tonga, Kai Tahu, Te Arawa)

Miriana Stephens – General Manager, AuOra, Wakatu Incorporation (Ngāti Rārua, Ngai Te Rangī, Ngāti Ranginui)

Hayden Swann – Federation of Māori Authorities National Executive, Tairāwhiti Representative (Ngāti Porou, Rongowhakaata, Te Aitanga a Māhaki, Ngaitai)

Sheridan Waitai – Executive Director, Ngāti Kuri Trust (Ngāti Kuri, Te Rārawa, Ngāti Rehia, Ngāti Hine Ngāpuhi, Tainui)

Joining the Pou from July 2023:

Tiana Jakicevich – He Pou Herenga Taiohi Representative (Ngāti Kahungunu ki Te Wairoa, Te Whakatōhea, Ngāti Pahauwera, Hineuru Rongomaiwahine, Ngāi Tūhoe)’

14. All members are appointed in their individual capacity not as a representative of any group or the interests of organisations with which they may have an association.

Te Pou Tūhono Pou Connect

Under this strategic intention, we develop constructive and meaningful relationships with iwi/ Māori and key stakeholders to bring about an equitable transition.

This year, we continued to engage across the country to build relationships with stakeholders and understand the impact of our advice. We talked and listened to people on a range of work including our draft advice on the second emissions reduction plan. We also put out a call for evidence for our review of emissions reduction targets and emissions budgets.

Connecting across Aotearoa New Zealand and internationally

We understand that people are at the heart of action on climate change. For our advice to be meaningful and practical, it must reflect the expertise, experiences, needs, and aspirations of the people of Aotearoa New Zealand.

We met with people across the country over 2022-2023, to understand their context and as part of our early engagement and information gathering to inform our advice. We held over 100 hui and visited Southland, Taranaki, Nelson/Tasman, Hawke's Bay, Rotorua, Auckland and Taupō, as part of our early engagement for developing our draft advice on the direction of policy needed for the second emissions reduction plan.

We also visited some of the regions that had been affected by extreme weather events exacerbated by climate change. This year, in Hawke's Bay, we met with local government and community group representatives who shared how their communities and work had been impacted by Cyclone Gabrielle. In Nelson, we spoke to those affected by the severe landslips and flooding, as well as seeing the impacts on the land from these events.

In addition to our community engagement events, we met with local government on regional visits. We presented to mayors, board chairs and chief executives of local government via a Local Government New Zealand event.

We also engaged with a range of other stakeholder communities. These included transport and farming industry groups and various non-government organisations with climate expertise and interests. We also met with leading New Zealand businesses from the energy, telecommunications, food and beverage, construction, transport, waste, and financial sectors.

Connecting internationally provides helpful context and insight for our domestic work. Engaging with climate commissions from other countries was particularly important, including through our role on the steering committee of the International Climate Council Network (ICCN). We also met bilaterally with counterparts from Canada, Ireland, the UK, and the US. These discussions covered topics including adaptation monitoring, agriculture, carbon removal techniques, and approach for national climate change risk assessments.



We attended the UN Climate Change Conference COP27 in Egypt
Image credit: <https://www.flickr.com/photos/unfccc/52500337716>

We attended the UN Climate Change Conference, COP27, in Egypt to connect with international adaptation and monitoring experts and share experiences with other countries grappling with similar challenges. This engagement helped to inform our work to establish our statutory adaptation function and prepare for the delivery of our first adaptation report in 2024/2025. We also spoke on several panels at COP27, including hosting a panel with our counterparts in ICCN.

Connecting to inform emissions-related advice

This year, we consulted on our draft advice on the direction of the Government’s second emissions reduction plan. We engaged with people across the motu to understand different perspectives on our emissions reduction plan advice.

Our consultation approach was designed to provide people with the best format for them to connect with us. We held focused Commissioner-led and staff-led engagement hui with iwi/Māori. For stakeholders, we held in-person meetings, open online events, or panel discussions at universities. We travelled to Auckland, Nelson/Tasman, Southland, Rotorua, Manawatu, Taranaki, Hawke’s Bay, Christchurch, Dunedin, Timaru, and Queenstown. We held in-person events and open webinars with collectively around 500 attendees.

The breadth of our draft second emissions reduction plan advice was reflected in the diversity of those we met. To inform our chapter on maintaining and

enhancing wellbeing, for example, we engaged with a diverse group of stakeholders. These included community and non-profit groups working on poverty, disability, and ethnic minority issues; officials engaged in just transition work; and health professionals with climate expertise and interests.

The consultation on our draft advice for the second emissions reduction plan closed in June 2023. Following the consultation process, we began reviewing and considering the feedback received. Where appropriate, this feedback will be used to adjust and refine our final emissions reduction plan advice which must be delivered to the Government by 31 December 2023.

We also called for evidence to support our review of Aotearoa New Zealand’s emissions reduction targets and emissions budgets during the year. Submissions for this call for evidence will contribute to three areas of our work:

- preparing for the fourth emissions budget period (2026-2040) in addition to any revisions to emissions budgets one, two and three
- reviewing whether emissions from international shipping and aviation should be included in the emissions reduction target (the 2050 target)
- the first of a regular five-yearly review of the 2050 target.

Submissions for this call for evidence closed on 31 July 2023.

Te Pou Tokotoko

Pou Build

Under this strategic intention we strive to be a credible and trusted independent advisor with the capability to guide Aotearoa New Zealand's response to climate change.

Since our establishment in 2019, we have built and implemented functions and systems to support delivery of our statutory advice and monitoring outputs. This year we continued these essential build activities, establishing our adaptation function, a Programme Management Office, and He Pou Herenga (Pou Herenga), our Māori advisory group. We also continued to invest in our people to ensure we have the skills, knowledge and experience we require for our work.

Organisational build

Through the year we worked within a tight labour market and with post COVID-19 challenges to implement initiatives to ensure we have the resources to deliver our work programme. Key initiatives included:

- designing our adaptation monitoring function and associated analytical work programme supported by additional core funding appropriated through Budget 22. This new team and programme will lead the development and delivery of our adaptation and monitoring outputs from 2023/2024

- establishing a Programme Management Office and associated project management framework and steering committee to coordinate and oversee work across the statutory deliverables programme. The Programme Management Office develops and delivers programme and project management standards to facilitate effective and efficient completion of our statutory deliverables
- establishing Pou Herenga (see page 25)
- improving our financial reporting processes and developing a programme to review our internal organisational policies and key systems.

Building our people capability

Providing high quality advice to the Government depends on our staff capability, capacity, and wellbeing. Investing in learning and development opportunities and providing support for staff is critical to our success as an organisation.

This year, the additional new elements of our statutory work programme drove a significant amount of on-the-job training as staff developed and implemented new analytical programmes and support systems.

Peer-to-peer learning also continued to be an important source of knowledge and skills for staff. This included participation in public sector professional networks, and accessing resources such as Te Kawa Mataaho Public Service Commission's Leadership Development Centre. As necessary, we provided formal learning and development opportunities, including first aid training, and media training for staff involved in consultation and engagement.

An important and continuing part of enhancing staff capability over the year was our cultural capability programme, which received positive feedback from staff. This included weekly internal te reo Māori classes and a te ao Māori lecture series on pou (themes) such as te reo Māori, Māori relationships, Māori engagement, mātauranga Māori, climate change, the Māori economy, and Te Tiriti.



An important and continuing part of enhancing staff capability over the year was our cultural capability programme

To service our growing statutory workload, we had a net increase in staff from 59 to 73 people over the year (see page 52). This increase was an important step towards building the internal capacity and capability we need to deliver our statutory advice and monitoring outputs and to reduce our use of contractors. However, the nature of our work, particularly the need for specialist niche advice, and spikes in workload, means that contractors and consultants will continue to be required in some cases.

Despite this increase in staff, the challenging recruitment environment and the lingering impact of COVID-19 on unplanned leave meant that staff workloads were unreasonably high for extended periods during the year. To maintain staff wellbeing, and where timeframes were flexible, certain discretionary work was postponed and time-off in lieu provided as needed.



03

Te mātai kawenga **Performance** **assessment**

Te kawenga nui

Statement of performance

This section sets out the information required by section 153 of the Crown Entities Act and section 19A of the Public Finance Act relating to year-end performance assessment. It complements and supports the 'Year in review' commentary provided in the preceding section.

Our appropriations

We are funded by two non-departmental appropriations under Vote Environment: a main output expenses appropriation (titled 'Advisory and monitoring functions') and a smaller capital expenditure appropriation (titled 'Capital Contribution'). In 2022/2023 these appropriations were \$15.532m and \$0.960m respectively. Both appropriations are administered by the Ministry for the Environment.

The scope of our output expenses appropriation is limited to the establishment and operations of the Commission in accordance with our statutory purposes and function. The scope of the capital appropriation is limited to providing a capital injection.

Both appropriations are intended to provide independent, evidence-based advice to Government to help Aotearoa New Zealand transition to a low emissions and climate-resilient economy.

The information contained in this report (including this section) constitutes the required end-of-year assessment of performance (as described in Table 1) for these appropriations.

Table 1 How performance will be assessed



Achieved



Not achieved



Not applicable

Appropriation	Assessment of Performance	2021/2022		2022/2023	
		Final Budgeted Standard	Estimated Actual	Final Budgeted Standard	Estimated Actual
Output expenses	The Climate Change Commission will carry out its functions in accordance with its purpose as set out in its enabling legislation and its Statement of Intent	✓	✓	✓	✓
Capital expenditure	Expenditure in accordance with the Climate Change Commission's capital asset management plan	⊘	⊘	✓	✗

Source: Vote Environment – Natural Resources Sector – Estimates of Appropriations 2022/2023¹⁵

15. <https://www.treasury.govt.nz/sites/default/files/2022-06/est22-v8-envir.pdf>

Our performance against our capital appropriation is noted as not achieved in Table 1. This is because we did not develop a formal capital asset management plan during the year. Instead, the approach we took to this appropriation was to manage expenditure through our normal budgeting process.

Reportable class of outputs

As defined by our statutory purpose, and our Vote appropriation, we have a single reportable class of output, our advisory and monitoring functions. The associated revenue and expenditure for 2022/2023 for our output class, are described in Table 2.

Table 2 Reportable class of outputs revenue and expenditure (advisory and monitoring functions)

	2021/2022		2022/2023	
	Actual \$000	Budget \$000	Actual \$000 (including interest)	Budget \$000
Revenue	12,508	12,486	15,787	15,532
Expenditure	10,519	12,759	15,318	16,209

Performance measures

As an advisory and monitoring body, we do not run or implement policies or programmes. Our impact, and the public benefit we deliver, stems instead from the quality of our independent, expert analysis and advice, and the engagement, consultation and communication that underpins it.

Our performance measurement approach therefore focuses on whether our work is high quality, our advice is timely, we maintain good process management, and our relationships with iwi/Māori and key stakeholders are effective. Consequently, we take a qualitative, evaluation-based approach to measuring our performance using:

- internal processes to ensure deliverables are robustly scoped, developed and delivered
- external testing of our draft advice to the Government
- case studies of how we build our relationships with iwi/Māori
- monitoring how effectively we communicate our work
- feedback from the Minister of Climate Change
- a biennial survey of stakeholders.







Our 2022/2023 Statement of Performance Expectations¹⁶ sets out in detail our performance measurement framework. It lists our 13 performance measures for the year, which are aligned to the impacts, and outputs described in our SOI 2020-2024¹⁷. Our year-end assessment of these performance measures for 2022/2023 is set out in Tables 3 and 4.











Note that four of our measures (numbers 2, 5, 11, 12) were not measured this year as they rely on data from our biennial stakeholder survey. Our next survey will be run in the first half of 2023/2024. Year-end commentary has been provided however for these measures to reflect the engagement and consultation with stakeholders that took place through the year.

16. <https://www.climatecommission.govt.nz/public/Corporate-publications/SPE/SPE-2022-23/CCC-SPE-22-23-Final-version-for-Minister-21-06-22.pdf>

17. <https://www.climatecommission.govt.nz/public/CCC-SOI-July-2020-June-2024.pdf>

Table 3 Impact related performance measures

 Achieved
  Not achieved
  New measure
  Partially achieved
  Not measured
  Baseline established







Impact indicator	#	Performance Measures (PM)	Assessment method	Standard 2021/2022 result	Standard 2022/2023 result	Commentary
Government response to the Commission's advice	1	The Government has understood our advice, considered it appropriately and given it weighting in their considerations	Assessment of collated feedback from Government	 New measure in 2022/2023	 Achieved	<ul style="list-style-type: none"> The Commission provided the Government with two pieces of advice on the NZ ETS unit limits and price settings in 2022/2023 – in July 2022 and in March 2023. The Government responded to the July advice in December 2022 and the March advice in July 2023. The relevant Cabinet papers demonstrated an understanding of our advice as our advice was represented accurately. The Government did not initially accept all our recommendations. However, following a judicial review application against the Government decision, it remade its decisions in July 2023 to align almost entirely with our advice. The Government released a report in December 2022 outlining how an Agriculture Emissions Pricing scheme would work¹⁸. This report was informed in part by advice provided by the Commission in 2021/2022. The report noted that the Commission's advice had been considered by Ministers.
External views of the Commission's work – is it independent, expert, evidence-based, pragmatic?¹⁹	2	<ul style="list-style-type: none"> At least 60% of our stakeholders agree we provide credible advice to the Government At least 60% of our stakeholders agree we are an evidence-based, robust organisation We will monitor for significant imbalances across different groups of stakeholders	Stakeholder survey	 Baseline established	 Not measured in 2022/2023	<ul style="list-style-type: none"> We undertook consultation and/or engagement with stakeholders through 2022/2023 on the advice we delivered through the year (our NZ ETS reports), our draft advice on the direction of policy needed for the next emissions reduction plan, and the future advice we began to develop. Stakeholder views of our advice will be captured through our 2023/2024 stakeholder survey.
	3	Reference to the Commission's advice beyond the original purpose – by government, local government, businesses and civil society ²⁰	External analysis of media reporting on our advice	 Achieved	 Achieved	<ul style="list-style-type: none"> Analytics from our media monitoring service showed that in 2022/2023, the Commission received between 47-238 mentions in media stories per month and about 2,000 over 12 months. The most prominent coverage the Commission received was the release of our draft second emissions reduction plan advice. As documented in our internal records, the release of the Commission's advice was covered by all major national media outlets and several business media outlets. In some cases, this was done online with a high degree of depth. In 2022/2023, we commissioned independent external analysis of media reporting specifically on the agricultural and NZ ETS advice we released in 2022. This showed the Commission was sometimes mentioned in relation to those issues, and coverage spiked when the Commission released its reports.
Iwi/Māori and stakeholders are confident their perspectives have been considered	4	Iwi/Māori: Case studies	Methodology involves the detailed examination of a specific subject and provides credible insights that will help inform our work going forward	 Partially achieved	 Not achieved	<ul style="list-style-type: none"> We continued our work on a case study-based initiative looking at the climate challenges faced by some iwi/Māori groups and how they are responding to these challenges from a te ao Māori perspective. We did not publish any case studies in 2022/2023. Where permission is granted from iwi/Māori groups involved, we intend to make these case studies publicly available in 2023/2024 as we publish the evidence base we have drawn on for our 2023-2024 deliverables.
	5	Stakeholders: Addressed through the stakeholder survey, see measures 2, 11 and 12		 Achieved	 Not measured in 2022/2023	<ul style="list-style-type: none"> The Commission is currently preparing for our second survey of stakeholders, which we undertake every two years. The survey will be completed in the first half of 2023/2024.









18. <https://environment.govt.nz/assets/publications/Pricing-agricultural-emissions-report-under-section-215-of-the-CCRA.pdf>

19. Data on which we rely to assess performance is only available on a two-yearly basis through the stakeholder survey

20. Note this measure has been modified from our 2022/2023 Statement of Performance Expectations, specifically: the original 'Impact indicator' text is now the 'Performance Measure' text, and the 'Assessment method' text is now more specific than the original (ie 'Monitoring the reach of our advice').







Table 4 Output related performance measures









 Achieved
  Not achieved
  New measure
 Partially achieved
  Not measured
  Baseline established

Output indicator	#	Performance Measures (PM)	Assessment method	Standard 2021/2022 result	Standard 2022/2023 result	Commentary
Timely delivery of reports and advice	6	100% of requested reports and advice are delivered by the agreed date	Record of agreed dates and actual delivery dates	 Achieved	 Achieved	<ul style="list-style-type: none"> Two Emissions Trading Scheme (NZ ETS) advice reports were delivered on schedule to the Minister in July 2022 and March 2023. No other statutory advice was due in 2022/2023.
High quality work	7	100% of advice is developed in accordance with rigorous internal standards and procedures for quality assurance	Internal quality reviews checking the rigour of the work done: including feedback from internal reviewers, analyst responses to reviewer comments and senior responsible owner sign-off	 Achieved	 Achieved	<ul style="list-style-type: none"> Our 2022 and 2023 NZ ETS settings advice was delivered having followed internal standards and procedures for quality assurance and control. The consultation draft of our second emissions reduction plan advice was developed in accordance with internal standards and procedures for assurance. The rest of our statutory work programme was scoped and developed in a manner consistent with these internal standards and procedures.
	8	100% of the advice on matters specified in the CCRA or requested by the Minister is subject to appropriate external testing and review	Adherence to the Commission's testing and review protocol	 Achieved	 Achieved	<ul style="list-style-type: none"> Our 2022 and 2023 NZ ETS draft advice was independently reviewed by two external experts and recommendations incorporated where appropriate in the final advice. Our consultation on the draft second emissions reduction plan advice resulted in around 300 external submissions. The feedback received will be considered in the preparation of final advice due in December 2023. Project planning for the rest of our forward statutory work programme incorporates appropriate external testing and review.
	9	Clear delivery of message ²¹	External and internal analysis of media reporting on our advice	 Achieved	 Achieved	<ul style="list-style-type: none"> External analysis of media coverage on agricultural emissions and the NZ ETS – both technical issues – showed that the Commission was mentioned in 29% of NZ ETS coverage and 27% of agriculture emissions pricing coverage. The analysis also showed mentions of the Commission spiked noticeably when the Commission released its advice on these topics. 61% of Commission mentions within broader coverage of these issues were in passing – i.e. broad references to the Commission's involvement in providing advice to the government, rather than explicit mentions of its advice, positions or spokespeople. However, these mentions still reinforce the role the Commission plays as an independent, expert advisor. The analysis also noted that the Commission's near neutral "media impact score" was 0.1 (on a 0-1 scale where neutral is 0), underlining the Commission's role as an independent and neutral advisory body in this coverage. While we did not undertake external analysis of the April release of the draft advice for the Government's second emissions reduction plan advice, our own analysis pointed to prominent and accurate coverage in major national and business media outlets. Several outlets, particularly in online coverage, reported on the draft advice with a high degree of depth.

21. This measure has been modified from our 2022/2023 Statement of Performance Expectations to make it more specific. In the previous year the measure was 'The percentage of key stakeholders who believe our messages over time have been clear and consistent'. This measure was achieved in 2021/2022, as noted in Table 4.

Table 4 (continued) Output related performance measures

 Achieved
  Not achieved
  New measure
 Partially achieved
  Not measured
  Baseline established

Output indicator	#	Performance Measures (PM)	Assessment method	Standard 2021/2022 result	Standard 2022/2023 result	Commentary
Partnership with iwi/Māori	10	Consideration is given to te ao Māori, tikanga, Mātauranga, te reo, and the Māori economy. Staff demonstrate capability to engage appropriately with iwi/Māori and understand Māori perspectives	Internal principles of engagement with iwi/Māori based on the partnerships strategy are upheld	 New measure in 2022/2023	 Achieved	<ul style="list-style-type: none"> We continued to engage with iwi/Māori through 2022/2023 in-line with our approach for this work and our legislative duties under the CCRA. This included monthly internal lectures for staff on core concepts within te ao Māori and sustained engagement hui with iwi/Māori groups in line with our statutory deliverables. All our statutory advice developed and delivered in 2022/2023 was reviewed by our Rautaki Māori team as a core part of our internal analytical process, to ensure consideration was given to legally defined elements of te ao Māori. We continued our internal Māori capability programme through the year, with positive staff feedback. Over 50% of staff felt confident to incorporate Māori perspectives into their work. Significant majorities believed the Commission supported the learning of tikanga Māori (84%), the use of te reo Māori at work (84%), and actively valued te ao Māori (83%).
Effective engagement with stakeholders and communities ²²	11	Engagement <ul style="list-style-type: none"> At least 50% of our stakeholders are positive about their ongoing engagement with the Commission At least 60% of our stakeholders report finding value in engaging with the Commission At least 60% of our stakeholders believe that there are sufficient opportunities to provide thoughts/feedback to the Commission We will monitor for significant imbalances across different groups of stakeholders	Stakeholder survey	 Baseline established	 Not measured in 2022/2023	<ul style="list-style-type: none"> We engaged with a wide range of stakeholders about our work programme through 2022/2023, including over 330 meetings across the motu and 16 online webinars. Stakeholder views of our 2022/2023 engagement will be captured through our 2023/2024 stakeholder survey.
	12	Consultation <ul style="list-style-type: none"> At least 60% of our stakeholders rate our consultation process as 'very good' or 'fairly good' At least 65% of our stakeholders feel it is easy to provide a submission At least 50% of our stakeholders feel that it was worthwhile to make a submission We will monitor for significant imbalances across different groups of stakeholders	Stakeholder survey	 Baseline established	 Not measured in 2022/2023	<ul style="list-style-type: none"> We conducted one formal consultation process in 2022/2023: for the Commission's draft second emissions reduction plan advice. Our consultation approach was designed to provide people with the best format for them to connect with us. This included in-person meetings, open online events, or panel discussions at universities. We travelled to Auckland, Nelson/Tasman, Southland, Rotorua, Manawatu, Taranaki, Hawke's Bay, Christchurch, Dunedin, Timaru, and Queenstown. We held in-person events and open webinars with collectively around 500 attendees. We received around 300 public submissions through the second emissions reduction plan advice consultation. Stakeholder views of our 2022/2023 consultation will be captured in our 2023/2024 stakeholder survey.
Good process management	13	100% of OIAs are responded to within the statutory timeframe	Internal OIA tracker	 Not achieved	 Not achieved	<ul style="list-style-type: none"> We received 29 OIA requests during 2022/2023. 28 of these (96.5%) were responded to within the required statutory timeframe.

22. Data on which we rely to assess performance is only available on a two-yearly basis through the stakeholder survey

Te inenga - Ngā kaupapa tahua nui Measurement of Budget significant initiatives

Since our establishment in December 2019, additional appropriations through Budgets 2021 and 2022 have resulted in a total annual budget increase from \$8.535m in 2020/2021 (our first full year of operation) to \$15.532m in 2022/2023 (see Table 5). The additional output expenses appropriations are within our existing reportable class of outputs and associated performance measures presented above.

This increase in the Commission's annual budget has been necessary to enable the delivery of our statutory purpose and functions. As a relatively new organisation, the original funding estimates have needed to be adjusted to reflect the actual requirements of delivering our advice and monitoring outputs.

For example, increased funding supported the establishment of our NZ ETS advice function (mandated by a June 2020 amendment to the Climate Change Response Act), the establishment of our adaptation function from 2022, and additional resourcing across our analytical teams as we have moved into our multi-year, multi-advice work programme. Some of this increased funding has also been used for internal support functions, including capital to support an office refit and maintain our modelling capacity (see Table 6).

Table 5 Non-departmental output expenses – advisory and monitoring function

Budget significant initiative (Advisory and Monitoring Function)	Year of first impact	2019/2020 \$000	2020/2021 \$000	2021/2022 \$000	2022/2023 \$000
Sustainable land use – Climate Change Commission and government response contingency	2019/2020	3,610	8,535	10,035	10,035
Funding for the Climate Change Commission to support Aotearoa to respond to the Climate Emergency	2021/2022			2,377	2,377
Supporting He Pou a Rangi Climate Change Commission to advise on a thriving, low emissions and climate resilient future	2022/2023				3,120
Total appropriation		3,610	8,535	12,412	15,532

Table 6 Non-departmental capital expenditure contribution

Budget significant initiative (Capital Contribution)	Year of first impact	2019/2020 \$000	2020/2021 \$000	2021/2022 \$000	2022/2023 \$000
Expenditure in accordance with the Climate Change Commission’s capital asset management plan	2022/2023				960
Total appropriation					960



04

**Pou kawana,
pou tangata
Governance
and people**

Ngā pou komihana me te pou whakahaere Our Commissioners and Chief Executive



Dr Rod Carr

*Chairperson
(appointed in December 2019)*

Dr Rod Carr has extensive experience in both public and private sector governance and leadership. He has served in senior governance positions at the Reserve Bank of New Zealand, Canterbury Employers' Chamber of Commerce, and the University of Canterbury. He was also the founding Chair of the National Infrastructure Advisory Board, a director of Lyttelton Port Company Ltd and Taranaki Investment Management Ltd.



Lisa Tumahai

*Deputy Chairperson
(reappointed in December 2021)*

Lisa Tumahai has a wealth of expertise in Te Tiriti o Waitangi workings and te ao Māori. She has served in the Tribal Parliament of Ngāi Tahu for over 20 years and has held the role of Kaiwhakahaere for the last seven. She is a leader for her hapū, Ngāti Waewae, and a commercial director for her Papatipu Rūnanga on Te Tai Poutini West Coast.



Dr Judy Lawrence

*Commissioner
(reappointed in December 2022)*

Dr Judy Lawrence is experienced across climate change science, national and local government mitigation, adaptation policy and practice, and in developing and applying innovative adaptation decision-making approaches. She has served as Coordinating Lead Author with the Intergovernmental Panel on Climate Change (IPCC). She works with and draws from international, national, regional and local networks, and has served as an elected member of a regional council.



Catherine Leining

*Commissioner
(appointed in December 2019)*

Catherine Leining is a leading expert on climate change mitigation policy, specialising in emissions trading. She is a Policy Fellow at Motu Economic and Public Policy Research and has previously held policy positions at several organisations including the Ministry for the Environment, Ministry of Foreign Affairs and Trade, Waka Kotahi and the Wellington City Council.



Professor James Renwick

*Commissioner
(appointed in December 2019)*

Professor James Renwick has over four decades of experience in weather and climate research. He has been a Lead Author and Coordinating Lead Author on three assessment reports of the Intergovernmental Panel on Climate Change (IPCC). He was awarded the Prime Minister's Prize for Science Communication in 2018.



Dr Tanira Kingi

*Commissioner
(appointed in December 2021)*

Dr Tanira Kingi has over 30 years' experience in New Zealand's primary industry sectors in management positions and as an agricultural economist and research scientist. He currently leads research programmes in mitigation and land use change scenario modelling predominantly with Māori land authorities. Tanira has a PhD in agricultural economics and development (ANU) and affiliates to Ngati Whakaue, Ngati Rangitahi, Te Arawa and Ngati Awa.



Dr Andy Reisinger

*Commissioner
(appointed in December 2021)*

Dr Andy Reisinger is an independent climate change consultant specialising in agriculture, multi-gas mitigation strategies, and adaptation and risk management, with extensive experience in climate policy advice. He recently served as a member of the Bureau of the Intergovernmental Panel on Climate Change (IPCC) and as Vice-Chair of the mitigation working group during the IPCC's 6th assessment cycle, as well as lead author for several IPCC reports.



Distinguished Professor Steven Ratuva

*Commissioner
(appointed in December 2022)*

Distinguished Professor Steven Ratuva has led several international research projects and networks on climate security, social protection and geopolitical security. He is a global interdisciplinary scholar with research expertise across sociology, environmental studies, development studies, anthropology and political science.



Professor Nicola Shadbolt

*Commissioner
(appointed in December 2019,
term ended December 2022)*

Professor Nicola Shadbolt is a leading international expert in global agribusiness, an academic, farmer, forester and experienced director. As the Chair of Plant and Food Research, and a former Director of Fonterra Cooperative Group and Transit New Zealand, she has a strong understanding of implementing sustainability in businesses. She is a Fellow of the NZ Institute of Primary Industry Management, the International Food and Agribusiness Management Association and the Australian Institute of Directors, and an Officer of the New Zealand Order of Merit.



Jo Hendy

Chief Executive

Jo Hendy has led the Climate Change Commission since its establishment. She has a background in environmental and climate research. As Director of Research and Analysis for the Parliamentary Commissioner for the Environment, she led independent investigations into sea level rise and agricultural greenhouse gas emissions. She also led the Commission's precursor, the Secretariat for the Interim Climate Change Committee, where she oversaw the Committee's inquiry into renewable electricity.

Further information on our Board and Chief Executive can be found on our website²³.

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

Te aratakinga o te whare **Governance of our** **organisation**

The Governor-General appoints our Board on the recommendation of the Minister of Climate Change following a formal appointments process through a Nominating Committee. Board members are appointed for their knowledge of, and experience in, areas relevant to our work.

The members of the Commission are a board for the purposes of the Crown Entities Act 2004. The Board is our governing body and performs a traditional governance role in providing strategic direction, ensuring the Commission performs its functions efficiently and effectively, and that it operates in a financially responsible manner. Commissioners, particularly within their respective areas of expertise, also play a central role in shaping the development of our statutory advice and ultimately approving it before it is delivered to the Government.

The Board delegates to and holds the Chief Executive accountable for the management of the Commission.

Te haepapa me ngā herenga a te Poari

Role and responsibilities of the Board

The Board discharges the functions and requirements of the Commission in several ways, including:

- monitoring our performance and planning our strategic direction
- using delegations to make our work more efficient
- using subcommittees to the Board, such as the Risk, Audit, Safety and Health Committee and He Pou Herenga (Māori advisory group)
- overseeing a variety of strategies, policies, processes, systems, frameworks and analytical approaches to help ensure effective decision-making.

The Board ensures that ministers and our monitoring department (the Ministry for the Environment) are informed of our performance, progress, issues, risks, and any matters affecting the Commission regularly throughout the year. This is communicated through regular meetings, quarterly performance reports, response to the Minister's Annual Letter of Expectations, Annual Reports, Statements of Performance Expectations and Statements of Intent.

Te whakarato rawa komihana Managing Commissioner interests

As our role is to provide independent, expert, climate mitigation and adaptation advice, the Commissioners are required to have relevant skills, experience and knowledge in these areas. Commissioners use this experience and judgement to provide advice on how Aotearoa New Zealand can meet its climate goals.

Since our Commissioners are climate, policy, or business experts by necessity, it is not unusual that they can have interests that relate to our work. To manage these, we have an interests policy²⁴ and maintain a live register of interests which can be found on our website²⁵.

Interests disclosed by Commissioners are considered and permission to act, despite an interest, is determined by the Board Chair. For interests disclosed by the Board Chair, permissions are considered and granted by the Deputy Chair or Minister, if applicable. This year we had 28 instances of permissions granted by the Board Chair for Commissioners and one instance where the Board Chair was granted permission to act by the Deputy Chair.

All interests declared by Board members are managed according to our interests policy. Where a Commissioner discloses an interest, we assess whether it raises a conflict with our work programme. The decision as to whether a Commissioner can continue to act is made by the Board Chair and where the interest disclosed is that of the Board Chair, the decision is made by the Deputy Chair or Minister if needed. In instances where a conflict of interest is identified, management of the conflict can result in the Commissioner being excluded from active discussion and decision-making in relation to the interest. Our interests register is kept up to date and reviewed at least quarterly by the Board.

24. <https://www.climatecommission.govt.nz/public/documents/Interests-Policy-February-2021.pdf>

25. <https://www.climatecommission.govt.nz/who-we-are/corporate-publications/our-interests-policy-and-register/>

Te utu Poari

Board remuneration

Table 7 Board remuneration

Total value of remuneration paid or payable to each Board member during the year was:	2023 Actual \$000	2022 Actual \$000
Roderick Carr (Chairperson)	260	214
Lisa Tumahai (Deputy Chairperson)	56	39
Catherine Leining	62	77
Harry Clark	-	31
Steven Ratuva	72	-
James Renwick	36	36
Judy Lawrence	46	67
Nicola Shadbolt	27	49
Tanira Kingi	51	24
Andy Reisinger	47	28
Total Board member remuneration	657	565

We have 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 our functions) to the maximum extent permitted by the Crown Entities Act 2004. We have 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 (Year ended 30 June 2022: \$0).

In addition, while He Pou Herenga was established in the relevant reporting period, no remuneration or fees were paid to Pou members in the 2022/2023 financial year.

Te utu tari Staff remuneration

Table 8 Staff remuneration

Total remuneration paid or payable that is or exceeds \$100,000:	2023 Actual Number	2022 Actual Number
\$100,000 - \$109,999	5	3
\$110,000 - \$119,999	6	2
\$120,000 - \$129,999	6	5
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	3	4
\$160,000 - \$169,999	2	4
\$170,000 - \$179,999	5	3
\$180,000 - \$189,999	6	1
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	2
\$230,000 - \$239,999	2	-
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	-	1
Total employees	43	28

During the year ended 30 June 2023, no employees received compensation and other benefits in relation to cessation (Year ended 30 June 2022: \$37,500).

Kia ārahina, kia tika

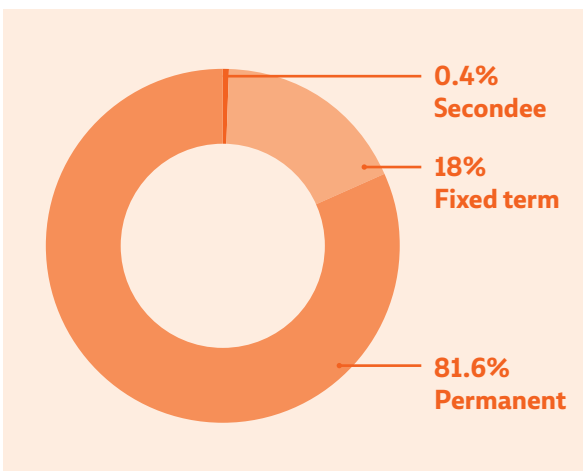
Being a good employer

Building a diverse, skilled, and inclusive workforce

Our people determine our success. We therefore aim to maintain a workplace that is diverse, happy, inclusive, and motivated.

This year, despite the challenges of a tight employment market and recruitment delays, we had a net increase in staff from 56 full-time equivalents (FTE) (59 people) to 70.6 FTE²⁶ (73 people). These FTE increases were across all our business groups and reflected our expanding work programme and the need to establish core operational functions as a new organisation. Table 9 provides a breakdown by role.

Figure 4 Employment agreements as at 30 June 2023



26. These figures exclude contractors

Table 9 Staff FTE

Roles	Total full-time equivalents (FTE)
Senior Leadership	6
Manager	6
Principal Analyst/Advisor	17.6
Senior Analyst/Advisor	18.6
Analyst/Advisor	11.7
Executive Assistant	3
Specialist	4.7
Coordinator	3

Our work requires a high level of capability in a diverse range of topics, including, but not limited to, economics, transport, energy systems, public policy, emissions trading, climate science, computational modelling, te ao Māori (including tikanga Māori, te reo Māori and mātauranga Māori), and communications. Consequently, many of our team members, including those appointed this year, hold advanced qualifications (Masters or PhDs) and come from a diverse range of backgrounds.

A key challenge for us is that staff with these skills in Aotearoa New Zealand are in limited supply and increasingly sought after by other organisations in both the public and private sectors. For us to continue delivering our statutory advice and obligations it will be critical for us to remain an employer of choice.

This year, we published our Kia Toipoto (Public Service Pay Gap) Action Plan²⁷. Our plan was one of only a very small number of plans identified by Te Kawa Mataaho Public Service Commission as being “well-developed and exemplar plans that showed a comprehensive analysis and identification of key drivers of the pay gaps”. We are in the process of implementing the actions identified in the plan. The plan will be reviewed annually so it can be updated and refined as progress is made.

Leadership, accountability and culture

The Chief Executive is responsible for ensuring that all statutory requirements for employment of employees are met. The Chief Executive is also responsible for ensuring that our employee policies operate in a way that is beneficial to the Commission, to the employees overall, and to the individual employees.

We are a small organisation and need to work well together to achieve the ambitious objectives desired by Government. We are proud of the way we pitch in and get the work done.

Employee development

We help our employees to achieve the standards expected of all employees through regular, timely, and quality conversations about performance and development.

Remuneration, recognition and conditions

Remuneration is considered along with other benefits to attract, motivate and retain employees. The capabilities, contribution and behaviours we recognise are those that align with our vision and statutory purpose and functions.

Our remuneration practices are fair, equitable, and transparent and aimed to attract and retain skilled and experienced staff. This is while meeting the standards of fiscal prudence (affordable and sustainable) required by Government and any guidance set by the Public Service Commission.

This year, challenges in the labour market continued to put pressure on recruitment, with some processes being run multiple times with unsuccessful outcomes, creating a cascading risk to staff retention as existing staff continue to deliver a high volume of output. The skilled and experienced staff required by the Commission are in high demand. We anticipate that attraction issues and retention risks are likely to remain for some time and investing in becoming an employer of choice is a critical foundation for building our workforce over the next financial year. We have secured additional office space to accommodate for the growth in staffing numbers and to increase the value of our proposition to potential candidates.

27. <https://www.climatecommission.govt.nz/who-we-are/corporate-publications/kia-toipoto-commitment/>

Harassment and bullying prevention

We seek a high standard of behaviour and personal responsibility and expect all employees to challenge unacceptable behaviour. Where possible, we seek to eliminate the risks of discrimination, bullying, harassment, and/or sexual harassment. If the risks cannot be eliminated, they will be minimised so far as is reasonably practicable.

We plan to conduct behavioural training for all staff in 2023/2024.

Recruitment

Given the relatively new and developing role of the Commission it is important that we bring the right people into the team. Our recruitment process and decisions are professional and objective. We encourage an open and inclusive process when recruiting and our recruitment process is procedurally consistent, transparent and well documented.

How we keep safe and healthy at work

We support a culture that is adaptable to changing priorities, environments, and focus, and where employees have the ability to work anywhere, anytime to deliver. We are a flexible organisation and aim to support staff with achieving a good work life balance.

To support this, we continue to work with staff to ensure they have good office and home working environments. Staff are issued with laptops for use in the office or remote working and have access to an occupational therapist to support safe working arrangements.

We have incorporated our COVID-19 practices in flexibility, safety precautions and workforce resilience into our everyday systems and processes.

We take a structured approach to identification, control and monitoring of key health, safety and wellbeing risks. A comprehensive wellbeing programme tailored to our environment occurs throughout the year, including:

- flu vaccinations
- application of air filters to our office environment
- Employee Assistance Programme
- ergonomic workstation assessments
- social network events.

In 2022/2023, we engaged a Health, Safety and Wellbeing (HSW) consultant to review our HSW systems and processes. Recommendations arising from this report will be considered for implementation in 2023/2024.

Managing our carbon footprint

In 2022/2023, our greenhouse gas emissions increased to 73.4tCO₂e, compared to 24.8tCO₂e in 2021/2022. Following COVID-19, the Commission continued to work under a business continuity approach which restricted our ability to travel. The increase in our carbon footprint came from domestic and international air travel, which normally accounts for approximately 80% of our footprint, driven by an increase of in-person consultation and engagement and the Commission's presence at COP27.

As we move into our next phase of statutory deliverables through 2024 and 2025, we anticipate this higher level of absolute emissions to continue. This is being driven by a return to our normal statutory engagement responsibilities and our new monitoring and adaptation functions.

We will continue to manage our carbon footprint, including through fully flexible working arrangements for staff, use of low emissions transport options, and use of video conferencing for public communication and engagement, as appropriate. As an independent Crown entity, we are not a part of the Carbon Neutral Government Programme.

Te ahunga a ngā Minita **Ministerial directions**

No further directions were given to the Commission in writing by a Minister under any enactment during the year ended 30 June 2023.



05

Whakataunga Pūtea Financial Statements

Te kupu haepapa Statement of responsibility

For the period ended 30 June 2023

We are responsible for the preparation of the Climate Change Commission's financial statements and statement of financial performance, and for the judgments 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.

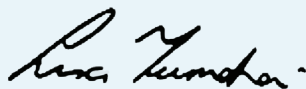
We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

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 2022 - 30 June 2023.

Signed on behalf of the Board:



Dr Rod Carr, Chair
18 October 2023



Lisa Tumahai, Deputy Chair
Chair of the Risk, Audit, Health
and Safety Committee
18 October 2023

Te kupu a te kaiarotake motuhake Independent auditor's report



To the Readers of the Climate Change Commission's Financial Statements and Performance Information for the Year Ended 30 June 2023

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 on pages 62 to 77, that is comprised of the statement of financial position as at 30 June 2023, 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 on pages 30 to 39, that is presented in the statement of performance.

In our opinion:

- the financial statements of the Commission:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the period then ended; 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 2023, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with outcomes included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriations; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 26 October 2023. 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 Commissioners for the financial statements and the performance information

The Commissioners are 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 Commissioners are responsible for such internal control as they determine is necessary to enable the Commission 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 Commissioners are responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Commissioners are 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 Commissioners' 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 on pages 2 to 29 and 40 to 55, but does not include the financial statements and the 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

Baker Tilly Staples Rodway Audit Limited, incorporating the audit practices of Christchurch, Hawke's Bay, Taranaki, Tauranga, Waikato and Wellington. Baker Tilly Staples Rodway Audit Limited is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

He Pou a Rangi 2022/23 ngā whakataunga pūtea Climate Change Commission 2022/2023 financial statements

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

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
Revenue				
Funding from the Crown	2	15,532	15,532	12,486
Interest revenue	2	255	-	22
Total revenue		15,787	15,532	12,508
Expenses				
Personnel costs	3	9,646	10,946	6,847
Other expenses	4	5,506	4,802	3,535
Depreciation expense	7	166	461	137
Total expenses		15,318	16,209	10,519
Surplus/(deficit)		469	(677)	1,989

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 16.

Statement of financial position

As at 30 June 2023

	Note	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
Assets				
Current assets				
Cash and cash equivalents	5	6,107	1,160	4,050
Debtors and other receivables	6	245	222	88
Prepayments		128	-	124
Total current assets		6,480	1,382	4,262
Non-current assets				
Property, plant and equipment	7	556	1,466	431
Total non-current assets		556	1,466	431
Total assets		7,036	2,848	4,693
Liabilities				
Current liabilities				
Creditors and other payables	8	1,223	622	604
Lease incentive	9	25	-	9
Employee entitlements	10	675	152	556
Total current liabilities		1,923	774	1,169
Non-current liabilities				
Lease incentive	9	187	-	27
Total non-current liabilities		187	-	27
Total liabilities		2,110	774	1,196
Net assets		4,926	2,074	3,497
Equity				
Balance at 1 July		3,497	2,152	1,508
Retained earnings				
Contributed capital		960	599	-
Accumulated surplus/(deficit)		469	(677)	1,989
Total equity		4,926	2,074	3,497

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 16.

Statement of changes in equity

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
Balance at 1 July		3,497	2,152	1,508
Total comprehensive revenue and expense for the year	12	469	(677)	1,989
Capital Contribution		960	599	-
Balance at 30 June		4,926	2,074	3,497

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 16.

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
Cash flows from operating activities				
Receipts from the Crown		15,532	15,532	12,486
Receipts from other revenue		-	-	2
Interest received		255	-	22
Payments to suppliers		(5,285)	(5,115)	(3,783)
Payments to employees		(9,049)	(10,946)	(6,681)
Goods and services tax (net)		(65)	-	38
Net cash flow from operating activities		1,388	(529)	2,084
Cash flows from investing activities				
Purchase of property, plant and equipment		(291)	(1,500)	(97)
Net cash flow from investing activities		(291)	(1,500)	(97)
Cash flow from financing activities				
Capital contribution		960	-	-
Net cash flow from financing activities		960	-	-
Net Increase/ (Decrease) in cash and cash equivalents		2,057	(2,029)	1,987
Cash and cash equivalents at the beginning of the year		4,050	3,189	2,063
Cash and cash equivalents at the end of the year		6,107	1,160	4,050

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 16.

Notes

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 financial statements for the Commission are for the year ended 30 June 2023 and were approved by the Board on 18 October 2023.

Basis of preparation

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

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the 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.

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 a small contributor to income and is recognised when credited to the bank account.

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 or deficit as incurred.

Defined benefit schemes

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

Breakdown of Personnel costs	2023 Actual \$000	2022 Actual \$000
Salaries and wages	8,088	5,815
Defined contribution scheme employer contributions	237	167
Increase/(decrease) in annual leave	39	75
Other Personnel Costs	1,282	790
Total personnel costs	9,646	6,847

4. Other Expenses

Breakdown of other expenses	2023 Actual \$000	2022 Actual \$000
Consultancy	1,546	476
Contractors	1,091	428
Board Fees	657	565
Technology expenses	570	424
Operating lease expense	554	331
Travel and accommodation	274	64
Legal Fees	237	775
Financial services*	149	80
Media & Publications	91	70
Insurance	71	71
Audit fees for audit of financial statements	48	47
Other expenses	218	204
Total other expenses	5,506	3,535

NOTE: Due to increasing the number of expense categories reported in 2022/2023, the 2021/2022 disclosure has been amended to reflect the same categories.

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

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.

Operating leases as lessee

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

Breakdown of non-cancellable operating leases	2023 Actual \$000	2022 Actual \$000
No later than one year	463	241
Later than one year and not later than five years	2,378	684
Later than five years	2,379	-
Total non-cancellable operating leases	5,220	925

The Commission entered into a new lease agreement for the whole of Level 21, AON Centre, 1 Willis Street, Wellington. The lease became effective from 1 December 2022 and expires in January 2032 with no current renewal terms.

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

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

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.

Breakdown of cash and cash equivalents	2023 Actual \$000	2022 Actual \$000
Cash at bank	6,107	4,050
Total cash and cash equivalents	6,107	4,050

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.

Breakdown of receivables	2023 Actual \$000	2022 Actual \$000
Debtors	100	8
GST receivable	145	80
Total receivables	245	88

7. Property, plant and equipment

Accounting policy

Property, plant and equipment consists of the following asset classes: information technology equipment, furniture and fixtures 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	4 to 5 years

Breakdown of property, plant and equipment

Movements for each class of property, plant, and equipment are as follows:

	Information Technology Equipment \$000	Furniture & Fittings \$000	Leasehold Improvements \$000	Total \$000
Cost or valuation				
Balance at June 2021	159	4	414	577
Additions	96	-	-	96
Work in Progress	-	1	-	1
Balance at 30 June / 1 July 2022	255	5	414	674
Balance at 1 July 2022	255	5	414	674
Additions	108	133	5	246
Work in Progress	-	6	39	45
Balance at 30 June / 1 July 2023	363	144	458	965
Accumulated depreciation				
Balance at 1 July 2021	59	1	46	106
Depreciation Expense	60	1	76	137
Balance at 30 June / 1 July 2022	119	2	122	243
Depreciation Expense	80	9	77	166
Balance at 30 June 2023	199	11	199	409
Carrying amount				
At 1 July 2021	100	3	368	471
At 30 June / 1 July 2022	136	3	292	431
At 30 June 2023	164	133	259	556

Capital commitments

As at 30 June 2023, the Commission has no capital commitments.

8. Payables

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of payables under exchange transactions	2023 Actual \$000	2022 Actual \$000
Accrued expenses	529	260
Creditors	564	245
Total payables under exchange transactions	1,093	505

Breakdown of payables under non-exchange transactions	2023 Actual \$000	2022 Actual \$000
Taxes payable	130	99
Total payables under non-exchange transactions	130	99
Total payables	1,223	604

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.

Breakdown of lease incentive	2023 Actual \$000	2022 Actual \$000
Current Portion	25	9
Non-current Portion	187	27
Total lease incentive	212	36

10. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are expected to be settled wholly within 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.

Long-term employee entitlements

The Commission does not have long-term employee entitlements.

Breakdown of employee entitlements	2023 Actual \$000	2022 Actual \$000
Accrued annual leave	439	400
Accrued salaries and wages	236	156
Total employee entitlements	675	556

11. Contingencies

The Commission has no contingent liabilities and no contingent assets at 30 June 2023.

12. 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.

Breakdown of equity	2023 Actual \$000	2022 Actual \$000
Contributed capital		
Balance at 1 July	599	599
Capital Contribution	960	-
Balance at 30 June	1,559	599
Accumulated surplus/(deficit)		
Balance at 1 July	2,898	909
Surplus/(deficit) for the year	469	1,989
Balance at 30 June	3,367	2,898
Total Equity	4,926	3,497

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 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.

13. 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 as follows:

	2023 Actual \$000	2022 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	6,107	4,050
Receivables	100	8
Total financial assets measured at amortised cost	6,207	4,058
Financial liabilities measured at amortised cost		
Payables	1,223	604
Lease incentives	212	36
Total financial liabilities measured at amortised cost	1,435	640

14. 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 or 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.

Key management personnel compensation	2023 Actual \$000	2022 Actual \$000
Board Members		
Remuneration	657	565
Full-time equivalent	1.82	1.60
Leadership Team		
Remuneration	1,337	1,237
Full-time equivalent	5.68	5.17
Total key management personnel remuneration	1,994	1,802
Total full-time equivalent personnel	7.50	6.77

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.

15. Events after balance date

There were no significant events after the 30 June 2023 balance date that require recognition or disclosure in the financial statements.

16. Explanation of major variances against budget

Explanations for major variances from the Commission's budgeted figures in the Statement of Performance Expectations are as follows:

Statement of comprehensive revenue and expense

Revenue

\$255k of unbudgeted interest revenue received.

Expenses

Personnel costs were \$1.3m less than budgeted. The commission has experienced recruitment challenges throughout the year, resulting in the delayed recruitment of personnel, and subsequently decreased personnel costs.

Depreciation expense was less than budgeted by \$295k. An office fit-out was scheduled to be completed during 2022/2023. This was delayed and is under completion during the 2023/2024 year. Subsequently, the leasehold write-off budgeted for in 2022/2023 has not occurred.

Other expenses were over budget by \$704k. The recruitment challenges experienced meant consultants and contractors were utilised to manage vacancies and capacity issues within the organisation.

Statement of financial position

Cash and cash equivalents

Lower than budgeted expenses, alongside the delayed office fit-out has resulted in the Commission holding a \$6.1m cash balance, which is \$4.9m higher than what was budgeted.

Employee entitlements

Employee entitlements were higher than budgeted by \$523k. Staff leave balances have been higher than expected due to the recruitment challenges faced by the Commission.

Statement of cash flows

Purchase of property, plant and equipment was less than budgeted by \$1.2m. This is due to the delayed office fit-out as explained above.



**He Pou a Rangi
Climate Change Commission**

Level 21, 1 Willis Street
Wellington 6011
PO Box 24448
Wellington 6142

www.climatecommission.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government