

Annual Report

For the year ended 30 June 2022

Ngā mihi nui ki a tātou

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

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

Annual Report 2022

December 2022

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 Message2		
Tuatahi - He Pou a Rangi me ōna Mahi Section 1 - The Commission and our work6		
He Pou a Rangi: Te Mātai Matua The Commission at a glance		
He Pou Haepapa: Te Herenga Āhuarangi o Aotearoa Our role in Aotearoa New Zealand's climate action system8		
He Pou Mahi: Te Whakahaere me Te Mahere Mahi Our operating environment and work programme 10		
He Pou Aronga: Te Whakarawe i te Kupu-Akiaki Our approach to providing advice11		
Te Whakamahere Our strategic framework12		
Tuarua - Te Arotakenga o tēnei Tau Section 2 - Our year in review		
Te Pou Hirahira Our key highlights15		
Te Pou Whakaheke Tōtā Pou Perform17		
Te Pou Tūhono Pou Connect		
Te Pou Tokotoko Pou Build		
Tuatoru - Te Mātai Kawenga		
Section 3 - Performance assessment39		
Te Ahunga o Te Mātaitanga Our approach to		
performance measurement40		
Te Kawenga Nui Statement of Performance		
Te Mātai Kawenga Derformance Measures 42		

Tuawhā - Pou Kawana Pou Tangata	
Section 4 - Governance and people	48
Ngā Pou Komihana me Te Pou Whakahaere Our	
Commissioners and Chief Executive	49
Te Aratakinga o te Whare Governance of our organisation	52
Te Haepapa me ngā herenga a te Poari Role and	
responsibilities of the Board	53
Te Whakarato Rawa Komihana Managing	
Commissioner interests	54
Te Utu Poari Board remuneration	55
Te Utu Tari Staff remuneration	56
Kia ārahina, kia tika Being a good employer	57
Ministerial directions	58
Tuarima - Whakataunga Pūtea	
Section 5 - Financial Statements	59
Te Kupu Haepapa - Statement of Responsibility	
Te Kupu a Te Kaiarotake Motuhake Independent	
auditor's report	61
He Pou a Rangi 2021/22 Ngā Whakataunga Pūtea	
Climate Change Commission 2021/22 financial	
statements	65

Te Karere a Te Tumu Chair's Message

He tau uaua tēnei mā te nuinga - kaua rā i Aotearoa anake, engari i te ao whānui tonu. Mō mātou ake i te komihana o He Pou a Rangi, kua ariari ake te hiahia kia tere moruki mai, ā, kia tere tūtohu mai te ahunga o a tātou mahi, e taea ai tā tātou tuku i ngā kupu ākina, kounga hoki, i ēnei wā kōhukihuki. E tū whakahī nei, i o tātou mahi kua tutuki i te puni nei, tuatahi ake, i ngā kupu akiaki ki te Kāwanatanga, tuarua nei, ki tā tātou tū nguha atu i ngā muranga rukiruki.

I te 2021/22 i tukuna e te Komihana ngā kupu akiaki e rua, ā, he kōrero motuhake, he kōrero taunaki hoki, hei whakauru atu ki ngā whakataunga a te Kāwanatanga ki ngā utu tukuwaro ahuwhenua me te ākina a Aotearoa kia eke ki tētahi ao pakari, tētahi ao āhuarangi māia me tētahi ao whakaiti tukuwaro mō te āpōpō.

He kupu whakahirahira ēnei kupu e rua. Hei tā Te Ture Whakautu Āhuarangi me whakatau ko ngā utu tukuwaro a te ahuwhenua mō mua i te 1 o Hanuere 2025. Kua mārama nei mātou i o mātou kupu akiaki mehemea kua tōmuri mai te whakahau o ngā utu, rawa atu ko ērā atu

tukanga, ka iti ake rānei te tukunga atu a te rāngai ahuwhenua ōna mahinga e eke ai te ahunga 2030 tuku mēwaro, arā hoki te 2026-2030 tahua tukuwaro. Kei a Aotearoa te āheinga nui, kia hanga i tētahi mahere utu i ngā tukuwaro a te ahuwhenua, hei tautoko hoki i tō tātou rāngai me tōna whakawhitianga nui hei rāngai whakaiti tukuwaro, āhuarangi pakari hoki.

Kua tīmata kē tā tātou urutaunga āhuarangi. Kei tō mātou tuhinga ki ngā whakawhiwhinga a te Mahere Urutau-ā-Motu ka tatū nei ā te 2024 me tō mātou whakaputanga i te tuhinga tuarua ki te Aromatawai Mōrearea mo te Āhuarangi o Aotearoa ka tātu nei ā te 2026, me mōata tā mātou whakawhanake i ngā herenga tāngata me ngā taunakitanga matua. E rangona kēngia nei ngā whiunga a te āhuarangi – ā, ki te whakatōmuri noa i ngā whakataunga, ka whāiti kē a tātou kōwhiringa mō te urutaunga nui ki Aotearoa whānui.

I te Mei 2022 i whakaputaina e te Kāwanatanga tōna mahere whakahekenga tukuwaro tuatahi. He kokenga nui tēnei mā te motu, i tōna ahunga whakaiti i ōna tukuwaro me te whai waahi atu ki ngā mahinga o te ao ki te whakatika i te āhuarangi. Engari, kua kore e oti ngā mahi i konei. I tēnei wā tonu, kei te mahere whakaheke tukuwaro me te mahere tau tukuwaro kore he aro nui ki te whakawhānui i ngā ngahere tauhou hei karo i te hauhā, engari kua mahue kē te karo i ngā rehunga kino. Me nui tonu ngā mahi i konei e pūmau ai te noho ki te whāinga tukunga rehukino mō te tau 2050 rā anō.

Nō tēnei tau te arotake i ētahi wahanga o tā mātou kupu akiaki tuatahi ki te Kāwanatanga. E mārama ana mātou ki te herenga nui, anō o te whakapūmau i Tā Aotearoa mahi ki te whakatikatika i te āhuarangi nā runga hoki i tā Paremata me Aotearoa takohanga ki te ao. I pūmau marika nei e mātou ki a mātou kupu akiaki, arā i ngā herenga kōti, i te Noema 2022 hoki, ka

E whakamomori ana Te Komihana kia whakapūmautia tōna kawe i Te Tiriti o Waitangi me te tautoko i tā te Karauna tūhonohono atu ki te iwi Māori, ā, i konā te ngako o ngā whakawhanaketanga o ō mātou kupu akiaki me te whakaherea o ngā whakaaro Māori ki ā mātou mahi. E mātau ana Te Komihana e tutuki ai te whakawhitianga tautika me momori nei anō e mātou ngā takohanga kei Te Tiriti o Waitangi.

mutu, i whakaae hoki ki a mātou taunakitanga,

ahakoa nei te korenga o Te Kōti Teitei aro mai.

I te 2022, ka whakatūria e Te Komihana te Pou Herenga Māori, ka mutu, he rōpū taupua. Ko tā te rōpū taupua, tā te Pou Herenga he tohu mai ki a mātou he pēhea nei te whakatūwhera i tētahi Pou Herenga matua hei tautoko i ngā pouārahi a te Poari, ka mutu, ko te ārahi me te tohutohu mai mā roto i ngā tikanga Māori me ngā tikanga a Te Tiriti o Waitangi. Ko tā te rōpū taupua hoki a te Pou Herenga, he tūtohu atu ki te Komihana he aha rā ngā pānga tonu ki te Māori.

Mātua rā te mahi a te Komihana ki te whakataurite i ngā whakaputanga kei te ture me te whakawhanake i ngā pukenga ā tō mātou puni.



Nā te Tahua 22 te homai i ētahi pūtea anō, arā, o te \$15.22 miriona tāra mō te whā tau e tutuki ai ēnei mahi. Nā tēnei, kua ākina te ahunga a te Komihana te tutuki i tā te ture e kīia rā. Ahakoa rā tā Te Tahua '22 he ākina te kawe i te whānuitanga rā anō o ā mātou mahi, me momori tonu te Komihana ki te āta wherawhera he aha tonu rā ngā mahinga matua, e kounga ake nei ngā whakakaputanga.

E hiahia ana kia tuku mihi ki ngā mātanga, ngā hapū Māori, te ahumahi, ngā māngai hapori, me ētahi atu o Ngāi Aotearoa nā rātou tonu te tuku mai i o rātou mōhioranga i te tau nei. He tino taonga ngā whakahau a ngā kaipāmu me ētahi atu kei te rāngai mahi, anō rā, o te whakawhanake i ngā rīpoata ahuwhenua e rua i tēnei tau. E mātau ana Te Komihana ki ngā uauatanga kei mua i te rāngai ahuwhenua, arā he mōnenehu i ngā uauatanga me te whakawhiti atu ki te āhuarangi tika, ka mutu, he hoatu here kore hoki i ō mātou kupu akiaki ki te Kāwanatanga.

Mō mātou ngā mema o te Poari Komihana nei, he mihi whakahirahira tēnei ki a koutou rā kua ākina nei i a mātou kia tutuki nei i ngā whāinga o te tau nei.

Kia ora.

Signed by:

Dr Rod Carr, Chair 30 June 2022

It's been a challenging year for many - not just in Aotearoa New Zealand, but globally. For the Climate Change Commission, this has required us to be more agile in how we work, reprioritising where needed to ensure we continue to deliver our core function of providing high quality advice to the Government. I'm proud of the work we've done as an organisation both in our advice to Government and through adapting to the challenges faced.

In 2021/22 the Commission delivered two pieces of independent, evidence-based advice to feed into Government's decisions on pricing agricultural emissions and to help Aotearoa

New Zealand move towards a thriving, climate-resilient and low emissions future.

Both these pieces of advice are significant. The Climate Change Response Act requires agricultural emissions pricing to be in place no later than 1 January 2025. We have been clear in our advice that any delay in implementing pricing, alongside other targeted policies, makes it less likely that the agriculture sector's contribution to the 2030 target for biogenic methane, and to the 2026-2030

emissions budget, will be met. Aotearoa New Zealand has a critical opportunity to design and implement agricultural emissions pricing in a way that effectively supports the sector's strategic transition to lower-emissions and climate-resilient production.

Our work on climate adaptation has also begun. With our report on the government's progress under the National Adaptation Plan due in 2024 and our production of the second National Climate Change Risk Assessment due in 2026, we need to start work early to build our relationships and evidence base. We are already experiencing the impacts of climate change – and we know that delaying decisions will leave us with fewer choices for how we adapt across Aotearoa New Zealand.

In May 2022, the Government released its first emissions reduction plan. This was a significant step on the country's path to reducing its emissions and playing its part in the global effort to address climate change, however the work doesn't stop there. Currently plans to reduce emissions and sustain net zero rely too heavily on expanding exotic forests to store carbon dioxide, instead of cutting the amount of climate damaging gases being released. More work will need to be done in this space to ensure that we achieve net-zero emissions for long-lived gases by 2050 and beyond.

A judicial review of aspects of our first advice to Government was undertaken this year. We recognised the intent of this action was to ensure Aotearoa New Zealand was taking the

approach to addressing climate change that Parliament intended and that Aotearoa New Zealand's international commitments require. We have stood by our advice through the court process, and in November 2022 our arguments were validated when the application for the review was dismissed by the High Court on all grounds.

The Commission is committed to upholding Te Tiriti o Waitangi | The Treaty of Waitangi and supporting the Crown in its relationship with lwi/ Māori, which has been critical in developing our advice and incorporating Te Ao Māori perspectives into our mahi. The Commission knows that the equitable transition we must undertake can only be achieved if Te Tiriti o Waitangi | The Treaty of Waitangi commitments are embraced.

In 2022, the Commission established an Interim Pou Herenga, a Māori advisory group. The Interim Pou Herenga will advise us on establishing a permanent Pou Herenga to support and augment the Commission's Board leadership, through the provision of Te Ao Māori and Te Tiriti o Waitangi | The Treaty of Waitangi expertise and guidance. The Interim Pou Herenga will also advise the Commission on potential impacts for Iwi/Māori.

It is important the Commission balances the deliverables outlined in legislation with continuing to develop our capabilities as an organisation. Budget '22 provided us with an additional \$15.22 million over four years to help us achieve this. This will help us continue to build the Commission so we can deliver on our legislative obligations. While

Budget '22 will help us to deliver our expanded statutory programme of work, the Commission will continue to need to prioritise our efforts carefully to maximise the value we deliver.

I would like to acknowledge those experts, lwi/Māori, industry, community representatives, and other New Zealanders that shared their insight and expertise with us during the year.

The input from farmers and others from across the primary sector in developing our two agricultural advice reports this year was especially appreciated. The Commission recognises the challenges facing the agriculture sector in mitigating and adapting to climate change, and we endeavour to present this transparently in our advice to the Government.

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

Kia ora.

Signed by:

Dr Rod Carr, Chair

30 June 2022



01

Tuatahi - He Pou a Rangi me ōna Mahi The Commission and our work

He Pou a Rangi: Te Mātai Matua The Commission at a glance

Our vision	A thriving, climate-resilient and low emissions Aotearoa New Zealand
Our mission	To deliver independent, evidence-based advice to guide climate change action for Aotearoa New Zealand
Our origin	 We were established by the Climate Change Response (Zero Carbon) Amendment Act in 2019, which amended the Climate Change Response Act 2002
Our purpose	 We provide independent, expert advice to the Government on mitigating climate change and adapting to its effects We monitor and review the Government's progress towards its emissions reduction and adaptation goals
How we work	 The advice we develop can have a long-term impact for all of Aotearoa New Zealand, so we engage, partner, and consult We need to understand the specific impacts of our advice on lwi/Māori, so we seek to build relationships with lwi/Māori as we develop our advice, to incorporate Te Ao Māori perspectives into our work We use our analysis to advise the Government on climate mitigation and adaptation action, and then we monitor its progress in delivering change And we do this all over again through successive years to help Aotearoa New Zealand achieve net-zero emissions by 2050
Our people	 We are eight Commissioners supported by a secretariat of nearly 60 full-time staff with expertise in science, economics, policy, modelling, communications and other relevant fields
Our legal status	 We are an Independent Crown Entity governed under the Crown Entities Act 2004 We are accountable to the Minister of Climate Change for our performance

He Pou Haepapa: Te Herenga Āhuarangi o Aotearoa Our role in Aotearoa New Zealand's climate action system

We play a unique role in driving climate action in Aotearoa New Zealand. We provide expert, independent advice to the Government on mitigating and adapting to the effects of climate change, and we 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 our climate goals for mitigation and adaptation, by 2050 and for each subsequent calendar year (see page 10 for climate goal details).

As illustrated in Figure 1, we work, engage, and consult with other public agencies, lwi/Māori, and stakeholders across communities, businesses, and academia, to ensure our advice is robust and informed by the experience, knowledge, and insights of all New Zealanders.

Our name -

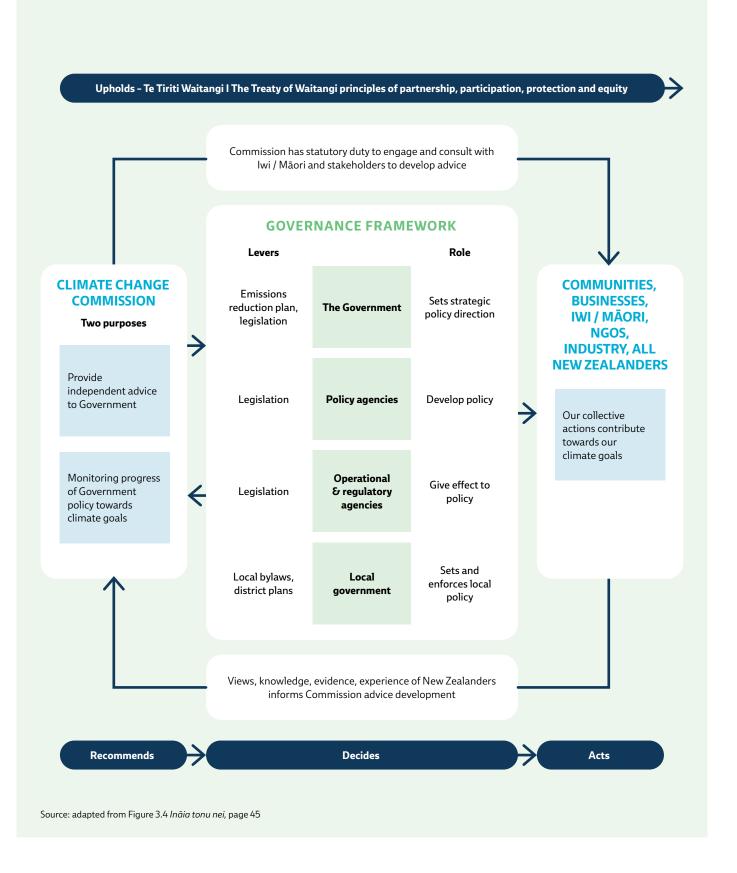
He Pou a Rangi - Ingoa Māori

At its simplest, **He Pou a Rangi** can be translated as a **Pillar of the Sky**.

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

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

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



He Pou Mahi: Te Whakahaere me Te Mahere Mahi Our operating environment and work programme

Our operating environment and work programme are defined to a large extent by the Climate Change Response Act 2002 (CCRA).

In November 2019, the Climate Change Response (Zero Carbon) Amendment Act 2019 came into force, which amended the CCRA, putting in place a new framework for climate policies. The CCRA, as amended, commits Aotearoa New Zealand to a long-term emissions reduction target for 2050 and beyond, and provides the framework to prepare for, and adapt to, the effects of climate change. The 2019 amendments to the CCRA also established the Climate Change Commission.

The CCRA establishes the broad boundaries for our work. It describes two of our key purposes which are to provide independent, expert advice to the Government on mitigating climate change and adapting to its effects; and to monitor and review the Government's progress towards its emissions reduction and adaptation goals. It also sets the domestic emissions targets Aotearoa New Zealand must achieve. These provide both the start and end points of our analytical advice and monitoring functions.

The domestic targets are:

 "net accounting emissions of greenhouse gases in a calendar year, other than biogenic methane, are zero by the calendar year

- beginning on 1 January 2050 and for each subsequent calendar year; and
- emissions of biogenic methane in a calendar year -
 - are 10% less than 2017 emissions by the calendar year beginning on 1 January 2030; and
 - are 24% to 47% less than 2017 emissions by the calendar year beginning on 1 January 2050 and for each subsequent calendar year."1

These targets are also intended to help Aotearoa New Zealand fulfil its responsibilities under the Paris Agreement. This includes helping to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The CCRA also defines our core work programme. It requires us to perform specific tasks and deliver within specific timeframes. A timeline of all our required work in the next few years can be found in our Statement of Intent (SOI) 2020-2024 and on our website².

Consistent with our purposes under the CCRA 2002, we also provide the Government with other advice as requested. This includes on issues relates to reducing emissions of greenhouse gases and adapting to the effects of climate change.

 $^{1. \}quad \text{Crown Entities Act 2004, Section 5Q (1)(a)(b) https://www.legislation.govt.nz/act/public/2019/0061/latest/LMS183848.html \#LMS183790.pdf (2019/0061/latest/LMS183848.html (2019/0061/latest/LMS18$

^{2.} https://www.climatecommission.govt.nz/our-work/our-upcoming-work/

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, partner 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 lwi/Māori, build

relationships with lwi/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 lwi.

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 climateresilient and low emissions future. By providing independent and evidence-based advice, we help Aotearoa New Zealand make good choices and avoid costly mistakes.

Te WhakamahereOur strategic framework

Our strategy and approach to performance measurement is set out in our current SOI, which covers the four-year period July 2020 to June 2024.

Our strategic framework

Our strategic outcomes framework is described in Figure 2. This sets out our **vision**, **mission**, the two high-level, long-term **outcomes** we seek to contribute towards, the three mediumterm **impacts** we aim to influence or drive, our broad **outputs** ("What we will deliver") and the organisational **capabilities** that enable us to do this.

Our strategic intentions are described by our two long-term outcomes and three mediumterm impacts:

Outcomes

- An equitable transition to a thriving, climate-resilient and low emissions Aotearoa New Zealand
- Aotearoa New Zealand delivers on its commitments to global climate change action.

Impacts

- Advice that influences actions by Government
- Advice is perceived as independent, expert, evidence-based, and pragmatic
- Iwi/Māori and stakeholders are confident their perspectives have been considered

We seek to achieve our strategic intentions through three strategic delivery pou or pillars - **Perform, Connect, Build** - which provide a consistent structure for defining, organising,

delivering, and communicating what we aim to achieve over the life of our 2020-24 SOI.

In the following section we describe the key highlights from our work in 2021/22 that

In the following section we describe the key highlights from our work in 2021/22 that supported these strategic pillars, while in Section 3 we provide a detail breakdown of the related performance measures for the year.

OUTCOMES FRAMEWORK

Vision

A thriving, climate-resilient and low emissions Aotearoa New Zealand

Mission

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

OUTCOMES

An equitable transition to a climate-resilient and low emissions Aotearoa New Zealand

Aotearoa New Zealand delivers on its commitments to global climate change action

A wide range of government and non-government activities

OUR STRATEGIES FOR DELIVERY

Perform

Provide high-quality advice to government and monitor progress to meet Aotearoa New Zealand's emissions reduction and adaptation goals

Connect

Develop constructive and meaningful relationships with Iwi/Māori and stakeholders to bring about an equitable transition

Build

Be a credible and trusted independent advisor with the capability to guide our response to climate change

WHERE WE EVALUATE OUR PERFORMANCE

Advice that influences actions by government

Advice is perceived as independent, expert, evidencebased and pragmatic lwi/Māori and stakeholders are confident their perspectives have been considered

What we deliver

Our impacts

Core organisational capabilities Core 2020-2024 work programme Ministerial requests and other independent advice

Building the Commission

Engagement and consultation programme

Analysis, modelling and research

Sourcing information

Partnership with lwi/Māori

Communications and influencing

Process management

Engagement with stakeholders

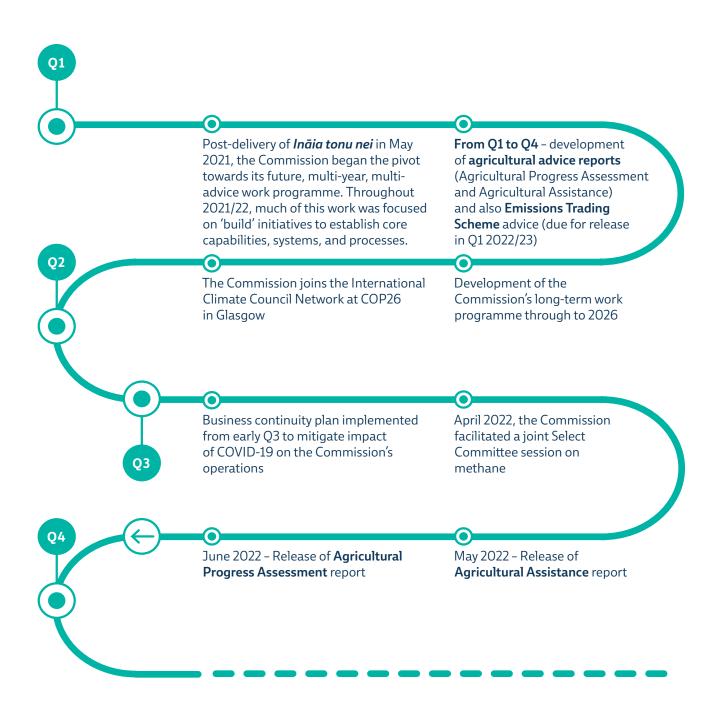
Systems thinking



02

Te Arotakenga o tēnei Tau Our year in review

Te Pou HirahiraOur key highlights



A year of challenges but also of progress and delivery

COVID-19 continued to have a significant impact over the past year. Despite this disruption and uncertainty, we delivered on our statutory work programme and continued to deliver against our strategic intentions. We also made improvements to the way we work and laid the groundwork to deliver our long-term work programme.

Having previously delivered *Ināia tonu nei* (our first piece of advice to the Government) in 2021, our third year marked the delivery of two more pieces of advice as we moved into a new phase as an organisation. Our new advice will feed into Government's decisions on pricing agricultural emissions, and help Aotearoa New Zealand move towards a thriving, climate-resilient and low emissions future.

We were also subject to a judicial review relating to certain aspects of *Ināia tonu nei*. A judicial review is a common legal procedure that provides a way of ensuring that public powers are exercised in accordance with law. The request for the review was made by Lawyers for Climate Action New Zealand Incorporated (LCANZI). It was the first legal challenge to the advice provided by the Climate Change Commission to the Government. The judgment of the High Court was delivered in November 2022 and dismissed LCANZI's application on all grounds.

We have also worked to increase our understanding of the specific impacts of our advice on lwi/Māori and increase our ability to incorporate Te Ao Māori into our approach. The establishment of our Interim Pou Herenga was part of this. The interim Pou Herenga also advised us on establishing a permanent Pou Herenga to continue this work. The permanent Pou, once established, will support and augment our Board leadership through the provision of Te Ao Māori and Te Tiriti o Waitangi | The Treaty of Waitangi expertise and guidance.

The following 'Highlights' tell the story of our year in more detail under our three strategic delivery pillars or pou.

Te Pou Whakaheke TōtāPou Perform

Kei tēnei pou, te kupu whakatiketike ki te kāwanatanga me te aromatawai nui i tā Aotearoa whakaheke tukuwaro me ōna ahunga whakatika āhuarangi.

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

I tēnei tau ko ngā hiranga nui:

- Te whanaketanga me te whakaputanga o ngā kupu akiaki e rua ki te ahuwhenua
- Te whanaketanga o te tuatahi o ngā kupu ki te Kaupapa Hokohoko Tukunga o Aotearoa (ETS)
- Te whanaketanga o te mahere mahi me tona ahungaroa
- Te ārahitanga i te oranga tonutanga o ngā kaimahi katoa

This year our **key highlights** were:

- Development and release of our two pieces of agriculture-related advice
- Development of first annual Emission Trading Scheme (ETS) advice
- Development of our long-term work programme
- Supporting staff performance and wellbeing

This year, we developed our wider work programme and increased our capacity to deliver that programme. This has brought its own challenges as we continue to navigate a tight labour market and remain a competitive employer, as well as working to mitigate our carbon footprint while we increase in size.

Te Kupu AhuwhenuaOur agricultural advice

Agriculture is a major part of the emissions profile, economy, culture, and physical landscape of Aotearoa New Zealand. Through the CCRA, the country has committed to reducing biogenic methane emissions 10% below 2017 levels by 2030 and between 24-47% below 2017 levels by 2050 and for each subsequent calendar year. The majority of these emissions (~90%) are from the agriculture sector and currently are not subject to any mitigation pricing mechanism. By the end of 2022, the Government will need to prepare a report on how emissions from agriculture will be priced from 1 January 2025.

This year we delivered independent, evidencebased advice that will help the Government decide on pricing agricultural emissions. There were two parts to our advice:

- Agricultural Assistance³ looking at what financial assistance (if any) should be provided to farmers participating in an emissions pricing scheme
- Agricultural Progress Assessment⁴ –
 assessing farmers' readiness for a farm-level
 system for pricing agricultural emissions

Our reports are not the only source of advice the Government may draw on when making its decision on agricultural emissions pricing. Advice will also be provided by officials, and the work and proposals of the He Waka Eke Noa (HWEN) Partnership⁵ will also be taken into account.

Advice on Agricultural Assistance: How financial assistance could support Aotearoa New Zealand's agricultural emissions pricing system

In May 2022, we provided Ministers with our advice on what financial assistance (if any) should be provided to farmers participating in a farm-level emissions pricing scheme.

An effective pricing policy needs to achieve emissions reductions from agriculture. Farmers have already made progress in reducing emissions, but further changes can lower emissions on farm while maintaining, or even improving, productivity. We advised that any pricing policy:

- should create strong incentives for farmers to reduce their emissions while managing the economic and social impacts of emissions pricing, but
- must not disproportionately disadvantage or compound historical grievances for lwi/Māori and must factor in the unique characteristics of Māori collectively owned land.

We advised that some form of financial assistance should be considered, along with certainty about when and how emissions from agriculture will be priced.

^{3.} https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/agricultural-emissions/agricultural-assistance/

^{4.} https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/agricultural-emissions/agricultural-progress-assessment/

^{5.} He Waka Eke Noa is a partnership between industry, Māori, and Government to reduce Aotearoa New Zealand's emissions and build resilience to climate change – https://hewakaekenoa.nz/

HIRANGA #1 HIGHLIGHT #1

Progress towards agricultural emissions pricing: Assessing how ready farmers and the agriculture sector are for emissions pricing, and advice on what work still needs to be done

In June 2022 we provided the Government with our assessment of how ready farmers and the wider agriculture sector are for emissions pricing, and advice on what work still needs to be done.

Our assessment found that almost all eligible farmers can be ready to effectively participate in a basic farm-level system by 1 January 2025. This includes having access to the necessary farm-level data and support from advisory services. Our advice also included an assessment of the progress the HWEN partnership has made to prepare farmers and the sector for a farm-level pricing system.

Our assessment showed that a detailed farm-level pricing system outside the NZ ETS is the best approach to pricing agricultural emissions in the long term. In the short term, our analysis showed a basic farm-level system using elements of the HWEN proposal can provide a roadmap towards a more detailed, mature, responsive, and effective system.

In our advice we recommended several changes be made to the HWEN proposal, should the Government consider adopting elements of it:

- We recommended that synthetic nitrogen fertiliser be priced at the manufacturer and importer level in the NZ ETS as soon as practicable. This would be quicker, cover more people and simplify the development of the scheme.
- We also advised that the proposed treatment of sequestration adds complexity to the pricing system, creates inequity between farmers and other sectors, and would not significantly improve emissions outcomes.
 We advised that a separate system should be progressed, which could recognise and reward a wide range of benefits from vegetation not eligible under the ETS.

Te Kupu Hokohoko Tukunga o AotearoaDevelopment of first annual NZ ETS advice

This year, we developed advice on New Zealand Emissions Trading Scheme (NZ ETS) unit limits and price control settings for the 2023-2027 period. Once delivered to the Minister of Climate Change in July 2022, it will be the first time we will have given this advice as part of the annual process for revising regulations for Aotearoa New Zealand's ETS settings. It will be made public once it has been tabled in Parliament by the Minister and will be published on our website at that point.

Government is required to update the NZ ETS unit limits and price control settings every year and provide a five-year look-ahead period for the scheme. The NZ ETS sends price signals to producers, consumers, and investors by putting a price on emissions, charging certain sectors of the economy for the greenhouse gases they emit. Its purpose is to help meet our international obligations under the Paris Agreement, and the 2050 target and emissions budgets for Aotearoa New Zealand.

We want to make the

NZ ETS as effective
as possible to help
Aotearoa New Zealand
transition to a low
emissions economy

Te Kupu Whakahaere Ahungaroa Development of our longterm work programme

We are shifting from an organisation that delivered *Ināia tonu nei* in 2021 to one that must deliver multiple pieces of critical advice; and one that must also monitor and report on the country's progress. To support this, we began shifting our focus and reorganising our approach in preparation for delivery of our statutory work programme through until 2026.

This year, we began preparations to **establish an adaptation function** in 2022/23, which included the submission of a successful Budget '22 bid. We have a statutory responsibility to advise the Government on adapting to the impacts of climate change. Our new function once established will deliver our first biennial progress report on the Government's National Adaptation Plan due in 2024.

We also developed our capability to ensure we can effectively monitor and report on the Government's progress towards its climate change, emissions reduction, and adaptation goals. The development we carried out this year has also helped to build and enhance our evidence base, including for ETS setting advice.

Iransparent and on-time response to Official Information Act 1982 requests

Providing transparent and on-time responses to Official Information Act (OIA) requests is important to our goal of being a credible and trusted independent advisor. It also enables New Zealanders access to information relating to our work programme, our advice to Government, and our operations.

In 2021/22, we received 40 requests for information under the OIA. 100% of these OIA responses were completed within the statutory timeframes. This is an uplift in timeliness from 93% in the 2020/21 financial year.

A breakdown shows that these requests span a range of stakeholder groups, with increased interest in 2021/22 from Members of Parliament and the Aotearoa New Zealand public. Other groups included media, local government and industry groups.

Further information relating to OIA requests at the Commission can be accessed on our website, along with responses to previous requests.

HIRANGA #4 HIGHLIGHT #4

Te Kupu Ārahi I Te Oranga Tonutanga Supporting staff performance and wellbeing

Providing high quality advice to the Government depends on staff performance and wellbeing. Getting these things right ensures we can deliver the advice the Government expects and needs.

This year, we continued the rollout of our performance and development framework. The framework is based on the philosophy that our people come to work each day aiming to do a great job to create positive change for Aotearoa New Zealand. It focuses on staff development and growth in the job, and aims to support their future aspirations, including through:

- Development, learning, coaching, and mentoring
- Real time view of performance from ongoing and regular conversations
- Six-monthly development discussions
- Individualised and flexible approach to how employees use the resources to support their development.

Complementing the performance and development framework, is our prioritisation of staff wellbeing, in line with expectations set by Ministers.

This year, we established our Health, Safety and Wellbeing network to provide a forum for discussion and advocacy for staff interests and organisational improvements. The network will provide a dedicated space for a 'by staff for staff' approach to wellbeing. It will provide advice and make recommendations pertaining to our Health, Safety and Wellbeing practices that affect staff and contractors alike.

Managing our carbon footprint

In 2021/22, our greenhouse gas emissions were 24.5tCO $_2$ e 6 , compared to 27.7tCO $_2$ e 7 in 2020/21 – an 11.5% year-on-year decline. This reduction was mainly the result of a decrease in domestic air travel, which normally accounts for approximately 80% of our footprint. The decrease was due to reduced stakeholder engagement because of COVID-19 restrictions on business operations.

As we move into our next phase of advice development through 2023 and 2024, we anticipate a rebound in absolute emissions. This will be driven by a return to our normal statutory engagement responsibilities and by new monitoring and adaptation functions which require additional staff and travel. Our increased size and work programme will create challenges

for improving on our original 2020/21 baseline when we were an organisation of 20 staff, compared to the 75+ FTEs expected to be in post by 30 June 2023.

In 2022/23, we are committed to developing an emissions reduction and monitoring plan suited to our circumstances as a relatively new and still growing organisation. This will build on actions already taken to mitigate our emissions. These include adoption of fully flexible working arrangements for staff, default use of public transport, and increased use of video conferencing for public communication and engagement.

As an independent Crown entity, we are not a part of the Carbon Neutral Government Programme.

^{6.} As submitted to Toitū Envirocare for verification on 29 July 2022.

^{7.} Note this figure is a recalculation of the number reported in our 2021 Annual Report to take account of new aviation emission factors. The recalculation follows guidance in MfE's Measuring Emissions Detailed Guide 2020.

Te Pou TühonoPou Connect

Kei tēnei pou, te whanaketanga i ngā taurāhere whai mana ki te iwi Māori me ngā hoa tāpui mō te tūwheratanga i tētahi whakawhitianga tautika ki tētahi tau hauwaro kore ā te 2050.

Under this pou, we develop constructive and meaningful relationships with lwi/Māori and stakeholders to bring about an equitable transition to net zero carbon emissions by 2050.

I tēnei tau ko ngā hiranga nui:

- Te pikinga o ngā whakawhanaunga ki ngā hoa tāpui me te whakamārama i te kupu akiaki
- Te whanaketanga i tētahi mahere Maui.Tech
- Te urunga ki te Kaunihera Āhuarangi o Te Ao
- Te whakatairanga o ngā poukōrero o te ao
- Te whakawhanaunga toronga matua a ngā Kaikomihana me te Tāhūhū Rangapū

This year our **key highlights** were:

- Increased engagement with stakeholders to explain our advice
- Development of our Maui.Tech programme
- Participation in the International Climate Councils Network
- Our international speaker series
- Public engagement by our Commissioners and Chief Executive

As Aotearoa New Zealand and the world have responded to the pandemic, we have been working to maintain and improve our connections to Aotearoa New Zealand and around the world. Despite low staff capacity at times and other challenging circumstances, we have strived to increase trust in our work and our people.

Te Herenga o Ngā Hoa Tāpui Engagement with stakeholders

Strong relationships with stakeholders are critical to the success of our work. To be effective in our role, stakeholders need to trust that we will provide independent, expert, evidence-based, and pragmatic advice. We actively engaged with stakeholders on a regular basis over the past year. Using our digital channels, including open webinars, helped us connect with a broader range of stakeholders while travel around Aotearoa New Zealand was difficult.

This year, we undertook research with our stakeholders to help us understand the effectiveness of our engagement since our establishment in 2019. The insights from this research have been used to refine our Communications and Engagement strategy and to build on and continue to develop relationships created with stakeholders during our first two years.

The research also provided insights for us to apply to the way we run formal consultation processes in the future and gave us a baseline against which to measure our performance on an ongoing basis. As such, we will continue to actively seek feedback from stakeholders on how we are fulfilling our role through a two-yearly Stakeholder Survey, with the next round scheduled for 2023/24.

We undertook research with our stakeholders to help us understand the effectiveness of our engagement

Te Herenga o Maui.TechDevelopment of Maui.Tech programme

During 2021/22, we initiated Maui.Tech, a "test and learn" research project to build a deeper understanding of how lwi/Māori are experiencing and responding to the impacts of climate change across the motu.

Working with Iwi/ Māori case study participants in their rohe, we are building climate change insights from a Te Ao Māori perspective to help inform legislative deliverables going forward. Outputs from the Maui. Tech project will be made available on a website where Iwi/Māori participants can share stories and experiences of climate change impacts and solutions from a Te Ao Māori perspective.

Due to launch in March 2023, Maui.Tech is helping us build Te Ao Māori insights through meaningful relationships with lwi/Māori. It is also creating the space for participants to share the unique experience of climate change in their rohe. Throughout the Maui.Tech case studies we have heard about how the impacts of climate change are affecting whānau, hapū, lwi, and Māori businesses, and the solutions they are implementing to build climate resilience. These stories are also helping to establish a baseline of insights that will help build our capability and inform ongoing legislative deliverables.

This year, we completed 41 interviews across six rohe as part of developing case studies. The rohe we engaged with include:

- Tairāwhiti
- Tai Hauauru
- Waiariki
- Taitokerau
- Te Tau Ihu

HIRANGA #7 HIGHLIGHT #7

Te Herenga o Te Kaunihera Āhuarangi o Te Ao Participation in International Climate Councils Network

As an organisation, we sit within the domestic and international climate change landscape, and we need to be aware of this context as we do our work. This year, we joined the International Climate Councils Network (ICCN)⁸, which was launched at the COP26 climate summit in Glasgow.

The network is made up of 18 leading climate advisory bodies, including the UK Climate Change Committee, the German Council of Experts on Climate Change, and the French High Council on Climate. Participant councils provide independent, expert advice to governments – eight of the councils advise countries that are in the G20.

The ICCN's mission is to foster collaboration between climate councils and support the development of new councils to guide and oversee delivery of climate action globally to help deliver against the Paris Agreement. We have drawn upon the expertise of network members as we have developed our operational systems and approach, and have shared our knowledge and experiences with network members that are at the early establishment phase.



8. https://climatecouncilsnetwork.org/

Te Herenga Kaikōrero o Te Ao International speaker series

Recognising the importance of sharing international perspectives on climate action, we continued our online International Speaker series with 11 sessions held across the year.

The speakers we select are international experts who have been leading and supporting climate action in their respective jurisdictions. We have seen a high interest in these sessions, with experts in different climate-related fields joining us from across the globe. To date, over 1,700 individuals and organisations have joined the sessions since they first began in March 2021.

To date, over 1,700
individuals and
organisations
have joined the
Speaker Series since
they first began
in March 2021

Te Herenga Tangata me Te Herenga Komihana Public engagement by our Commissioners and Chief Executive

If Engagement is at the core of what we do. We take a nationwide view and seek a variety of voices as we are developing our advice to help us understand different context and perspectives



Chief Executive Jo Hendy and the Massey University sustainability team

Op-eds and Insight articles

Throughout the last year, Insight articles from our Commissioners have been shared on the news section of our website. Some of these have also featured in media outlets as opinion editorials. The articles provide commentary on important issues, raise awareness of the work we do and highlight the expertise we provide. A full list can be found on the 'News' section of our website⁹.



9. https://www.climatecommission.govt.nz/news/

HIRANGA #9 HIGHLIGHT #9

Op-eds

Counting the Cost

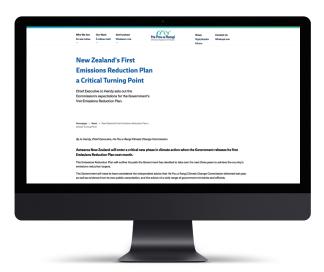
"Farmers are among the most innovative, resourceful, and resilient business operators in Aotearoa New Zealand. Now, climate change is adding further challenges to agriculture in Aotearoa New Zealand. The slower we are at reducing emissions, the greater the burden will become in responding to climate and consumers. We must reduce gross greenhouse gas emissions, and we cannot plant our way out of our commitments..."

New Zealand's First Emissions Reduction Plan a Critical Turning Point

"Aotearoa New Zealand will enter a critical new phase in climate action when the Government releases its first Emissions Reduction Plan. The Emissions Reduction Plan will outline the path the Government has decided to take over the next three years to achieve the country's emissions reduction targets..."



www.magzter.com/stories/news/New-Zealand-Listener/COUNTING-THE-COST-



www.climatecommission.govt.nz/news/new-zealands-first-emissions-reduction-plan-a-critical-turning-point/

HIRANGA #9 HIGHLIGHT #9

Insight articles

Insight: Our Aotearoa climate action journey

"On 31 May 2021, He Pou a Rangi Climate Change Commission delivered its first advice to the Government. It has been 33 years since the International Panel on Climate Change was established in 1988; 24 years since the Kyoto Protocol was adopted; 13 years since Aotearoa New Zealand implemented its Emissions Trading Scheme; six years since the Paris Agreement..."

Insight: Climate change is a local issue too

"While climate change is having an impact across the globe it is also very much a local issue. What it looks like and how people need to adapt are vastly different not only across the world, but across Aotearoa New Zealand too. For He Pou a Rangi Climate Change Commission it is important we understand how different parts of the country are experiencing and acting on climate change. There is no better way to do this than to spend time in communities..."



www.climatecommission.govt.nz/news/insight-our-aotearoa-climate-action-journey/



www.climatecommission.govt.nz/news/climate-change-is-a/

Te Pou TokotokoPou Build

Kei tēnei pou, te nanaiore ki te taumata hei mātanga whakawhirinaki tika, ka mutu, he pukenga nui hei ārahi i tā Aotearoa urupare ki te huringa āhuarangi.

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

I tēnei tau ko **ngā hiranga** nui:

- Te whakapakari me te whakatiketike ake i ngā pukenga tātari
- Te whakamarohirohi mō te urutau l ngā whiunga o Kowheori-19
- Te whakapakari i te puni whai tikanga Māori me te mātauranga Māori
- Te whakapakari i te hungamahi kia kanorau, kia pukenga nui, ā, kia mahi

This year our **key highlights** were:

- Building and enhancing our analytical capability
- Building resilience our management of COVID-19 impacts
- Building our institutional Te Ao Māori capability and knowledge
- Building a diverse, skilled and inclusive workforce

As with the rest of Aotearoa New Zealand, we were challenged by the tight labour market of 2021/22 as we expanded our work programme and increased our capacity. COVID-19 also impacted our ability to meet and work in-person, as we moved to working from home to mitigate the spread of illness amongst our staff. We gradually moved to a bubble system to maintain our low infection rate and support our return to the office.

Te Whakarite Pou Tātari Building and enhancing our analytical capability

This year saw us continue to grow as an analytical, evidence-based organisation. This was driven through a variety of actions and initiatives, the key ones of which were:

- A refinement of our processes based on lessons learnt of our previous work programme 'Ināia tonu nei'
- Continuing to build and refine our modelling capabilities
- Developing our Science Strategy
- Building cross agency connections

As a relatively new organisation, it was important to learn from our experience developing 'Inaia tonu nei' to help inform the development and delivery of our advice over the coming years. A key feature of this transition is shifting from having all hands focused on one project, to a state of multiple projects with inter-related content and overlapping timelines. One change we made was to establish a multi-project governance structure. We also strengthened our project leadership for all the advice products we developed this year and are taking a coordinated approach to high-level project milestones and stakeholder engagement as part of project planning and delivery.

Our **modelling capability** was enhanced during the year through a memorandum of understanding (MoU) with The Treasury and Stats NZ to support a joint project using Treasury's TAWA (Tax and Welfare Analysis) model for distributional analysis. The first use of this model will be in our advice on NZ ETS unit limits and price control settings for 2023-2027, which is due for release in July 2022. The model is an addition to our existing suite of modelling tools, details of which can be found on our website, where our models are freely available to the public on request¹⁰.

^{10.} https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/inaia-tonu-nei-a-low-emissions-future-for-aotearoa/modelling/

HIRANGA #10 HIGHLIGHT #10

The CCRA requires us to consider current available scientific knowledge as we carry out our functions. Our **new Science Strategy** adopted during the year is designed to help us be skilled users of high-quality science, and to establish new relationships and strengthen our existing ones with the science community within Aotearoa New Zealand and internationally. It will also improve our ability to communicate science clearly and appropriately in our advice in a way that is accurate, understandable, and meaningful. Our Science Strategy is guided by three key principles.

- We are committed to using the highestquality science in our work
- We treat science and the producers of science with integrity and respect
- 3. We communicate science in a meaningful way for decision makers and the public

We are currently developing our approach to how Mātauranga Māori is integrated into our knowledge and advice development systems. Our cross-agency connections were enhanced during the year by an evidence-sharing MoU which we initiated with several government agencies. Once finalised, the MoU will help establish a common understanding of expectations and a foundation for good working relationships by setting out the principles and working arrangements for developing and sharing climate change-relevant evidence. The aim is to help parties fulfil their respective climate change policy roles, as well as improve efficiency and avoid unnecessary duplication and cost. As of 30 June 2022, the other confirmed signatories to the MoU are:

- Ministry for the Environment (MfE)
- Ministry for Primary Industries (MPI)
- Te Manatū Waka Ministry of Transport (MoT)
- Waka Kotahi NZ Transport Agency (Waka Kotahi)
- The Treasury
- The Energy Efficiency and Conservation Authority (EECA)

Te Whakamarohirohi - Kowheori-19 Building resilience - our management of COVID-19 impacts

Like most organisations across Aotearoa New Zealand, COVID-19 impacted the capacity and workload of our staff throughout the year. This required us to be more agile and reprioritise our work to ensure delivery of our statutory advice through challenging circumstances. We also shifted to a working from home and online engagement approach to protect staff and maximise our ability to carry out our functions.

Our approach prioritised staff health and wellbeing. A principle that underpinned our approach was that staff should not get ill through contact at work. We supported staff working from home and made alternative arrangements where working from home wasn't the best or most appropriate option.

In quarter three of 2021/22, we actioned our Business Continuity Plan (BCP). Our BCP uses an adaptative management approach that prioritises the delivery of statutory requirements with other activities continually assessed and reprioritised according to capacity. These challenges meant that while we continued to deliver high-quality advice and meet our statutory obligations, some aspects of our programme, such as recruitment, were delayed.

The Commission took
a low risk tolerance
approach, minimising
the opportunity for
staff to get ill through
contact at work

Te Whakarite Pou Tikanga Māori Building our institutional Māori capability and knowledge

We seek to build our understanding of, and engagement with, lwi/Māori in two key ways: firstly, by supporting staff in developing their Te Ao Māori and te reo knowledge; and secondly through the establishment of a Pou Herenga (Māori advisory board).

This year, we continued our efforts to expand our **staff Māori capability** through our Māori Capability Development Strategy. We held regular cultural capability sessions as part of the strategy, including:

- Te reo classes
- Monthly lecture series
- Māori engagement
- Karakia
- Pepeha
- Waiata practice
- Tikanga, and pōwhiri sessions.

A highlight for the year, our Te Ao Māori lecture series, is hosted by different external speakers and is popular with our staff. Each month our cultural capability resources grow with the addition of recorded lecture resources. The cultural capability lecture series focuses on the following Pou (themes); te reo, Māori relationships, Māori engagement, Mātauranga Māori, climate change, the Māori economy and Te Tiriti.

In November 2021, we established an Interim Pou Herenga, a Māori advisory body. A key function of the Interim Pou is to help establish the full **Pou Herenga** by 2023. The Pou Herenga will support and augment the Board's leadership, through the provision of Te Ao Māori and Te Tiriti o Waitangi | The Treaty of Waitangi expertise and strategic advice. It will also provide expertise and guidance to the Board with respect to tikanga, te reo, mātauranga, and the Māori economy.

The Pou Herenga will support our Board and Chief Executive by sharing key insights and perspectives from Te Ao Māori. This will help us give effect to the Māori specific aspects of our work programme, including on how different decisions or approaches may impact on outcomes for lwi/Māori.

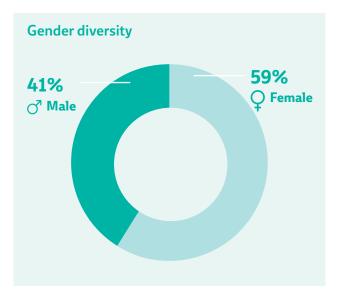
Te Whakarite HungamahiBuilding a diverse, skilled, and inclusive workforce

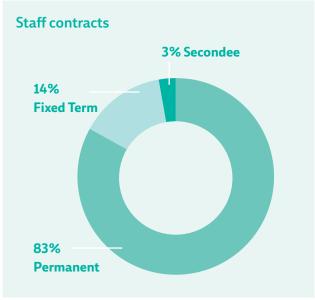
Our people determine our success. We therefore aim to maintain a workplace that is diverse, happy, inclusive, and motivated.

This year, despite the challenges of a tight employment market and recruitment delays caused by COVID-19, we had a net increase in staff from 39 Full-Time Equivalents (FTE) to 56 FTE¹¹ (59 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 1 provides a breakdown by role.

Table 1: Role and gender breakdown of staff as at 30 June 2022.

Position	Number of roles
Senior Leadership	5
Manager	10
Principal Analyst/Advisor	12
Senior Analyst/Advisor	15
Analyst/Advisor	11
Executive Assistant	2
Specialist	1
Coordinator	3





11. These figures exclude contractors

HIRANGA #13 HIGHLIGHT #13

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.

To ensure the Commission is a great place to work, we strengthened our internal structures during the year. In March 2022, we launched a new Strategy, Engagement & Corporate (SEC) business group, which brought all our key support functions under a single General Manager. This change is designed to improve efficiency by balancing our capacity and capability needs against our fiscal constraints. It strengthens the way we engage on and produce our statutory deliverables. It also applies more robust governance and project practices to improve the timing and quality of our work and help reduce pressure on current staff.



03

Tuatoru - Te Mātai Kawenga Performance assessment

Te Ahunga o Te MātaitangaOur approach to performance measurement

There are many groups driving climate action in Aotearoa New Zealand. The Commission is a key organisation in this respect, but as an advisory and monitoring body we do not run or implement policies or programmes ourselves. This can create challenges around identifying and attributing the effects of our work.

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 lwi/Māori and engagement with 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, assessed, and delivered
- External testing of the key evidence underpinning our advice to the Government
- Case studies of how we build our relationships with lwi/Māori
- Monitoring how effectively we are telling our story
- Feedback from the Minister of Climate Change
- A biennial survey of stakeholders.

Our 2021/22 Statement of Performance Expectations (SPE) sets out in detail our performance measurement framework. It also lists our **18 performance measures** for the year, which are aligned to the **Outcomes**, **Impacts**, and **Outputs** described in our SOI. Our assessment of these performance measures for 2021/22 is set out in Table 3.

Te Kawenga Nui Statement of Performance

As required by the Crown Entities Act¹² Statements of Performance must describe each 'reportable class of outputs' for the financial year along with related standards of delivery performance, and revenue and expenditure details.

Reportable output classes are determined by Vote appropriations. Under 'Vote Environment', we have a single appropriation and by extension a single reportable class of output, namely our advisory and monitoring functions.¹³ The associated revenue and expenditure, and performance measures for 2021/22, are described in Tables 2 and 3 below.

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

	2021/22	2021/22	2020/21	2020/21
	Actual \$000	Expected \$000	Actual \$000	Expected \$000
	\$000	ŞUUU	\$000	\$000
Revenue	12,508	12,486	9,425	8,595
Expenditure	10,519	12,759	9,651	9,995

^{12.} Sections 151 and 153

 $^{13. \} https://www.treasury.govt.nz/sites/default/files/2022-06/est22-v8-envir.pdf$

Te Mātai KawengaPerformance Measures

ble 3: 2021/22 Performance Measures Assessment
--

	#	Performance Measures (PM)	Performance Target (PT)	FY20/21 PT score	FY21/22 PT score	Commentary
Outcome 1: An equitable transition to a thriving, climate resilient low emissions Aotearoa-New Zealand	1	Equitable progress towards thriving, climate resilience and low emissions ¹⁴	Baseline created in 2022/23 using 2021 data	\bigcirc	\otimes	Measuring progress towards 'thriving climate resilience and low emissions' has not proven feasible to implement to date. The Commission is still developing the teams, tools and processes for its statutory monitoring roles that commence from 2023 onwards, and which will provide the data to assess progress.
Outcome 2: Aotearoa delivers on its commitments to global climate action	2	Progress towards 2050 climate change target and progress against the applicable emissions budgets ¹⁵	Alignment of actual emissions with emissions budgets	Ø	Ø	Parliament approved Aotearoa New Zealand's first emissions budgets in 2021/22. As there is a reporting lag on actual annual emissions, the Commission will not report on progress until 2023/24.
	3	The Commission measures and mitigates its own carbon footprint (we "walk the talk")	Maintain or improve on baseline established in 2020/21	\otimes	\bigcirc	The Commission's greenhouse gas emissions for 2021/22 were submitted to Toitū Envirocare for verification on 29 July 2022. Our reported annual emissions were $24.5 t CO_2 e$ compared to $27.7 t CO_2 e^{16}$ in $2020/21$. ¹⁷
Impact 1: Advice that influences actions by government	4	Extent to which the Commission's advice is accepted and implemented by successive governments	Baseline of decisions made on our <i>Ināia tonu nei</i> advice, with decisions released in May 2022	Ø	Ø	The Government released its first Emissions Reduction Plan (ERP) on 31 May 2022, five months later than originally planned. Consequently, the Commission did not have the time in 2021/22 to formally assess the extent to which the ERP incorporated advice from <i>Ināia tonu nei</i> .

Achieved

Partially achieved

Not achieved

Not measured

^{14.} This work will draw upon the data and assessments we will use in our role of monitoring the emissions reductions plans and national adaptation plans, but does not duplicate those reports

^{15.} The first emissions budget was presented in May 2022, so the first report on progress against the emissions budgets will not occur until 2022/23

^{16.} This figure is a recalculation of our verified 2020/21 footprint using MfE's revised methodology for 2021/22 and following the MfE's guidance on adjusting baselines. See https://environment.govt.nz/assets/publications/Measuring-emissions-guidance-August-2022/Detailed-guide-PDF-Measuring-emissions-guidance-August-2022.pdf

^{17.} Disclosure: As per Toitu's standard calculation methodology, emission sources measured by the Commission were domestic air travel, domestic accommodation, electricity, taxi use, car use, waste, and working from home. There were no significant sources not measured or reported. Reporting was conducted using the guidelines set by Toitu's 'carbonreduce' programme, which conforms with ISO standard ISO 14064-1:2018 and MfE's Measuring Emissions Detailed Guide 2020. There was no consolidation of emissions in our reporting, or exclusion of facilities or operations, as the Commission is a single operating entity, without subsidiaries. There are no significant known uncertainties in the quantification of the emissions beyond those inherent in the emission factors embedded in Toitu's standard calculation methodology.

Achieved	Not achieved ■
Partially achieved	Not measured

	#	Performance	Performance	FY20/21	FY21/22	Commentary
		Measures (PM)	Target (PT)	PT score	PT score	•
Impact 2: Advice is perceived as independent, expert, evidence-based, and pragmatic	5	% of stakeholders who see our advice as independent, expert, evidence-based and pragmatic	Survey to be scoped in 2021/22	\bigcirc	\bigcirc	The Commission conducted its first biennial stakeholder survey in 2021/22. This showed 71% of respondents agreed that we provide credible advice to the Government, and the same percentage that we are an evidence based, robust organisation.
	6	Confidence in our advice by successive governments	Baseline in 2021/22	Ø	\otimes	The target baseline was not established because the proposed assessment methodology (formal reviews by the Minister and political party climate spokespeople) proved not to be feasible in practice.
	7	Reference to the Commission's advice beyond its original purpose - by other government departments, local government, overseas authorities, academics, civil society	Baseline in 2021/22		\bigcirc	Media data, collected over a 6-month period, counted nearly 700 articles referencing the Commission's work. In addition, 89 direct email enquiries were received over the same period seeking permission to cite our advice in academic and business papers. We decided not to scope a methodology in 2021/22 because of practical/resource difficulties in identifying and collecting relevant information.
Impact 3 : Iwi/Māori and stakeholders are confident their perspectives have been considered	8	% of stakeholders who are confident their perspectives have been considered	Survey to be scoped in 2021/22, with reporting from 2022/23		\bigcirc	The Commission conducted its first biennial stakeholder survey in 2021/22. This found that 58% of respondents agreed or strongly agreed that their feedback was taken into account by the Commission.
Output 1: High quality work	9	Advice is developed in accordance with rigorous internal standards and procedures for quality assurance	100% of advice is reviewed internally and given analytic clearance and senior management (Tier 2) sign-off prior to publication	\bigcirc	\bigcirc	The two statutory advice reports delivered in 2021/22 ('Agriculture Assistance' and 'Agricultural Progress Assessment') were produced in line with the Commission's established internal quality assurance standards and procedures. Actions included: Internal and external testing of scope and approach (including Board sign-off) Use of standardised templates and approval processes Multi-level review and approval of reports through senior managers, Chief Executive, and ultimately Commissioners.
	10	Evidence base for advice on matters specified in the CCRA or requested by the Minister is externally peer reviewed and any issues identified and addressed	100% of evidence underpinning statutory advice is externally peer reviewed ¹⁸	\bigcirc	\bigcirc	 The Commission's two statutory reports delivered in 2021/22 were tested externally in line with approved quality assurance processes. Actions included: Identification and engagement of appropriate external expert reviewers Recording of feedback received and proposed and approved amendments to reports in light of feedback Senior manager sign-off of external testing steps and response prior to final approval or release.
	11	Models and data are comprehensive, fit-for-purpose and high quality	100% of processes to review and update models are completed on a timely basis	\bigcirc	\bigcirc	The Commission's models were externally reviewed in December 2020 before the release of <i>Ināia Tonu Nei</i> . None of these models were used during 2021/22 for our analytical work. Consequently, because our models have not been changed or used, they were not externally reviewed in 2021/22.
Output 2: Partnership with Iwi/Māori	12	Relationships with specific groups of lwi/Māori show developing partnership and understanding	Case studies show the developing relationship between lwi/Māori and the Commission			During the year the Commission collaborated with representatives from Māori-collectives to establish 12 case studies through its Maui.Tech initiative. The production of the case studies serves two purposes. First, they provide a means for building relationships with Iwi/Māori giving consideration to a tikanga Māori approach and giving priority to hearing authentic perspectives from Māori. Second, they build an understanding of the unique impacts different Māori-collectives are facing, and gain insights to the particular kaupapa Māori led solutions these rōpū are implementing to address the impacts of climate change and build climate resilience. In June, we presented our first round of content to case-study participants, comprised of representatives from Iwi, hapū, Ahu Whenua Trusts, and Māori businesses. These case studies are scheduled for public release in March 2023.

^{18.} This measure excludes evidence which maybe market sensitive

						✓ Achieved✓ Partially achieved✓ Not measured
	#	Performance Measures (PM)	Performance Target (PT)	FY20/21 PT score	FY21/22 PT score	Commentary
Output 3: Effective engagement and consultation with stakeholders and communities	13	% of Commission's engagement and consultation that meets statutory requirements and internal engagement strategies, plans and processes	100%	\bigcirc	\bigcirc	All our engagement in 2021/22 met statutory requirements. All engagement activity was delivered in line with the agreed internal Communications and Engagement strategies and engagement work plans that support our statutory deliverables. We did not undertake any formal consultation on draft reports in this period.
	14	Effectiveness of overall engagement and consultation, based on ratings from those involved in those processes	Baseline in 2020/21. Improvement on baseline	\otimes	Ø	The baseline for assessing the effectiveness of engagement and consultation was established in 2021/22 through the first biennial stakeholder survey. Consequently, improvement on baseline will not be assessed until 2023/24 when the second biennial survey is conducted. The 2021/22 survey found that 72% of respondents rated our consultation process as either 'very good' or 'fairly good' and 86% either agreed or strongly agreed with the statement 'it was easy to provide a submission'.
						For engagement , 84% of respondents agreed or strongly agreed that 'there is value for me in engaging with the Commission' and 74% agreed or strongly agreed that 'there are sufficient opportunities for me to hear about the Commission's work.'
Output 4: Timely delivery or reports and advice	15	% of requested reports and advice that are delivered by the agreed date	100%	\bigcirc	\bigcirc	The Commission's two statutory reports for 2021/22 were delivered to Ministers by the agreed dates: 'Agriculture Assistance' on May 31, 2022; and 'Agricultural Progress Assessment' on June 30, 2022.
Output 5: Clear delivery of message	16	% of key stakeholders who believe our messages over time have been clear and consistent	Survey to be scoped in 2021/22, with reporting from 2022/23	Ø	\bigcirc	The Commission conducted its first biennial stakeholder survey in 2021/22. This found that 81% of respondents thought the Commission "communicates in an open and honest way"; 75% said the Commission was "an evidence-based organisation" and 82% said it makes an effort to help people understand our work.
Output 6: Good process management	17	% of requests for information are responded to within the appropriate timeframe	100%	\otimes	\otimes	100% of Official Information Act (OIA) requests were responded to within the statutory timeframes. Due to Covid impacts and subsequent business continuity decisions, two quarterly reports for MfE, as our monitoring agency, were not delivered within the appropriate timeframe.
	18	Implementation of robust internal policies and systems covering finance / procurement, HR, good employer, payroll, IT, information management, risk management, health and safety, accountability reporting and organisational structure	100%	\bigcirc	\otimes	With significant planned growth through 2021/22 and beyond, the Commission began reviewing its policies and practices put in place at establishment. The aim of this work was to ensure our systems remain robust and to improve efficiency to provide greater value for money. Much of this improvement work was deferred through 2021/22 in line with the Commission's business continuity plan in response to Covid-related impacts. Consequently, not all of the Commission's internal policies and systems have yet been updated.

^{19.} Te Kawa Mataaho Public Service Commission publishes OIA statistics covering government agencies that are subject to the OIA, including the Commission, every six months



04

Tuawhā - Pou Kawana Pou Tangata Governance and people

Ngā Pou Komihana me Te Pou Whakahaere Our Commissioners and Chief Executive



Dr Rod CarrChairperson
(appointed December 2019 for five years)

Dr Carr has extensive experience in both public and private sector governance and leadership. He served as Chair and non-executive director of the Reserve Bank of New Zealand and served as Deputy Governor and for a time Acting Governor of the Bank. Dr Carr was the founding Chair of the National Infrastructure Advisory Board and for over a decade was a nonexecutive director of the Canterbury Employers' Chamber of Commerce. He led the University of Canterbury as Vice Chancellor for ten years, and holds a PhD in Insurance and Risk Management, an MA in Applied Economics and Managerial Science, an MBA in Money and Finance and Honours degrees in Law and Economics.



Ms Lisa TumahaiDeputy Chairperson
(appointed December 2019 for two years,

reappointed December 2021 for four years)

Lisa Tumahai is the Kaiwhakahaere (Chairperson) of the Tribal Parliament of Ngāi Tahu. She has served in the Tribal Parliament for over 20 years and has held the role of Kaiwhakahaere for the last seven. She is also an active and important leader for her hapū, Ngāti Waewae, and a commercial director for her Papatipu Rūnanga (Marae entity) on Te Tai Poutini West Coast.

An experienced Governor and Iwi Leader with a firm understanding of the role indigenous leadership can, and should, play in making important decisions about the future, Lisa is a sought-after and respected advisor in both the public and private sectors. She has provided advice and governance oversight across a range of different areas including public health, indigenous rights in resource management and environmental protection, the provision of health and wellbeing services, and community and regional development.



Jo Hendy *Chief Executive*

Jo Hendy led the Secretariat of the Interim Climate Change Committee and oversaw the Committee's inquiry into renewable electricity. In her former role as Director of Research and Analysis for the Parliamentary Commissioner for the Environment, she led independent environmental investigations into issues including sea-level rise and agricultural greenhouse gas emissions. Jo also spent seven years working for Motu Economic and Public Policy Research. She holds a BSc (Hons) in Mathematics, and a Graduate Diploma in Applied Science (Meteorology).



Dr Judy LawrenceCommissioner
(appointed December 2019 for three years)

Dr Lawrence is a strong international thought leader on climate change adaptation and related governance. Judy's expertise is reflected in having been appointed as a Coordinating Lead Author with the Intergovernmental Panel on Climate Change (IPCC). She has developed extensive networks across central and local government and served as an elected member of a regional council. Judy is a multi-disciplinary team player across climate change science and mitigation and adaptation policy and practice.



Ms Catherine Leining
Commissioner

(appointed December 2019 for four years)

Ms Leining is one of New Zealand's leading experts on climate change mitigation policy with a specialisation in emissions trading. As a Policy Fellow at Motu Economic and Public Policy Research, she currently leads Motu's research programme on "Shaping New Zealand's Low-Emission Future." She has held policy positions at the Ministry for the Environment, Ministry of Foreign Affairs and Trade, Waka Kotahi New Zealand Transport Agency and Wellington City Council. Before moving to New Zealand, she held policy positions in the US. She provides consulting through Silver Lining Global Solutions and was trained as a Climate Leader under The Climate Reality Project launched by Al Gore.



Professor James Renwick

Commissioner (appointed December 2019 for four years)

Professor James Renwick is a leading climate scientist with a strong national and international reputation, and four decades of experience in weather and climate research. His appointment as a Lead Author and Coordinating Lead Author on three Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC) demonstrates his expertise. He has also been involved in the governance of the World Climate Research Programme for eight years, 2014-2021. He was awarded the 2018 Prime Minister's Prize for Science Communication.



Professor Nicola ShadboltCommissioner
(appointed December 2019 for three years)

Professor 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 former Director of Fonterra Cooperative Group and Transit New Zealand, Professor Shadbolt has a strong understanding of implementing sustainability in businesses and a keen appreciation of how environmental management fits alongside social and economic imperatives. Nicola is a Fellow of the NZIPIM, IFAMA and the AIOD and was awarded Officer of the New Zealand Order of Merit for services to agribusiness.



Dr Tanira Kingi

Commissioner (appointed December 2021 for five years)

Dr Kingi is an agricultural economist with over 30 years' experience in New Zealand's primary sector industries. He is a former academic with Massey University and senior research scientist with AgResearch and Scion and currently leads research progammes with Māori authorities in GHG emissions mitigation, freshwater, and landuse change modelling. He has held a number of Ministerial advisory positions in climate change, freshwater and Māori land tenure reform. Tanira is a director on Landcorp Farming (Pamu) and holds a number of governance appointments with Māori authorities including the chair of Te Arawa Arataua. Tanira has a PhD in agricultural economics and development from the Australian National University and is affiliated to Ngati Whakaue, Ngati Rangitihi, Te Arawa, Ngati Awa.



Dr Andy Reisinger

Commissioner (appointed December 2021 for five years)

Dr Reisinger brings an internationally recognised scientific profile in climate change (specifically agriculture, multigas mitigation strategies, and adaptation and risk management) and experience in climate policy advice, both within and outside of government. He is currently a member of the Bureau of the Intergovernmental Panel on Climate Change (IPCC) and vice-chair of Working Group III (Mitigation), and also served as coordinating lead author in two major IPCC reports released in 2014.

> One of our original Commissioners, Dr Harry Clark, left the Board in December 2021, at the conclusion of his predetermined two-year tenure.

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. Board members are appointed for their knowledge of, and experience in, areas relevant to the Commission's work.

The Board is our governing body and performs a traditional governance role in monitoring performance, providing strategic direction, ensuring compliance, and providing oversight. 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 sent to the Government.

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

Board members

| are appointed for
 their knowledge of,
 and experience in,
 areas relevant to the
 Commission's work

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 sub committees to the Board, such as the Risk Audit Safety Health committee (RASH).
- 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 Statement of Intent.

Te Whakarato Rawa Komihana Managing Commissioner interests

Because our role is to provide independent, evidence-based climate mitigation and adaptation advice, our commissioners are required to have relevant skills, experience and knowledge in these areas. Commissioners use this experience and judgment 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 policy²⁰ and maintain a live register of interests which can be found on our website²¹.

All interests declared by Board members are managed according to our interests policy.

^{20.} https://ccc-production-media.s 3. ap-southeast-2. a mazon aws.com/public/documents/Interests-Policy-February-2021.pdf

^{21.} https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Corporate-publications/Interests-register/Public-Interest-Register-September-2022.pdf

Te Utu PoariBoard remuneration

Board remuneration

Total value of remuneration paid or payable to each Board member during the year was:	2022 Actual \$000	2021 Actual \$000
Roderick Carr (Chairperson)*	214	296
Lisa Tumahai (Deputy Chairperson)*	39	87
Catherine Leining*	77	88
Harry Clark*	31	87
James Renwick*	36	63
Judy Lawrence	67	98
Nicola Shadbolt*	49	81
Tanira Kingi	24	-
Andy Reisinger	28	-
Total Board member remuneration	565	800

^{*}These Board members' remuneration also includes membership of the RASH committee.

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 (2021: \$0).

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

Te Utu TariStaff remuneration

Employee remuneration

Total remuneration paid or payable that is or exceeds \$100,000:	2022 Actual Number	2021 Actual Number
\$100,000 - \$109,999	3	6
\$110,000 - \$119,999	2	-
\$120,000 - \$129,999	5	4
\$130,000 - \$139,999	2	-
\$140,000 - \$149,999	-	4
\$150,000 - \$159,999	4	3
\$160,000 - \$169,999	4	4
\$170,000 - \$179,999	3	-
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	2
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	2	-
\$250,000 - \$259,999	-	1
\$270,000 - \$279,999	1	-
Total employees	28	25

During the year ended 30 June 2022, no employees received compensation and other benefits in relation to cessation (2021: \$0).

Kia ārahina, kia tika Being a good employer

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. While we have work focused teams, we see ourselves as one team.

Employee development

We help our employees to achieve the standards expected of all employees through regular, timely, and quality conversations about performance and development, including behaviours in line with our values.

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 reflect the values we live and aspire to, aligned with our mission and vision and the Commission Performance Framework.

Our remuneration practices are flexible enough to attract, retain and engage our talents, while meeting the standards of fiscal prudence (affordable and sustainable) required by Government and any guidance set by the State. They are also fair, equitable, transparent, and easy to understand.

Harassment and bullying prevention

We exhibit 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.

Recruitment, selection and induction

Given the new and emerging role of the Commission it is important that we bring the right people into the team – people that share our values and add the diversity we need to deliver the best possible advice, mechanisms and reports. 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 We have an effective onboarding process, where our new team members are welcomed and introduced to everyone.

Flexibility and work design

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. Our flexibility and workforce resilience are demonstrated throughout our response to COVID-19.

Safe and healthy environment

Effective management of key health, safety and wellbeing risks occurs through a structured approach to identification, control and monitoring. A strong culture of reporting near misses and incidents exists so that learning and prevention can occur. A comprehensive wellbeing programme tailored to our environment occurs throughout the year, including:

- Support during the COVID-19 response
- Flu vaccinations
- Employee Assistance Programme
- Ergonomic workstation assessments
- Social network events

Ministerial directions

No further directions were given to the Commission in writing by a Minister under any enactment during the year ended 30 June 2022.



05

Tuarima Whakataunga
Pūtea
Financial
Statements

Te Kupu HaepapaStatement of Responsibility

For the period ended 30 June 2022

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 2021 to 30 June 2022.

Signed on behalf of the Board:

Dr Rod Carr

Chair

16 November 2022

Dr Nicola Shadbolt

W. M. Shaddolt

Commissioner and Chair of RASH Committee 16 November 2022

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 2022

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 65 to 78, that comprise the statement of
 financial position as at 30 June 2022, 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 41 to 47.

In our opinion:

- the financial statements of the Commission:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 2022, 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 24 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the 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.

Emphasis of Matter - Inherent uncertainties in the measurement of greenhouse gas emissions

The Climate Changes Commission has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Performance Measure #3 on pages 42 to 43 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they



could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Commission's Statement of Performance Expectations.

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.



Other information

The Commission's Board is responsible for the other information. The other information comprises the information included on pages 1 to 40 and 48 to 60, 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

He Pou a Rangi 2021/22 Ngā Whakataunga Pūtea Climate Change Commission 2021/22 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 2022

	Note	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Revenue				
Funding from the Crown	2	12,486	12,486	9,415
Interest revenue	2	22	-	1
Other revenue		-	-	9
Total revenue		12,508	12,486	9,425
Expenses				
Personnel costs	3	6,847	8,369	5,368
Other expenses	4	3,535	4,288	4,190
Depreciation expense	7	137	102	93
Total expenses		10,519	12,759	9,651
Surplus/(deficit)		1,989	(273)	(226)

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

Statement of financial position

As at 30 June 2022

	Note	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Assets		****	,	V
Cash and cash equivalents	5	4,050	1,140	2,063
Debtors and other receivables	6	88	76	130
Prepayments		124	-	85
Total current assets		4,262	1,216	2,278
Non-current assets				
Property, plant and equipment	7	431	341	471
Total non-current assets		431	341	471
Total assets		4,693	1,557	2,749
Liabilities				
Current liabilities				
Creditors and other payables	8	604	332	715
Lease incentive	9	9	9	9
Employee entitlements	10	556	325	481
Total current liabilities		1,169	666	1,205
Non-current liabilities				
Lease incentive	9	27	27	36
Total non-current liabilities		27	27	36
Total liabilities		1,196	693	1,241
Net assets		3,497	864	1,508
Equity				
Balance at 1 July	13	1,508	_	1,734
Retained earnings	13	-	538	-,75
Contributed capital		-	599	-
Accumulated surplus/(deficit)	13	1,989	(273)	(226)
Total equity	13	3,497	864	1,508

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

Statement of changes in equity

For the year ended 30 June 2022

	Note	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Balance at 1 July Total comprehensive revenue and expense for the year		1,508 1,989	- (273)	1,734 (226)
Balance at 30 June	13	3,497	(273)	1,508

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

Statement of cash flows

for the year ended 30 June 2022

Note	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Cash flow from operating activities			
Receipts from the Crown	12,486	12,486	9,415
Receipts from other revenue	2	-	-
Interest received	22	-	1
Payments to suppliers	(3,783)	(4,249)	(4,135)
Payments to employees	(6,681)	(8,496)	(5,088)
Goods and Services Tax (net)	38	-	(280)
Net cash flow from operating activities	2,084	(259)	(87)
Cash flow from investing activities			
Purchase of property, plant and equipment	(97)	(50)	(183)
Net cash flow from investing activities	(97)	(50)	(183)
Net increase/(decrease) in cash and	1,987	(309)	(270)
cash equivalents			
Cash and cash equivalents at 1 July 2021	2,063	1,449	2,333
Cash and cash equivalents at 30 June 2022	4,050	1,140	2,063

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

Notes

Note 1. Statement of accounting policies

Reporting entity

The Climate Change Commission (the Commission) is an independent Crown entity as defined by the Crown Entities Act 2004. It was established under the Climate Change Response (Zero Carbon) Amendment Act 2019 and its parent is the Crown. The Commission's primary objective is to provide services to the public. The Commission does not operate to make a financial return.

The financial statements for the Commission are for the year ended 30 June 2022 and were approved by the Board on 16 November.

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 judgment in applying accounting policies:

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

Note 2. Revenue

Accounting policy

Funding from the Crown

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

Interest revenue

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

Note 3. Personnel costs

Accounting policy

Salaries and wages

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

Defined contribution schemes

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

Defined benefit schemes

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

Breakdown of Personnel costs	2022 Actual \$000	2021 Actual \$000
Salaries and wages	5,815	/ ₁ 502
Salaries and wages	5,615	4,592
Defined contribution scheme employer contributions	167	139
Increase in employee entitlements	75	238
Other personnel posts	790	399
Total personnel costs	6,847	5,368

Note 4. Other expenses

Accounting policy

Breakdown of other expenses	2022 Actual \$000	2021 Actual \$000
Audit fees for audit of financial statements	42	39
Consultancy	476	1,158
Legal Fees	751	74
Contractors	427	820
Board Fees	565	800
Technology expenses	424	515
Operating lease expense	330	327
Financial services*	128	183
Travel and accommodation	62	91
Other expenses	330	183
Total other expenses	3,535	4,190

^{*}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.

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	2022 Actual \$000	2021 Actual \$000
M. N. et al.	2/4	2/1
No later than one year	241	241
Later than one year and not later than five years	684	925
Later than five years	-	-
Total non-cancellable operating leases	925	1,166

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

Any lease incentive received is recognised as a reduction of rent over the term of the lease. Future 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.

Note 5. Cash and cash equivalents

Accounting policy

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

Breakdown of cash and cash equivalents	2022 Actual \$000	2021 Actual \$000
Cash at bank and on hand	4,050	2,063
Total cash and cash equivalents	4,050	2,063

Note 6. Receivables

Accounting policy

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

Breakdown of receivables	2022 Actual \$000	2021 Actual \$000
Debtors	8	12
GST receivable	80	118
Total receivables	88	130

Note 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 1 July 2020	108	10	282	400
Additions	51	-	414	465
Work in progress	-	(6)	(282)	(288)
Balance at 30 June / 1 July 2021	159	4	414	577
Additions	96	-	-	96
Work in progress	-	1	-	1
Balance at 30 June 2022	255	5	414	674
Accumulated depreciation				
Balance at 1 July 2020	13	-	-	13
Depreciation expense	46	1	46	93
Balance at 30 June / 1 July 2021	59	1	46	106
Depreciation expense	60	1	76	137
Balance at 30 June 2022	119	2	122	243
Carrying amounts				
At 1 July 2020	95	10	282	387
At 30 June/1 July 2021	100	3	368	471
At 30 June 2022	136	3	292	431

Capital commitments at 30 June 2022, the Commission has no capital commitments.

Note 8. Payables

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of payables under exchange transactions	2022 Actual \$000	2021 Actual \$000
Accrued expenses Creditors	260 344	242 473
Total payables	604	715

Note 9. Lease incentive

Accounting policy

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

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

Breakdown of lease incentive	2022 Actual \$000	2021 Actual \$000
Current Portion	9	9
Non-current Portion	27	36
Total lease incentive	36	45

Note 10. Employee entitlements

Accounting policy

Short-term employee entitlements

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

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

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

Long-term employee entitlements

The Commission does not have long-term employee entitlements.

Breakdown of employee entitlements	2022 Actual \$000	2021 Actual \$000
Accrued annual leave Accrued salaries and wages	400 156	322 159
Total employee entitlements	556	481

Note 11. Provisions

Accounting policy

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

The Commission has no provisions at 30 June 2022 (2021: Nil).

Note 12. Contingencies

The Commission has no contingent liabilities and no contingent assets at 30 June 2022.

Note 13. Equity

Accounting policy

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

- · contributed capital
- accumulated surplus

Breakdown of Equity	2022 Actual \$000	2021 Actual \$000
Contributed capital		
Balance at 1 July 2021	599	599
Balance at 30 June 2022	599	599
Accumulated surplus/(deficit)		
Balance at 1 July 2021	909	1,135
Surplus/(deficit) for the year	1,989	(226)
Balance at 30 June 2022	2,898	909
Balance at 30 June 2022	3,497	1,508

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

Note 14. Financial instruments

Accounting policy

Categories of financial instruments

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

	2022 Actual \$000	2021 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	4,050	2,063
Receivables	8	12
Total financial assets measured at amortised cost	4,058	2,075
Financial liabilities measured at amortised cost		
Payables	604	715
Lease incentives	36	45
Total financial liabilities measured at amortised cost	640	760

Note 15. Related party transactions

The Commission is a wholly owned entity of the Crown. Related party disclosures have not been made for transactions with related parties that are within a normal supplier 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	2022 Actual \$000	2021 Actual \$000
Board Members		
Remuneration	565	800
Full-time equivalent	1.60	2.43
Leadership Team		
Remuneration	1,237	886
Full-time equivalent	5.17	4.19
Total key management personnel remuneration	1,802	1,686
Total full-time equivalent personnel	6.77	6.62

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

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

Note 16. Events after balance date

There were no significant events after the balance date 30 June 2022 that require recognition or disclosure in the financial statements.

Note 17. Explanation of major variances against budget

Statement of comprehensive revenue and expense

For the year ended 30 June 2022 the Commission had an operating surplus of \$1.989m, this is a \$2.262m positive variance against the budgeted deficit of \$0.2m. The financial year has presented the Commission with pressures that required regular assessment and reprioritising of work and resources. Key pressures included COVID-19 moving into our Business Continuity Plan to manage reduced capacity; leadership diverted to manage response, and delays to recruitment and outsourcing projects and the judicial review which required funding and staff resources to support proceedings. This has had considerable impact in the second half of the year with an underspend in personnel and planned projects.

Statement of cash flows

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



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