

Annual Report

1 July 2019 – 30 June 2020



Mobilising New Zealanders to be world leaders in clean and clever energy use



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Introduction

Tēnā koutou katoa.

It has undoubtedly been an extraordinary year.

Responding to the urgent challenge of mitigating climate change remains a global priority but we must now consider the added health, economic and social complexities brought about by the ongoing COVID-19 pandemic.

It has been two decades since EECA's founding legislation was enacted and our formal role in promoting energy efficiency, conservation and renewable energy began.

With our experience and expertise, we are ideally placed to play a pivotal part in reducing New Zealand's emissions from the energy sector. Clean and clever energy use also provides many economic benefits, such as reduced energy costs, job creation and increased business productivity. We are committed to ensuring that post-COVID recovery spending of any sort helps maximise the long-term, low carbon outcomes we are continuously striving for in the energy sector.

As we implemented our own business continuity plan during the initial COVID-19 outbreak in New Zealand, we continued to work with our business

partners to develop clear plans of action to save energy and reduce energy-related emissions within a complex and ever-changing environment. While some projects were understandably delayed, together we still delivered annual energy savings of 0.77 PJ and reduced annual emissions by over 62,000 tonnes this year.

Keeping New Zealanders warm and dry at home through our Warmer Kiwi Homes programme is an ongoing focus for us and over the past 12 months we installed 21,250 heating and insulation retrofits in low-income households. The programme was paused during Alert Level 4 but since then we've been delighted to see a dramatic rise in the uptake of grants as the Government increased its financial contribution to 90%. We would also like to acknowledge the generous contributions from third party funders that have allowed this service to be offered to many vulnerable households at no charge at all.

And we have continued to bring New Zealanders along on our journey towards a sustainable energy system by launching Gen Less - our new platform that encourages families and businesses to get more out of life by using less harmful energy.

There are parallels to be recognised between Gen Less actions and an adapted lifestyle during a pandemic, and we are working to embed some of these low-emissions behaviours, such as reduced work travel, as the 'new normal'.

This year our team of 5 million was united against the immediate health threat posed by COVID-19. The same collective action is now needed for reviving and decarbonising our economy and for us all to do our part to mitigate climate change.

I'm delighted to be a part of EECA as we continue to be bold and proactive on this journey. I would like to take this opportunity to acknowledge my predecessor Tom Campbell, former Chair of EECA, for his passionate and positive stewardship over almost seven years.

I am optimistic that we will continue to be a positive force for change in the years to come.

Ka nui taku mihi atu nei.

Elena Trout

Chair – on behalf of the Board
3 September 2020

Our story

Generating a low-emissions economy

This year marked the twentieth year since our founding legislation was enacted.

EECA was established as a Crown entity under the Energy Efficiency and Conservation Act 2000, to encourage, promote and support energy efficiency, energy conservation and the use of renewable sources of energy.

Our purpose

We have an audacious but highly relevant purpose. One that highlights our remit to include all energy-related emissions and which will shape everything we do. It is to –

Mobilise New Zealanders to be world leaders in clean and clever energy use.

Our desired outcome

We want New Zealand to have a sustainable energy system that supports the prosperity and wellbeing of current and future generations.

We will do this by focusing on energy efficiency and the use of renewable energy sources. Put simply, we want all of New Zealand to recognise that the energy we save now will be an asset to our collective future, in a myriad of ways.

Our approach

We encourage the use of sustainable energy across the economy, through a combination of direct interventions, such as co-investment and regulation. We also seek to motivate people by providing information, raising awareness and offering expert advice so they are better equipped to make clean and clever energy choices.

Our current work

Our work programme is underpinned by our [2018–2022 Statement of Intent \(SOI\)](#) and is guided by the [New Zealand Energy Efficiency and Conservation Strategy 2017–2022 \(NZECS\)](#).

Our Strategy

Our purpose

Mobilise New Zealanders to be world leaders in clean and clever energy use

Our strategic principles



Focus on impact



Understand the customer



Define the problem



Join the dots



Display leadership

Our strategic focus areas



Productive and low-emissions business



Efficient and low-emissions transport



Energy efficient homes



Government leadership



Engage hearts and minds

Our key behaviours



Open to the new



Stand in others' shoes



Believe in 'we' not 'me'



Deliver the goods

Our desired outcome

A sustainable energy system that supports the prosperity and wellbeing of current and future generations

Our three levers

Achieving a bigger impact

We work to create positive change across systems, using a combination of three important levers. We choose the most effective combination of the three depending on factors like existing barriers and market maturity.



Co-investing

We co-invest in energy efficient technologies and the use of renewable sources of energy

When there are financial barriers, we help to overcome these and appropriately share the financial risk to incentivise energy users to invest in technologies and renewable sources of energy that can make a real difference.



Motivating people

We motivate people to make clean and clever energy choices

We develop and communicate credible information that will help targeted audiences to make informed choices, and to take action.



Regulating

We regulate proven technologies and processes

We help prevent inefficient products and appliances from being sold in New Zealand. We support the development of energy-related policies that create the 'enabling environment' energy users need to transition to a low-emissions economy.

Our 2019/20 outcomes framework

The activities we delivered in 2019/20 brought us one step closer to achieving our overall desired outcome – that New Zealand has a sustainable energy system that supports the prosperity and wellbeing of current and future generations.



1 <https://www.labour.org.nz/ourplan>

2 In 2015, the United Nations adopted 17 global goals to end poverty, protect the planet and ensure prosperity for all. Each goal has a number of targets to be achieved by 2030. EECA's activities and programmes contribute to achieving the listed goals.

Government priorities¹

Building a productive, sustainable and inclusive economy

- Grow and share New Zealand's prosperity
- Deliver responsible governance with a broader measure of success
- Support thriving and sustainable regions
- Transition to a clean, green and carbon neutral New Zealand

Improving the wellbeing of New Zealanders and their families

- Support healthier, safe and more connected communities
- Ensure everyone has a warm, dry home
- Make New Zealand the best place in the world for children
- Ensure everyone who is able is earning, learning, caring or volunteering

Providing new leadership by Government

- Value who we are as a country
- Build closer partnerships with Māori
- Create an international reputation we can be proud of
- Deliver transparent, transformative and compassionate government

3 The Treasury's Living Standards Framework identifies 12 domains that contribute to how New Zealanders experience wellbeing. EECA's activities and programmes help to improve the listed domains.

Solutions and success

Five areas where we're making a difference



Solution 01

Productive and low-emissions business

Mobilising decision makers and technical experts to accelerate action

Why this matters

Businesses use 48% of New Zealand's energy – excluding transport – and generate 27% of our energy-related emissions.

This means there are significant opportunities for them to increase both their energy productivity and the use of renewable energy for the benefit of the whole economy.

And there are many benefits for individual businesses, including lower energy costs and improved profitability. It's also valuable for businesses to be able to say that they are genuinely making an ongoing contribution to New Zealand's emissions reduction goals.

'Process heat use' – both efficiency and switching to renewable energy – represents the most significant stationary energy opportunity for improving energy productivity and reducing emissions in the business sector.

Our desired future state

We are working towards the following outcomes:

- EECA's client businesses demonstrate best practice, continuously improve their energy and emissions productivity and motivate other businesses to take action.
- New Zealand businesses continuously improve their energy productivity and using sustainable energy to contribute to New Zealand's emissions reduction target.

What we achieved this year

We continue to work with businesses that use nearly a quarter of the energy used in New Zealand.

This year we can really see the results of our increased focus on helping the sector to not only become more energy efficient but to also switch to cleaner forms of energy. Over the past 12 months, our business partners reported new annual savings of 0.77 PJ as a result of our involvement. This is a comparable result to 2018/19 but the associated energy-related emissions savings increased from 53,700 to 62,100 tonnes of carbon per year.

Chipping away at emissions

We continue to encourage businesses to adopt proven energy efficient technologies that are underutilised in New Zealand by providing co-investment through our technology demonstration programme. McCain Foods is a good example of a business that has reduced its use of fossil fuels by adopting innovative technology as a result of our partnership. Until recently, it was using steam from burning coal to pre-treat potatoes before slicing them into chips. However, with the installation of its new Pulsed Electric Field system, it has slashed its emissions by over 1,400 tonnes every year and reduced its energy consumption by 3.8 GWh. This is in addition to other benefits such as reduced water consumption, space saving and an improved end product. To top it all off, this technology has potential to be replicated across many industries that require pre-treatment using process heat – for example, in plants that process meat and dairy.



Accelerating the transition

We are now working with 11 large energy-using businesses that are committed to reducing their emissions through our Energy Transition Accelerator programme. We provide expert assistance to help each business onto a customised long-term pathway to decarbonisation by identifying technically- and economically-viable low carbon investments.

Our most recent project with Alliance Group Limited is through this programme. Along with Energy Advisors DETA Consulting, we have provided thought leadership and support to identify substantial energy saving and carbon reduction opportunities across all the processing facilities in Alliance with good financial paybacks. We are now collaborating with Alliance to implement these projects. Pleased with these developments, Willie Wiese, General Manager for Manufacturing at Alliance says *"I have found EECA proactive, they communicate very well and are motivated to support Alliance to succeed in the decarbonisation of our business."*

Locking in positive change

During COVID-19 Alert Level 4, we pivoted our business engagement to focus on projects that could be delivered remotely. LSG Sky Chefs produces meals for airlines and demand during lockdown unfortunately plummeted from 35,000 meals a day to about 800. They used this time to focus on business improvements and had an energy audit completed by our programme partner Energy NZ. The audit identified opportunities to reduce their energy use by nearly 9% through maintenance and operational improvements alone that, once established, will save about \$80,000 in energy costs each year and reduce annual emissions by 105 tCO₂e.

[See page 32](#) for more information on our achievements over the year and how we measured our progress.

Our next steps to mobilise New Zealanders

Hot opportunities to reduce emissions

About half of New Zealand's process heat demand comes from burning coal or natural gas, contributing to 8% of our emissions. At EECA, we are increasing our focus on providing co-investment for energy efficiency and renewable energy projects that will reduce process heat emissions across the economy.

Solution 02

Efficient and low-emissions transport

Switching the fleet to low-emissions technology while ensuring that any remaining fossil-fuelled vehicles are as efficient as possible

Why this matters

The transport sector provides the single largest opportunity to improve New Zealand's energy productivity and reduce energy-related emissions.

Transport is responsible for about 21% of New Zealand's total emissions each year and 48% of energy-related emissions.

There are significant improvements to be made using sustainable and efficient technologies, particularly low-emission vehicles. Our scenario modelling estimates carbon emissions could reduce by 1.6 to 4.3 million tonnes by 2035 as a result of an increased uptake of petrol hybrid and electric vehicles⁴.

If all light vehicles in New Zealand were electric (which is a long way off), our current total electricity demand would increase by around 20%. We can accommodate this within our current electricity generation output – if most of us charged off-peak.

Meeting our transport needs with sustainable energy will reduce emissions and our dependence on imported fuel – while saving people money as they get around.

Our desired future state

We are working towards the following outcomes:

- More New Zealanders choose a low-emissions vehicle over a fossil-fuelled vehicle and have a good experience using it.
- People who do not buy a low-emissions vehicle choose a more efficient fossil-fuelled vehicle.

What we achieved this year

There were 21,098 electric vehicles registered in New Zealand as of 30 June 2020 amongst a total light fleet of nearly 4 million vehicles. And the rate of uptake is slowing dramatically given barriers, such as high purchase prices and battery concerns, are still in place.

Dispelling myths

Through our Gen Less platform, we help people to better understand the benefits of low-emission vehicles over fossil-fuelled cars. Our independent and authoritative information can alleviate concerns that might be preventing people from improving their transport choices. For example, we share information on battery life, advice on how to charge an electric vehicle, and demonstrate that electric vehicles produce fewer emissions across their entire lifecycle than fossil-fuelled cars.

⁴ The lower limit applies to the Tui scenario where climate change is competing with other priorities, while the upper limit applies to the Kea scenario where it is seen as the most pressing issue in New Zealand. These are preliminary results from TIMES-NZ model developed by EECA, the Business Energy Council and the Paul Scherrer Institute.



Charging ahead

We continue to co-invest in projects that will accelerate the uptake of low-emission vehicles. Since 2018, our Low Emission Vehicles Contestable Fund has contributed to New Zealand's charging infrastructure by supporting the installation of nearly 700 electric vehicle chargers. This has included the first two 300 kW hyperchargers installed in New Zealand that are able to charge four vehicles simultaneously, providing each vehicle with a driving range of up to 400 km in only 15 minutes.

Breathing easy

This year we also helped Asthma NZ to purchase eight second-hand electric vehicles for the mobile nurses in the community in Auckland, Wellington and Rotorua. This sends a message that is congruent with asthma education and prompts other NGOs and health organisations to consider electric vehicles as a feasible solution.

Heavy loads, light footprint

With our support, AlSCO has proven the viability of using a heavy electric freighter on its 284 km route between Rotorua, Tauranga and Taupo. With a range of 200 km, its new e-truck

is charged at three depots en route during loading and unloading times. Given this successful trial, AlSCO is now wanting to purchase further e-trucks to add to its fleet and EECA will also use the data created to encourage other fleet operators to reduce their fleet emissions.

See page 38 for more information on our achievements over the year and how we measured our progress.

Our next steps to mobilise New Zealanders

As a result of the COVID-19 pandemic, we expect to see a substantially more cautious approach by many purchasers as they take conservative measures around preserving their financial liquidity. This will likely see electric vehicle purchase decisions deferred, particularly for new cars.

Paving the way

We will continue to provide research and expert advice to inform cross-government regulatory and incentive measures for vehicle emissions performance that will be essential for transitioning the light fleet at the speed and scale required to meet New Zealand's climate change targets.



Solution 03

Energy efficient homes

Optimising New Zealanders' use of renewable energy through energy efficient homes, technologies and behaviours

Why this matters

Encouraging New Zealanders to improve the energy efficiency of their homes will help them to become warmer and healthier. It also means they can enjoy the benefits of using smarter household technologies without increasing their energy costs.

The residential sector has a large number of small consumers and the dominant energy source is our highly renewable electricity system.

Households have a significant impact on our peak electricity use when electricity generation tends to be at its least renewable, and most expensive to produce (for example, winter evenings).

Energy efficiency in the residential sector is critical as we seek to engage all citizens in the collective objective of reducing New Zealand's energy-related emissions.

Our desired future state

We are working towards the following outcomes:

- Households consume electricity more efficiently to reduce peak loading on infrastructure.
- More New Zealanders live in energy efficient homes and make informed choices on energy efficient technologies and behaviours.

What we achieved this year

Adding heat

This year we expanded our Warmer Kiwi Homes programme to provide grants for heating measures, as well as insulation, to low-income homeowners. With our support, 21,250 heat pumps, wood burners and insulation retrofits were installed against a target of 16,000, despite a short pause in delivery during COVID-19 Alert Level 4.

Efficient choices

We continued to develop Minimum Energy Performance Standards (MEPS) for products and appliances that are sold in New Zealand. By not allowing inefficient appliances onto our shop floors, and adding energy performance labels to those that are, we help consumers make choices that will reduce their ongoing electricity bills. Over the past two decades, our regulations have saved New Zealanders just over \$1.23 billion and generated energy savings of 50.37 PJ.

See [page 41](#) for more information on our achievements over the year and how we measured our progress.

Our next steps to mobilise New Zealanders

Warmer, drier and healthier

The Government has increased funding for our Warmer Kiwi Homes programme through its COVID-19 response and recovery package. Since the programme resumed post-lockdown at the end of April 2020, the Government increased its funding contribution from 67% to 90% so that, with the support of third party funders, these improvements are free for many low-income households. This means more eligible homeowners are able to make their houses more energy efficient and ensure better health outcomes for themselves and their families. This has increased demand, which will help to keep our delivery partners and their installation teams busy in 2020/21.

Lighting the way

If every New Zealand household installed LED lighting, we'd avoid 82,000 tonnes of greenhouse gas emissions every year – the emissions of almost 34,000 petrol cars. This is largely because it would reduce electricity use during peak hours, such as on winter evenings, when generation tends to be at its least renewable. This year we gave out over 14,500 LED bulbs, for free, to people living in low-income areas. We'll continue to trial distribution methods in 2020/21 to determine the most cost effective and scalable approach. We have six projects currently planned that, combined, will give out a further 150,000 LEDs to people who will benefit the most from lower electricity bills.

Solution 04

Government leadership

Equipping the public sector to innovate and lead the transition to clean and clever energy use



Why this matters

Through effective policies and modelling of clean and clever energy use, the public sector can demonstrate wise management of public resources, support sustainable development objectives and influence a wide range of New Zealanders to follow suit.

The Government has signalled a desire to demonstrate leadership in energy productivity and the use of sustainable energy.

Government agencies own over 16,000 vehicles, which in the future will supply the second-hand market. This means the adoption of low-emissions vehicles in the public sector light fleet will contribute to a reduction in national transport emissions over time. In 2019, the Government set the objective that the percentage of electric vehicles entering its fleet increases every year so that by 2025/26 the light vehicle fleet will be, as much as practical, emissions free.

State sector agencies, including public hospitals, universities and schools, are also still using fossil-fuels for heating. Removing coal and gas boilers from public buildings is important in the transition to a low-emissions economy.

Our desired future state

We are working towards the following outcomes:

- The public sector is an exemplar in improving its energy productivity and reducing its energy-related emissions.
- State services implement energy policy and programmes to accelerate the transition to clean and clever energy use in New Zealand.

What we achieved this year

Decarbonising the public service

In December 2019, the Government announced a Clean-powered Public Service Fund that provides \$200 million of new investment for energy efficiency and renewable energy projects. We're using our expertise and existing relationships with energy users in the public sector to identify high impact clean and clever energy projects that can be delivered as soon as possible. As of 30 June 2020, \$22.7 million had been committed to projects that, once implemented, are expected to reduce emissions by 17,880 tonnes each year.

On the energy management journey

Using long-term account planning, we have supported the University of Canterbury to develop and implement its Low Carbon Energy Road-Map Strategy. Since 2010, the university has assessed and verified its carbon footprint with the combined key objective of carbon reduction to commensurately align with New Zealand's international emissions reduction targets. More recently, the university has committed to a long-term decarbonisation aim of being net zero carbon by 2030. A range of resulting projects will make a significant difference to the university's carbon footprint. Rob Oudshoorn, Director of Facilities Management is grateful for the support we provided in the financially challenging post-quake period and says that *"it's clear that without EECA we would not be where we are today in our carbon reduction journey"*.

[See page 44](#) for more information on our achievements over the year and how we measured our progress.

Our next steps to mobilise New Zealanders

Our focus has been increasingly on contributing to the advice put to Ministers, as they create the required policy settings to support all New Zealanders to transition to a low carbon future. We will continue to support the development of the Government's Emissions Reduction Plan, which will form the response to carbon budgets released by the Climate Change Commission in May 2021. We will continue to encourage the development of regulatory and incentive measures for electric vehicle uptake that, in our view, are required to decarbonise our light fleet at the speed and scale necessary to meet New Zealand's 2030 climate change targets.



Solution 05

Engage hearts and minds

Fostering a society in which sustainable energy is expected and demanded

Why this matters

Every day, we make decisions about how we use energy. It's in everything we do, use, make or buy. That's why tapping into the multiple benefits that the more efficient use of renewable energy can deliver requires collective action.

If 5 million New Zealanders make even small improvements to how they use energy, if businesses invest in energy efficiency and if effective policies are adopted, we'll see a significant decrease in our nation's energy-related emissions.

This isn't just achievable – it's necessary.

Our desired future state

We are working towards the following outcomes:

- New Zealanders feel that the way they use energy positively contributes to achieving New Zealand's climate change commitments.
- New Zealanders expect and demand energy-related products and services based on their energy efficiency and sustainability.

What we achieved this year

Gen Less inspires change that reduces our energy-related greenhouse gas emissions. Using this platform, we are aiming to unite New Zealand individuals, organisations, businesses and the Government to live and work in more climate-friendly ways by getting more from less energy.

It was launched on 21 September 2019 with a 60-second inspiring audio-visual advertising piece that is estimated to have reached nearly 1.3 million New Zealanders, with 44% of the population recalling the campaign. Since then, we have run support campaigns promoting the benefits of LED lighting and electric vehicles.

Despite COVID-19 and competing priorities at the moment, we're heartened to see a steady commitment to a climate positive future – 72% of people surveyed are prepared to change their behaviour to mitigate climate change. And given there are parallels to be recognised between Gen Less actions and an adapted lifestyle during a pandemic, we've recently run a campaign to promote ongoing adoption of some of these low-emissions behaviours as the 'new normal', such as reduced work travel and holidaying in New Zealand.

But there is a long way still to go in terms of widespread understanding and tangible action. Our research also shows that, currently, people see actions such as reducing plastic bag usage as having a greater impact on climate change mitigation than reducing air travel or using low-emission vehicles. Planning is underway for further campaign activity to continue to educate, inspire and mobilise New Zealanders and businesses to lead the way in clean and clever energy use.

See page 46 for more information on our achievements over the year and how we measured our progress.

Our next steps to mobilise New Zealanders

We will continue to strongly advocate for individuals to live differently by inspiring them to be clean and clever energy users and to demand changes from others – and for them to know that every effort counts, no matter how big or small, as we make the transition to a low-emissions economy together.

How we are funded and what we spent

In 2019/20, EECA received funding from the Crown through four appropriations within Vote Business, Science and Innovation. The amount of funding received and spent during the year is shown in Table 1.

Energy Efficiency and Conservation

This appropriation was used to achieve improvements in energy efficiency, energy conservation and renewable energy. There are four components to this appropriation: Crown funding, Electricity levy funding, Petroleum levy funding and Gas levy funding.

In 2018, we consulted stakeholder groups representing those affected by the levies on the proposed level of funding and the intended work programmes that will utilise the funds. A full report back to levy stakeholders will be provided in October 2020.

Grant Scheme for Warm, Dry Homes

This appropriation was used to achieve energy savings and health benefits for households through the Warmer Kiwi Homes scheme.

Implementation of the Grant Scheme for Warm, Dry Homes

This appropriation was used to achieve the implementation of the Warmer Kiwi Homes grants scheme.

Crown Energy Efficiency

This appropriation was used to achieve the delivery of energy efficiency savings in the public sector through interest free loans.

Table 1: Crown funding provided through the Estimates and Supplementary Estimates compared with actual expenditure in 2019/20

| | Estimates \$000 | Supplementary Estimates \$000 | Actual \$000 | Difference to Supplementary Estimates \$000 |
|---|--------------------|-------------------------------------|-----------------|--|
| Energy Efficiency and Conservation (Multi-category appropriation) | | | | |
| Energy Efficiency and Conservation | 15,148 | 15,148 | 15,148 | - |
| Electricity levy funding | 5,200 | 5,200 | 5,200 | - |
| Gas levy funding | 1,100 | 1,100 | 1,100 | - |
| Petroleum levy funding | 7,500 | 7,500 | 7,500 | - |
| Total appropriation | 28,948 | 28,948 | 28,948 | - |
| Implementation of Warm, Dry Homes 2018–2022 (Multi-year appropriation) | | | | |
| Crown revenue – year ended 30 June 2019 | 900 | 900 | - | - |
| Crown revenue – year ended 30 June 2020 | 2,880 | 2,880 | 2,880 | - |
| Remaining appropriation | 6,480 | 6,480 | - | - |
| Total appropriation | 10,260 | 10,260 | 2,880 | - |
| Grant Scheme for Warm Dry Homes 2018–2022 (Multi-year appropriation) | | | | |
| Crown revenue – year ended 30 June 2019 | 17,703 | 16,187 | - | - |
| Crown revenue – year ended 30 June 2020 | 37,120 | 37,120 | 46,768 | 9,648 |
| Remaining appropriation | 83,520 | 85,036 | - | - |
| Total appropriation | 138,343 | 138,343 | 46,768 | 9,648 |
| Crown Energy Efficiency | | | | |
| Capital appropriation | 2,000 | 2,000 | 1,128 | 872 |

Table 2: Expenditure for 2019/20 by output class

| | Productive and low-emissions business \$000 | Efficient and low-emissions transport \$000 | Energy efficient homes \$000 | Government leadership \$000 | Engage hearts and minds \$000 | Actuals total \$000 | Budget total \$000 |
|--|---|---|------------------------------|-----------------------------|-------------------------------|---------------------|--------------------|
| Operating revenue | | | | | | | |
| Energy Efficiency and Conservation | | | | | | | |
| Crown funding | 4,946 | 1,650 | 3,810 | 2,188 | 2,554 | 15,148 | 15,148 |
| Electricity levy funding | 3,274 | - | 1,311 | 615 | - | 5,200 | 5,200 |
| Gas levy funding | 996 | - | 104 | - | - | 1,100 | 1,100 |
| Petroleum levy funding | - | 7,500 | - | - | - | 7,500 | 7,500 |
| | 9,216 | 9,150 | 5,225 | 2,803 | 2,554 | 28,948 | 28,948 |
| Grant Scheme for Warm, Dry Homes | - | - | 46,768 | - | - | 46,768 | 37,120 |
| Implementation of Grant Scheme for Warm, Dry Homes | - | - | 2,880 | - | - | 2,880 | 2,880 |
| | 9,216 | 9,150 | 54,873 | 2,803 | 2,554 | 78,596 | 68,948 |
| Other revenue | 1,008 | - | - | - | - | 1,008 | 1,075 |
| Total revenue | 10,224 | 9,150 | 54,873 | 2,803 | 2,554 | 79,604 | 70,023 |
| Expenditure | | | | | | | |
| Financial and industry support expenses | 3,818 | 5,182 | 46,897 | 546 | - | 56,443 | 49,991 |
| Other operational expenses | 6,978 | 2,834 | 7,847 | 1,548 | 3,690 | 22,897 | 23,189 |
| Total expenditure | 10,796 | 8,016 | 54,744 | 2,094 | 3,690 | 79,340 | 73,180 |
| Surplus/(deficit) | (572) | 1,134 | 129 | 709 | (1,136) | 264 | (3,157) |
| Net surplus/(deficit) related to financial and industry support activities | (572) | 1,609 | 129 | 709 | - | 1,875 | (1,521) |
| Net surplus/(deficit) related to other operating activities | - | (475) | - | - | (1,136) | (1,611) | (1,636) |
| | (572) | 1,134 | 129 | 709 | (1,136) | 264 | (3,157) |
| Non-departmental capital expenses | | | | | | | |
| Crown Energy Efficiency | - | - | - | 1,128 | - | 1,128 | 2,000 |

Statement of Performance



Statement of Responsibility

The Board is responsible for the preparation of EECA's financial statements and the Statement of Performance, including the end-of-year performance information, and for the judgements made in them. We are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the Board's opinion this Statement of Performance and these financial statements fairly reflect EECA's operations and financial position for the year ended 30 June 2020.



Elena Trout
Chair

3 September 2020



Catherine Taylor
Deputy Chair

Our Board

Our Board is responsible for the governance and strategic direction of EECA. We have six members, with experience in energy, commerce and the public sector. The Board reports to the Minister of Energy and Resources, and its members are appointed by the Minister. The Ministry of Business, Innovation and Employment (MBIE) is responsible for monitoring EECA's performance and advising the Minister on matters relating to EECA.

The Board meets on a monthly basis and has established a Remuneration Committee that meets periodically.

The Board provides the leadership and governance for EECA's health and safety. This is a key part of EECA's overall risk management function. EECA has an established health and safety management system and is fully compliant with the Health and Safety at Work Act 2015.

Meet our Board members

From left: Karen Sherry (appointed February 2017), Catherine Taylor, Deputy Chair (appointed February 2017), Norman Smith (appointed September 2019), Elena Trout, Chair (re-appointed September 2019, appointed as Chair September 2019), Dr Linda Wright (appointed September 2019), David Coull (re-appointed February 2017).



Organisation structure and capability

As at 30 June 2020, EECA had a workforce of 80.3 full-time equivalent employees.

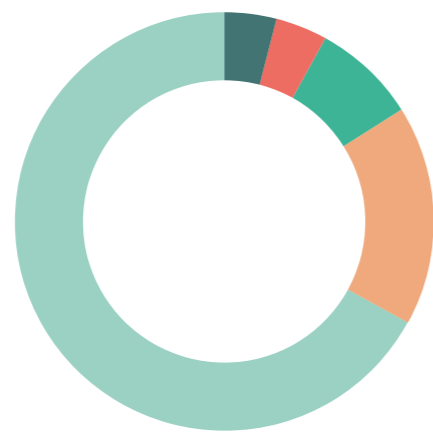
The gender split of the total workforce was 50% male and 50% female. At the management level (the Leadership Team and people managers), the gender split was 81% male and 19% female.

Age profile



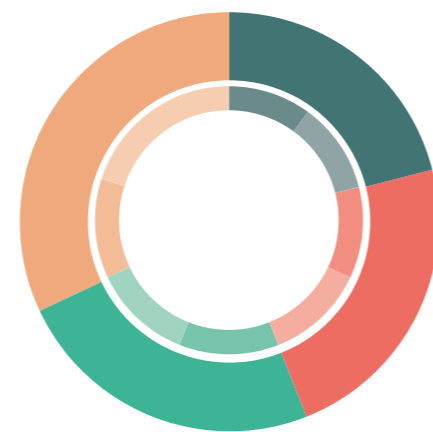
- Under 30 | 17%
- 30-39 years | 20%
- 40-49 years | 28%
- 50-59 years | 25%
- 60 and over | 10%

Ethnicity



- Māori | 4%
- Pacific | 4%
- Asian | 8%
- Other | 17%
- NZ European | 67%

Length of service



- Less than a year | 21%
10% Female, 11% Male
- 1-2 years | 23%
11% Female, 12% Male
- 2-5 years | 24%
12% Female, 12% Male
- 5+ years | 32%
12% Female, 20% Male

EECA values the importance of being a good employer

Under EECA's equal employment opportunities practices, all staff members are treated on merit. EECA's activities against the seven key elements of being a good employer support our purpose and ensure that EECA has the right capability to deliver on our strategy. These practices are summarised in the table below.

| Element | EECA activity |
|--|---|
| Leadership, accountability and culture | <p>We have a cross-organisational group with a focus on our Behaviours and helping make EECA a high-performing organisation.</p> <p>There are leadership development opportunities provided through temporary secondments.</p> <p>We have stronger, clearer accountabilities strengthened through internal planning with a focus on our intended strategic outcomes.</p> |
| Recruitment, selection and induction | <p>Our current and rapidly changing operating environment means that setting EECA up for the future is even more important. In 2019/20, EECA underwent an organisational change to ensure we are structured appropriately to successfully deliver on our strategy and support and optimise low carbon outcomes through New Zealand's post-COVID recovery phase. Given current circumstances, any staff who were unsuccessful in securing new roles in the reorganisation were offered employment until December 2020.</p> <p>We have a robust recruitment and selection process and we use a wide range of channels to source new staff.</p> <p>There is a continuous improvement process in regards to the induction programme to integrate new staff into EECA.</p> |
| Employee development, promotion and exit | <p>We continue to enhance our training and development practices to educate, upskill and build the capability of our staff.</p> <p>We provide development opportunities through internal promotion where possible.</p> |
| Flexibility and work design | <p>We offer flexible working arrangement policies and practices to both attract and retain staff and support staff in managing personal development and family responsibilities.</p> |
| Remuneration, recognition and conditions | <p>We have regular recognition rewards that acknowledge staff who have actively demonstrated EECA's behaviours.</p> |
| Harassment and bullying prevention | <p>We monitor via various means including: exit interviews, staff surveys, EAP usage overview statistics.</p> |
| Safe and healthy environment | <p>We have an established health and safety management system and committee and are fully compliant with the Health and Safety at Work Act 2015.</p> |

Conduct

Through EECA's codes and policies, the Board sets out the expected standards of ethical behaviour for all staff and Board members. EECA has a code of conduct that outlines the standard of behaviour required. Board members and staff are expected to perform their duties in accordance with this code. EECA also has a protected disclosures policy and register of interests for both Board members and staff.

Leading by example

At EECA, we aim to provide a friendly and supportive workplace that fosters a culture of action and achievement. We are always striving to improve the way we use energy, manage our carbon emissions, procure products and services and reduce waste.

Though our carbon footprint is relatively small, we know every little bit counts and we're intent on reducing it.

In June 2019, we joined the Climate Leaders Coalition, becoming its 105th member. Membership commits us to measuring and publicly reporting on emissions, setting a public reduction target and working with suppliers to reduce their emissions.

We are in our 13th year of measuring and reporting our organisation's carbon emissions. In 2019/20, we emitted 181 tonnes CO₂e, which is 27% less than last year and an overall reduction of 53% since 2007. In light of COVID-19, we placed a ban on all business travel during Alert Levels 2-4, which was reflected by a 30% annual reduction in air travel.

Our goal is to reduce our absolute emissions by 55% by 2030, consistent with keeping global temperature warming to within 1.5 degrees by 2030. With 85% of our emissions coming from air travel, this remains our greatest opportunity for improvement. Our target for 2020/21 is therefore to reduce EECA-wide air travel by 25% followed by a 5% annual reduction over the next five years. We intend to offset all of our emissions by purchasing New Zealand Credits.

At EECA we want to embed low-emission behaviours learned during the COVID-19 lockdown as the new 'normal', such as increased use of teleconferencing and reduced work-related travel.

Office energy performance is very important to us and all three of our offices have NABERSNZ ratings that represent excellent energy performance. Our Wellington and Christchurch offices have tenancy rating of 4.5 stars out of 6 and our Auckland office has a tenancy rating of 4 stars.

Directions issued by Ministers

The Minister of Energy and Resources did not give any written direction under any enactment to EECA in 2019/20. Directions issued by the Minister of State Services and the Minister of Finance that apply to EECA as a Crown entity, and are still current, include:

- the May 2016 direction issued to EECA under section 107 of the Crown Entities Act 2004 to apply the whole-of-government approach to implementing the New Zealand Business Number
- June 2014 directions to apply whole-of-government approaches to information and communications technology, property and procurement.

New Zealand Business Numbers

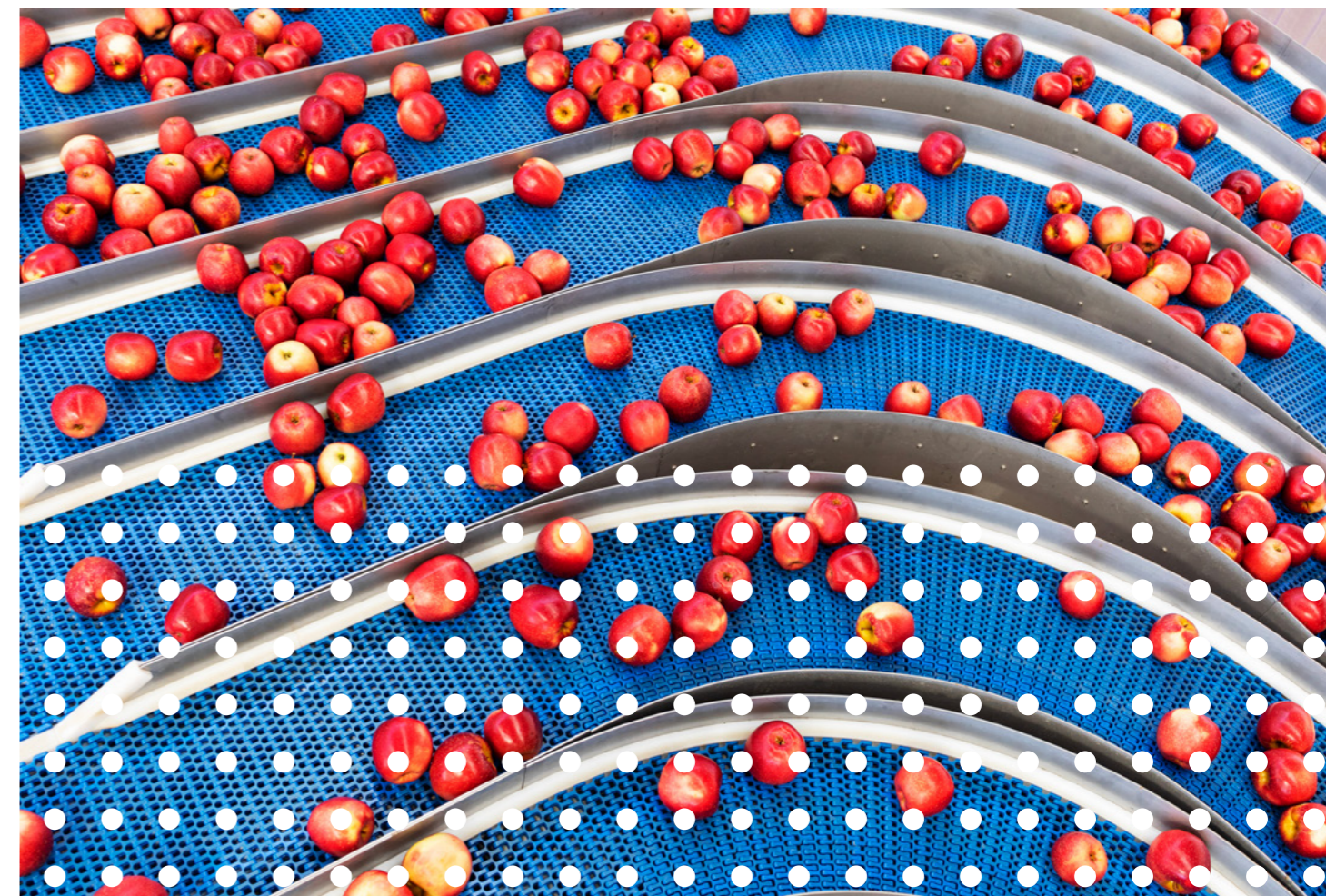
New Zealand Business Numbers are unique identifiers that will be assigned to all businesses in New Zealand as part of the Government's Better Public Services programme. EECA will ensure all 10 requirements under the direction to implement the New Zealand Business Number will be met within the specified timeframes for a Tier 2 agency. We have been progressively fulfilling New Zealand Business Number requirements when implementing changes to existing systems, such as EECA's new Customer Relationship Management system. EECA procurement and associated Funding Agreements record and utilise New Zealand Business Numbers, and we are including New Zealand Business Numbers in our Finance system and our Grants Enterprise Management (GEM) system.

Our performance

Our purpose is to *mobilise New Zealanders* to be world leaders in clean and clever energy use. We do this by helping them increase their energy productivity and reduce their energy-related emissions through delivering targeted mechanisms and programmes.

To ensure we are on track, we set out a series of outcome measures in our [2018-2022 Statement of Intent](#) and annual output measures in our [2019/20 Statement of Performance Expectations](#) and the 2019/20 Estimates of Appropriations.

This section provides our end-of-year results for each of those measures.



Productive and low-emissions business

Outcome 1: EECA's client businesses demonstrate best practise, continuously improve their energy use and emissions productivity and motivate other businesses to take action.

We support New Zealand businesses via several of our programmes to make more sustainable energy management decisions, to be more efficient with their energy use and to use renewable energy where possible.

Each year, we report the energy saved and the emissions reduced as a result of our involvement. It's important to note that the savings reported each year result from previous year co-investment and that the figure represents the first year of reported savings for the respective projects; these projects will see those savings repeated year-on-year but we only report the first year. The increase in emissions savings relative to energy savings illustrates how we are helping businesses to decarbonise their energy use.

We have collaboration agreements with businesses that use over 23% of the energy used in New Zealand. Our aim is to maintain this level of engagement and to focus on where we can have the greatest impact in terms of improving energy use and reducing energy-related emissions.

| Outcome | Progress measure | Target | 2017/18 | 2018/19 | 2019/20 | |
|---|--|----------|--|---|---|-------|
| EECA's clients save energy (against BAU) | Annual energy savings per annum by EECA's clients | Increase | 0.72 PJ | ↗ 0.80 PJ | ↘ 0.77 PJ | ✘ |
| EECA's clients reduce their energy-related emissions (against BAU) | Annual emissions savings per annum by EECA's clients | Increase | 38.6 ktCO ₂ e (excluding transport) | ↗ 53.7 ktCO ₂ e (including transport) | ↗ 62.1 ktCO ₂ e (including transport) | ✔ |
| EECA has collaboration agreements with New Zealand's largest energy users | Percentage of the energy used in New Zealand by businesses with which EECA has collaboration agreements to improve their energy productivity and reduce their energy-related carbon emissions ⁵ | 20% | 24% | ↘ Nearly 23% | ↗ Over 23% | ✔ |

Large Energy Users programme

We work with New Zealand businesses that spend more than \$1 million each year on their energy use. Our account managers work closely with these businesses to find long-term solutions to particular energy management challenges. We encourage them to adopt strategic energy management practices, we provide advice and technical assistance and we share financial risk through co-investment. In the latter part of the year, business priorities shifted due to COVID-19 leading to energy efficiency commitments and project developments being postponed until at least 2020/21. In addition, we have re-categorised several of our active projects with large energy-using businesses to our other programmes, such as the Energy Transition Accelerator, Technology Demonstration and State sector programmes.

⁵ Measure is from the 2019/20 Estimates of Appropriations.

| Measure of success | 2018/19 | 2019/20 | |
|---|--|--|-------|
| Co-invest in new multi-year strategic energy management initiatives. | Target: \$1.6 million Result: \$1.5 million | Target: \$1.0 million Result: Due to a combination of factors, we have a net co-investment in our Large Energy User programme of -\$31,662. This is primarily because we aligned new contracts with large energy-using businesses to our Energy Transition Accelerator programme, Technology Demonstration Fund and the State sector. New funding contracts were delayed, and a number of existing funding contracts were cancelled, as business priorities shifted due to COVID-19. | ✘ |
| Partner project milestones are met as expected, enabling us to pay out cofunding. | Target: \$2.5 million Result: \$2.0 million | Target: \$1.7 million Result: \$1,186,986 was paid out as partners met their project milestones. There were a few projects running behind plan during the year, with many more impacted as a result of COVID-19. Part of the budget was expected to go towards new 2019/20 projects, which were not contracted. We focused on assessing all contracts during Alert Level 4 to ensure all future milestones are realistic in the current environment, with many moved to 2020/21 and beyond. | ✘ |
| Businesses save energy and reduce their energy-related emissions as a result of partnering with EECA. | Target: 200 GWh Result: 161 GWh | Target: At least 161 GWh (0.58 PJ) Result: Direct engagement partner projects reported savings of 161 GWh (0.58 PJ) and an emissions reduction of 52,140 tCO ₂ e. This contributes to the savings reported above from across our business portfolio. | ✔ |

Energy Transition Accelerator programme


The Energy Transition Accelerator (ETA) programme is designed for New Zealand businesses that have complex processing and energy system requirements and emit more than 10,000 tCO₂e from stationary energy use (that is, excluding transport fuels), of which a large portion will be fossil fuels for process heat/heating. We use long-term account planning with these large emitters to support them in developing a customised transition pathway to the lowest emissions possible.

Once partners have committed to the programme and signed a contract with us, our first step is to co-invest in an Opportunities Assessment completed by an independent consultancy. This year, COVID-19 caused delays for some customers to sign up and undertake the initial assessment. This means we haven't been able to commit the budgeted funds to the targeted number of new partnering businesses, nor progress projects with existing partners.

| Measure of success | 2018/19 | 2019/20 | |
|--|--------------------------------------|--|-------|
| Co-invest in new strategic energy management initiatives. | New measure | Target: \$0.7 million Result: \$0.52 million was committed this year. This is lower than targeted due to COVID-19 causing delays for some customers to sign up and undertake an initial assessment. These contracts are expected to be in place in 2020/21. | ✘ |
| Partner project milestones are met as expected, enabling us to pay out co-funding. | New measure | Target: \$0.5 million Result: \$0.25 million in co-funding was paid out this year as a number of projects have been delayed and milestones moved to 2020/21. | ✘ |
| Deliver an energy transition accelerator programme (ETA) to significant carbon emitters. | Target: 3 Result: 3 | Target: 10 new contracts in place with a partnering business and an initial Opportunities Assessment completed by an independent consultancy to determine an initial customised transition pathway to decarbonisation Result: COVID-19 has caused delays; eight partners have committed to joining the programme this year, five of which have initial assessment reports completed and two reports are in draft. | ✘ |

Technology Demonstration Fund

We partner with businesses to test new or under-utilised energy saving technologies and process improvement opportunities that could also benefit the wider sector. We provide co-investment to help fund project costs and we share the lessons learned with other businesses. Partner projects that had milestones in the latter part of the year were affected by COVID-19, resulting in a delay in intended project outcomes and associated payments from EECA.

| Measure of success | 2018/19 | 2019/20 | |
|--|--|---|--|
| Co-invest \$2.0 million in technology demonstrations and/or pilots consistent with published investment criteria. | Target: \$1.1 million Result: \$0.9 million | Target: \$2.0 million Result: \$1.95 million was committed. This initiative was supported by our Energy Transition Accelerator programme where we had customers look for technology opportunities to drive carbon reductions. We also committed funding to marine vessel electrification technologies for the first time this year. | ✘ |
| Partner project milestones are met as expected, enabling us to pay out \$1.3 million in co-funding. | Target: \$0.8 million Result: \$0.7 million | Target: \$1.3 million Result: \$0.86 million was paid out as partners met their project milestones. Expenditure was on track until the COVID-19 lockdown; however, a number of projects have since been delayed. We focused on assessing all contracts during Alert Level 4 to ensure all future milestones are realistic in the current environment, with many moved to 2020/21 and beyond. | ✘  |
| At least two technologies demonstrated through EECA-supported projects are adopted within a different sector, at a different scale or at a different location. | New measure | Target: 2 technologies Result: Following successful demonstration of medium-temperature heat pumps (around 60°C) through our Technology Demonstration Fund, we have supported a high-temperature heat pump demonstration (around 85°C) at Alliance Group's meat works in Nelson, with a new project also contracted at Affco Malvern. We have also previously supported the conversion of coal boilers to use wood pellets in schools. This year the technology was installed at a large industrial scale boiler at Fonterra Te Awamutu. | ✔ |

Outcome 2: New Zealand businesses are continuously improving their energy productivity and using sustainable energy to contribute to New Zealand's emissions reduction target.

In addition to working directly with large energy-using and emitting businesses, we use a combination of regulation, co-investment and motivation levers to encourage businesses across the sector to be clean and clever energy users. The latest productivity figures in the table below show that there is some progress being made in this area.

| Outcome | Progress measure | Target | 2017/18 | 2018/19 | 2019/20 | |
|--|---|----------|---|--|---|---|
| Businesses generate more value from the energy they use | Energy productivity (\$GDP/energy) of New Zealand businesses ⁶ | Increase | \$771.5 million/PJ | ↗ \$798.7 million/PJ | ↗ \$853.7 million/PJ | ✔ |
| Businesses generate more value with fewer emissions | Emissions productivity (\$GDP/emissions) of New Zealand businesses ⁷ | Increase | \$20.5 million/ktCO ₂ e ⁸ | ↘ \$19.9 million/ktCO ₂ e ⁹ | ↗ \$22.2 million/ktCO ₂ e | ✔ |
| EECA contributes to improvements in the electricity efficiency of industrial and commercial products through Minimum Energy Performance Standards (MEPS) and Mandatory Energy Performance Labelling (MEPL) | Annual energy use reduction in commercial and industrial appliances | Increase | 125 GWh (0.45 PJ) | ↗ 128 GWh (0.46 PJ) | ↗ 142 GWh (0.51 PJ) | ✔ |

Equipment Energy Efficiency

We continue to improve the electricity efficiency of products and appliances available for sale in New Zealand through our successful trans-Tasman Equipment Energy Efficiency (E3) programme. By administering and developing Minimum Energy Performance Standards (MEPS) and enforcing Mandatory Energy Rating Labelling (MEPL), we can keep inefficient appliances out of the country and help businesses make more informed purchasing decisions.

| Measure of success | 2018/19 | 2019/20 | |
|--|--|---|---|
| Develop and administer MEPS/MEPL for 20 product classes, with an additional six under development. | Target: 20 product classes, with an additional six under development Result: 20 product classes, with an additional six under development. | Target: 20 product classes, with an additional six under development Result: We currently administer MEPS/MEPL for 20 product classes, with an additional seven under development. We are developing new MEPS for boilers, compressors, pumps, lighting (LEDs), dishwashers, washing machines and clothes dryers; and are updating existing MEPS for air conditioners, chillers, motors, televisions and monitors. | ✔ |
| Complete a testing and survey programme for at least two product classes to assess performance against claims. | Target: Complete a testing programme Result: Compliance programme achieved with check testing of computer monitors and hot water cylinders completed. | Target: 2 product classes Result: Check testing of three product classes - air conditioners, linear fluorescent lamps and compact fluorescent lamps - has been completed. | ✔ |

⁶ Energy use data is sourced from the Energy Balance Tables released each year by the Ministry of Business, Innovation and Employment (MBIE). GDP data for the corresponding year is used, sourced from the Gross Domestic Product report by Statistics New Zealand.

⁷ Energy-related emissions data is calculated using energy use data from the Energy Balance Tables, and the Annual Emissions Data Table, released each year by MBIE.

⁸ Note, there have been some methodology changes in the Annual Emissions Data Table (MBIE) and our own calculations since the baseline figure was reported in our Statement of Intent for 2017/18 as \$24.2 million/ktCO₂e, and 2018/19 Annual Report as \$19.8 million/ktCO₂e.

⁹ Note, there have been some methodology changes in the Annual Emissions Data Table (MBIE) since this figure was reported in our 2018/19 Annual Report as \$19.3 million/ktCO₂e.

Business communication campaigns

We provide information on our website and deliver communications campaigns that demonstrate to businesses and business leaders the importance of reducing energy-related emissions. We run a survey of 1,000 businesses each year to help us understand how attitudes, motivations and behaviours are changing. This helps us to plan and target our messaging appropriately and make sure we're having the desired impact.

| Measure of success | 2018/19 | 2019/20 | |
|---|-------------|--|---|
| Percentage of businesses that consider climate change to be important/very important. | New measure | Target: 68% (set from a one-off baseline at the start of the year) Result: 67% of businesses surveyed consider climate change to be important/very important (a 12-month rolling average). While this did not increase during the year, maintaining the level of concern is encouraging given the other pressures businesses are under as a result of COVID-19. | ✘ |
| Percentage of businesses that agree that the energy use and transport choices of businesses have an impact on climate change and are actively seeking to reduce their impact. | New measure | Target: 41% (set from a one-off baseline at the start of the year) Result: 37% of businesses agree that the energy use and transport choices of businesses have a big impact on climate change (12-month rolling average). The survey result has varied throughout the year, with a higher result in November 2019 potentially reflecting awareness of our Gen Less campaign. | ✘ |
| | New measure | Target: 37% (set from a one-off baseline at the start of the year) Result: 38% of businesses are actively seeking to reduce their impact (12-month rolling average). | ✔ |

Indirect engagement

We partner with industry associations and energy management experts to engage with medium-sized energy-using businesses on our behalf. These partners assist New Zealand businesses to adopt strategic energy management practices by providing advice and technical assistance, energy audits, energy monitoring and targeting programmes, and initiatives to optimise energy systems.

| Measure of success | 2018/19 | 2019/20 | |
|--|--|---|---|
| Co-invest in new multi-year strategic energy management initiatives. | Target: 0.3 million Result: \$0.9 million | Target: \$0.9 million Result: \$1.99 million in total; we committed \$86k to industry associations and \$1.13 million with energy service providers. | ✔ |
| Partner project milestones are met as expected, enabling us to pay out co-funding. | Target: \$0.5 million Result: \$1.6 million | Target: \$1.4 million Result: \$1.526 million win total; we paid out \$266k to industry associations and \$1.26 million to energy service providers as they met their contracted milestones. | ✔ |
| All energy service providers working with EECA receive relevant energy industry accreditation. | New measure | Target: All Result: Carbon and Energy Professionals (formerly EMANZ) aligned training and accreditation was provided to all partnering energy service providers. | ✔ |

How much it cost

| | Budget 2019/20 \$000 | Actual 2019/20 \$000 |
|--|----------------------------|----------------------------|
| Operating revenue | | |
| Energy Efficiency and Conservation | | |
| Crown funding | 7,005 | 4,946 |
| Electricity levy funding | 3,443 | 3,274 |
| Gas levy funding | 973 | 996 |
| Petroleum levy funding | - | - |
| | 11,421 | 9,216 |
| Other revenue | 1,075 | 1,008 |
| Total revenue | 12,496 | 10,224 |
| Expenditure | | |
| Financial and industry support expenses | 5,229 | 3,818 |
| Other operational expenses | 8,646 | 6,978 |
| Total expenditure | 13,875 | 10,796 |
| Surplus/(deficit) | (1,379) | (572) |
| Net surplus/(deficit) related to financial and industry support activities | (1,379) | (572) |
| Net surplus/(deficit) related to other operating activities | | |
| | (1,379) | (572) |

Efficient and low-emissions transport

Outcome 1: More New Zealanders choose a low-emissions vehicle over a fossil-fuelled vehicles and have a good experience using it.

We need our collective transport needs to increasingly be met from non-fossil fuel sources. We are working towards this by co-investing in technologies and infrastructure that will accelerate the uptake of electric vehicles in New Zealand, and motivating people to consider the vehicle emissions performance when purchasing a car.

There are more electric vehicles being registered in New Zealand each year but the rate of uptake is slowing dramatically. COVID-19 has added further pressure for this transition given the current high purchase prices of electric vehicles and drop in the price of petrol. EECA maintains the view that regulatory and/or incentive measures for vehicle emissions performance will be required to achieve the speed and scale of fleet transition required to meet our climate change targets.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|--|---|----------|---|---|---|---|
| The carbon intensity of the light vehicle fleet decreases | Carbon intensity of the light vehicle fleet (gCO ₂ e/km) ¹⁰ | Decrease | 294.3 gCO ₂ e/km ¹¹ | 302.3 gCO ₂ e/km ¹² | 296.7 gCO ₂ e/km ¹³ | ✘ |
| Vehicles powered by renewable or low-emissions fuels become the dominant new entrants to the light vehicle fleet | Rate of transition to a low-emissions light vehicle fleet increases: | | | | | |
| | • percentage of low-emissions vehicles in the light fleet (battery electric, plug-in hybrid or hydrogen) over time | Increase | 119% increase during the year | 71% increase during the year | 42% increase during the year | ✘ |
| | • number of additional low-emissions vehicles in the light fleet (battery electric, plug-in hybrid or hydrogen) over time | Increase | 4,738 LEVs registered in the year | 6,162 LEVs registered in the year ↗ | 6,300 LEVs registered in the year ↗ | ✔ |

Motivation

We develop and provide New Zealanders with independent and authoritative information that dispels myths and motivates people to improve their transport choices. We provide information on our website on electric vehicles and run communication campaigns and then survey 3,000 people each year to help us understand how behaviours, mind sets and business priorities are changing. This helps us to target our messaging appropriately and make sure we're having the desired impact. Results are showing a steady increase in people's attitudes towards electric vehicles but purchase prices remain a key barrier to uptake.

| Measure of success | 2018/19 | 2019/20 | |
|---|--|---|---|
| Percentage of people surveyed report that they are favourable towards electric vehicles. | Target: 55% Result: 53% | Target: 58% Result: 55% of people surveyed report they are favourable towards electric vehicles (12-month rolling average). This is slightly less than our target of 58% but a steady increase from 53% 12 months ago. | ✘ |
| Percentage of people surveyed say they are likely to consider an electric vehicle as their next car purchase. | Target: 30% Result: 32% | Target: 35% Result: 44% of people surveyed say they are likely to consider an electric vehicle as their next car purchase (12-month rolling average). This is an encouraging increase from 32% 12 months ago. | ✔ |

¹⁰ Annual vehicle fleet statistics, Ministry of Transport; and Measuring Emissions: a guide for organisations, Ministry for the Environment.

¹¹ The result of 237.5 gCO₂e/km provided in our 2018–2022 Statement of Intent and 2018/19 Annual Report was based on light petrol fleet fuel economy data that is no longer publicly available, so we have updated our methodology using emissions data published by the Ministry for the Environment.

¹² The result of 236.3 gCO₂e/km provided in our 2018/19 Annual Report was based on light petrol fleet fuel economy data that is no longer publicly available, so we have updated our methodology using emissions data published by the Ministry for the Environment.

¹³ While this result is a decrease from 2018/19, it is not yet lower than the baseline result in 2017/18.

Low Emission Vehicles Contestable Fund

We support early and innovative investment in low-emissions vehicles by sharing the financial risk. We run at least two funding rounds each year for projects that will accelerate the uptake of low-emissions vehicles in New Zealand. Our account managers work with successful applicants to ensure realistic project milestones are set and are completed on time so project outcomes can be achieved as expected.

| Measure of success | 2018/19 | 2019/20 | |
|---|--|--|---|
| Co-invest in new low-emissions vehicle initiatives that are consistent with the investment criteria. | Target: \$7.0 million Result: \$7.6 million | Target: \$7.0 million Result: \$8.32 million was committed in Round 6 and Round 7. However, including contract cancellations and underspends we have a net commitment of \$6.8 million. | ✘ |
| Partner project milestones are met as expected, enabling us to pay out co-funding. | Target: \$5.8 million Result: \$4.7 million | Target: \$6.0 million Result: \$5.18 million paid out as our partners met their project milestones. Expenditure was on track until the COVID-19 lockdown; no projects were cancelled but most have been delayed 3-6 months. | ✘ |
| Percentage of projects co-funded through the LEVCF completed in 2019/20 that deliver anticipated results. | Target: 75% Result: 91% | Target: 95% of projects have delivered anticipated results ¹⁴ Result: 96%; 27 projects were completed, 26 of which delivered anticipated results. | ✔ |

Outcome 2: People who do not buy a low-emissions vehicle choose a more efficient fossil-fuelled vehicle.

The majority of New Zealanders are not in a position to buy an electric car because of the upfront cost (and some choose not to). While this continues to be the case, we want petrol and diesel vehicles to become more efficient so they use less fuel and produce fewer emissions. The good news is that the energy intensity of New Zealand's light fleet is improving and new fossil-fuelled cars are becoming more fuel efficient.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|---|---|----------|----------------------------------|--------------------|--------------------|---|
| The energy intensity of fossil-fuelled vehicles entering the light fleet improves | Energy intensity of fossil-fuelled vehicles entering the light fleet (litres/100km) | Decrease | 7.29 litres/100 km ¹⁵ | 7.22 litres/100 km | 7.03 litres/100 km | ✔ |

Vehicle Fuel Economy Labelling

We ensure New Zealanders have point-of-sale information on vehicle fuel economy so they can make informed purchase decisions. Registered motor vehicle traders are required by law to provide fuel economy information for vehicles they are selling online and to print labels to display on vehicles they are selling on car yards. We supply the fuel efficiency data they must provide and we run a compliance programme to ensure it is displayed correctly.

| Measure of success | 2018/19 | 2019/20 | |
|--|--|--|---|
| The fuel efficiency data that EECA is obliged to provide vehicle dealers for display is available on the relevant websites. | Target: 24/7 Result: 24/7 | Target: 98% of the time Result: Fuel efficiency data is available 99.9% of the time on our website. | ✔ |
| 90% of cars on car yards have a vehicle fuel economy label available. Of these, 95% of new cars, and 90% of used cars, have the label correctly displayed. | Target: 90% available, 95% new, 90% used Result: 98% available, 95% new, 94% used | Target: 90% available, 95% new, 90% used Result: 98% of cars on car yards have a vehicle fuel economy label available. Of these, 89% of new cars, and 76% of used cars, have the label correctly displayed. These results are a consequence of improvements in market monitoring, including better surveillance methods and more traders surveyed. We will continue to enforce compliance and expect to see improvements. | ✘ |

¹⁴ The 2019/20 Estimates of Appropriations incorrectly provides a standard of 75%.

¹⁵ Note, we made an error when this was reported in our Statement of Intent as 8.50 litres/100km.

How much it cost

| | Budget 2019/20 \$000 | Actual 2019/20 \$000 |
|--|----------------------------|----------------------------|
| Operating revenue | | |
| Energy Efficiency and Conservation | | |
| Crown funding | 3,037 | 1,650 |
| Electricity levy funding | - | - |
| Gas levy funding | - | - |
| Petroleum levy funding | 7,500 | 7,500 |
| | 10,537 | 9,150 |
| Other revenue | - | - |
| Total revenue | 10,537 | 9,150 |
| Expenditure | | |
| Financial and industry support expenses | 5,965 | 5,182 |
| Other operational expenses | 4,037 | 2,834 |
| Total expenditure | 10,002 | 8,016 |
| Surplus/(deficit) | 535 | 1,134 |
| Net surplus/(deficit) related to financial and industry support activities | 1,035 | 1,609 |
| Net surplus/(deficit) related to other operating activities | (500) | (475) |
| | 535 | 1,134 |

Energy efficient homes

Outcome 1: Households consume electricity more efficiently to reduce peak loading on infrastructure

Peak demand research

The residential sector offers the greatest opportunity for peak demand reduction. Households have a significant impact on our peak electricity use when electricity generation tends to be at its least renewable, and most expensive to produce (for example, winter evenings). If households are more efficient with their electricity use during peak hours, we can reduce electricity demand relative to peak demand and therefore reduce emissions from our electricity system. Peak demand is currently increasing at a slightly slower rate than average demand.

We identify and investigate the best options to use electricity efficiently for the benefit of the system and reduce peak loading on infrastructure, with consequent benefits for consumers.

We are progressing research into hot water heating, electric vehicle charging, lighting and space heating to support the technical potential for peak demand reductions.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|--|--|-------------------|-------------|--|--|---|
| Households consume electricity more efficiently to reduce peak loading on infrastructure | Peak electricity demand decreases in relation to average energy demand (Peak PJ/baseline PJ) | Relative decrease | New measure | 6,208 MW peak demand to 4,679 MW average demand (1.33 ratio) | 6,231 MW peak demand to 4,704 MW average demand (1.32 ratio) ↘ | ✓ |

| Measure of success | 2018/19 | 2019/20 | |
|---|-------------|--|---|
| Investigate the case for the replacement of all household lighting to LEDs. | New measure | Result: We have investigated the strategic case for replacing all household lighting to LEDs. | ✓ |

Equipment Energy Efficiency

We continue to improve the electricity efficiency of products and appliances available for sale in New Zealand through our successful trans-Tasman Equipment Energy Efficiency (E3) programme. By administering and developing Minimum Energy Performance Standards and enforcing Mandatory Energy Rating Labelling, we can keep inefficient appliances out of the country and help consumers make more informed purchasing decisions.

We collect sales data each year for residential appliances to help inform our programme and to determine the amount of energy that has been saved as a result of increasingly more efficient appliances on sale. We can also see from the fairly static energy use of residential appliances that new appliances, such as TVs and fridges, are becoming more efficient despite getting larger in size.

To make sure consumers have access to the correct information when making their purchasing decisions, we need to make sure that retail stores are complying with Mandatory Energy Performance Labelling (MEPL) requirements. In 2019/20 we surveyed 351 stores with results showing compliance at approximately 95%.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|--|---|----------|------------------------|------------------------|------------------------|---|
| Households consume electricity more efficiently to reduce peak loading on infrastructure | Energy use of residential appliances per capita (PJ) | Decrease | 1.34 PJ/100,000 people | 1.33 PJ/100,000 people | 1.34 PJ/100,000 people | ✗ |
| | Annual energy savings from improvements in the electricity efficiency of household products through Minimum Energy Performance Standards (MEPS) and Mandatory Energy Performance Labelling (MEPL) | Increase | 146 GWh (0.53 PJ) | 151 GWh (0.54 PJ) | 197 GWh (0.71 PJ) | ✓ |

| Measure of success | 2018/19 | 2019/20 | |
|--|---|--|---|
| Develop and administer MEPS/MEPL for 15 product classes, with an additional one under development. | Target: 20 business and residential product classes, with an additional six under development Result: 20 business and residential product classes, with an additional six under development. | Target: 15 product classes, with an additional one under development Result: We currently administer MEPS/MEPL for 15 product classes that overlap in business and residential settings, with an additional four under development. We are developing new MEPS for LEDs, dishwashers washing machines and clothes dryers, and updating existing standards for TVs and monitors. | ✓ |
| Complete a testing and survey programme for at least two product classes to assess performance against claims. | Target: Complete a testing programme Result: Compliance programme achieved with check testing of computer monitors and hot water cylinders completed. | Target: 2 product classes Result: Check testing of three residential product classes – air conditioner, electric hot water cylinders and compact fluorescent lamps – has been completed. | ✓ |

Outcome 2: More New Zealanders live in energy efficient homes and make informed choices on energy efficient technologies and behaviours.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 |
|--|---|----------|-------------|-------------|--|
| More New Zealanders live in energy efficient homes and make informed choices on energy efficient technologies and behaviours | Percentage of people reporting that lack of information is a barrier to taking action on energy efficiency To enable us to respond to reported results by providing useful information, we have divided this measure into the following categories: • at home • while travelling | Decrease | New measure | New measure | 14% of people reported that lack of information was a barrier to taking action on energy efficiency at home. 7% of people reported that lack of information was a barrier to taking action on energy efficiency while travelling. |

Warmer Kiwi Homes

We provide subsidies for insulation and heating retrofits for low-income households to achieve energy savings and other multiple benefits. The grants are funded by the Grant Scheme for Warm, Dry Homes appropriation, while our operating and auditing costs are funded by the Implementation of the Grant Scheme for Warm, Dry Homes appropriation.

| Measure of success | 2018/19 | 2019/20 | |
|---|---|--|---|
| Co-invest in insulation and heating retrofits in qualifying homes. | New measure | Target: \$37.1 million Result: We committed \$46,768,270 to insulation and heating retrofit installations for low-income households across the country. The Government increased its contribution from 67% to 90% through its COVID-19 Response and Recovery funding, which has increased demand and stimulated activity in the market. | ✓ |
| Number of insulation or heating retrofits that are installed in qualifying homes. | Target: 10,000 Result: 8,595 | Target: 16,000 Result: 21,250 retrofits were delivered this year in qualifying homes, comprising 5,744 heating retrofits and 15,506 insulation retrofits. | ✓ |
| Percentage of sampled retrofits that comply with the installation standard. | Target: 95% Result: 97.5% | Target: 95% Result: 634 insulation installations were audited with a 95.1% pass rate. As this was the first year we provided grants for heating retrofits through the programme, we trialled an auditing scheme for heatpumps. This will be fully implemented in 2020/21. Building consent authorities provide code compliance certificates for all wood burners. | ✓ |

Result impacted by COVID-19

LED lighting

This year we ran a pilot to determine the most effective way to deliver LED lighting to low-income households to reduce their energy costs and reduce peak demand on the electricity system.

| Measure of success | 2018/19 | 2019/20 | |
|---|-------------|--|---|
| Trial and evaluate at least one delivery mechanism for providing LED lighting to low-income households. | New measure | Target: trial at least one delivery mechanism Result: Two trials were completed and evaluated during the year with a further two at various stages of completion. Four more trials were designed but will commence in 2020/21. Completion of the trials was compromised by COVID-19 due to offshore supply issues (lamps), impacts of the various Alert Levels, as well as adjusting priorities of trial partners (for example, supermarkets). Analysis will be carried out once all trials are complete. | ✓ |

Motivation

Provide independent and authoritative information on our website that enables New Zealanders to make informed decisions on energy-related technologies and behaviours. We run a survey of 3,000 consumers each year to help us understand how attitudes, motivations and behaviours are changing. This helps us to plan and target our messaging appropriately and make sure we're having the desired impact.

| Measure of success | 2018/19 | 2019/20 | |
|---|-------------|--|---|
| Percentage of people surveyed who say most or virtually all of their lighting is LEDs. | New measure | Target: 25% Result: 51% of people surveyed said their lights were mostly LEDs (12-month rolling average). This result is high and is growing, indicating mainstream acceptance of LEDs is close. | ✓ |
| Percentage of people who say they consider energy efficiency when buying whiteware or large appliances. | New measure | Target: 66% (set from a one-off baseline at the start of the year) Result: 65% of people surveyed said they almost always or always consider energy efficiency when buying whiteware or large appliances (12-month rolling average) | ✗ |

How much it cost

| | Budget 2019/20 \$000 | Actual 2019/20 \$000 |
|--|----------------------|----------------------|
| Operating revenue | | |
| Energy Efficiency and Conservation | | |
| Crown funding | 3,267 | 3,810 |
| Electricity levy funding | 1,148 | 1,311 |
| Gas levy funding | 98 | 104 |
| Petroleum levy funding | - | - |
| | 4,513 | 5,225 |
| Grant Scheme for Warm, Dry Homes | 37,120 | 46,768 |
| Implementation of Grant Scheme for Warm, Dry Homes Programme | 2,880 | 2,880 |
| | 44,513 | 54,873 |
| Other revenue | - | - |
| Total revenue | 44,513 | 54,873 |
| Expenditure | | |
| Financial and industry support expenses | 38,120 | 46,897 |
| Other operational expenses | 7,393 | 7,847 |
| Total expenditure | 45,513 | 54,744 |
| Surplus/(deficit) | (1,000) | 129 |
| Net surplus/(deficit) related to financial and industry support activities | (1,000) | 129 |
| Net surplus/(deficit) related to other operating activities | - | - |
| | (1,000) | 129 |

Result impacted by COVID-19

Government leadership

Outcome 1: The State sector is an exemplar in improving its energy productivity and reducing its energy-related emissions.

The two largest opportunities to improve energy use by the State sector are stationary energy (including process heat) and transport. While currently there are not sufficient systems in place to allow us to collect data on the energy used by all State sector buildings, there is progress being made in switching the light fleet to electric vehicles. This is largely because in 2019 the Government set the objective that the percentage of zero emission light vehicles entering the Government fleet increases every year so that by 2025/26 the light vehicle fleet will be, as much as practical, emissions free.

We partner with energy users in the public sector to encourage them to adopt strategic energy management systems. We provide advice and technical assistance on energy efficiency and renewable energy projects, and we share financial risk through co-investment and loans consistent with our investment criteria.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|--|--|----------|-------------|--|--|---|
| The State sector is an exemplar in improving its energy productivity | Energy use (kWh per m ²) of State sector buildings (including process heat) | Decrease | New measure | No data | No data | ✘ |
| The State sector transitions its light fleet to low-emissions vehicles | Percentage increase of the State services fleet that is electric over time ¹⁶ | Increase | New measure | 2.7% of the Government fleet is electric | 6.6% of the Government fleet is electric | ✔ |

| Measure of success | 2018/19 | 2019/20 | |
|--|--|---|--------|
| Co-invest in new multi-year strategic energy management initiatives. | Target: \$0.5 million Result: \$0.2 million | Target: \$0.5 million Result: \$0.84 million has been committed this year. This includes several contracts with State sector organisations that were previously listed under our Large Energy Users programme. This level of investment demonstrates the importance agencies are placing on energy management and carbon emission improvements. | ✔ |
| Partner project milestones are met as expected, enabling us to pay out co-funding. | Target: \$0.7 million Result: \$0.4 million | Target: \$0.7 million Result: \$0.55 million was paid out as partners have met their project milestones. Several projects were delayed due to shifting priorities in response to COVID-19. We focused on assessing all contracts during Alert Level 4 to ensure future milestones are realistic in the current environment, with many moved to 2020/21 and beyond. | ✘ ⚠ |
| Loan funding is provided to finance capital investment in energy efficient technologies and/or switching to sustainable energy sources in accordance with the investment criteria. | Target: \$2 million Result: \$1.7 million | Target: \$2 million Result: We provided 24 interest-free loans to schools for LED light replacement and paid out \$1.13 million. | ✔ |
| Agencies save energy and reduce their energy-related emissions as a result of partnering with EECA. | New measure | Target: The target is an improvement on the previous year and this was the first year of reporting agency public sector energy savings. The year end result is now our baseline and sets our target for 2020/21 Result: State sector partners have saved 5.6 GWh in energy and 1,101 tCO ₂ e. | ✘ ⚠ |

¹⁶ Source: New Zealand Government Property and Procurement (NZGPP), Ministry of Business Innovation and Employment (MBIE) <https://www.procurement.govt.nz/broader-outcomes/reducing-emissions-and-waste/reducing-government-fleet-emissions/>

Outcome 2: State services implement energy policy and programmes to accelerate the transition to clean and clever energy use in New Zealand.

We work across government to support the development of policy and programme options that will encourage clean and clever energy use in New Zealand.

| Measure of success | 2018/19 | 2019/20 | |
|---|--|--|---|
| EECA's contribution is reflected in future policy documents related to the transition to a low-emissions economy. | Result: Expert technical input was provided to the Healthy Homes Guarantee Act standards. We commented on New Zealand Government Property and Procurement's cabinet paper Enhancing the Effectiveness of Government Procurement Policy and provided guidance for agencies to comply with new low-emissions procurement requirements for heating and vehicles. We also contributed to the Ministry for the Environment-led climate change work programme, including the development of the Zero Carbon Bill. | Result: We continue to provide input to ongoing cross-agency consideration of opportunities to achieve lowest-cost emissions reductions consistent with 2030 targets. This includes supporting the development of the Government's Emissions Reduction Plan, which will form the response to carbon budgets released by the Climate Change Commission in May 2021. With MBIE, we have also led the development of the State Sector Decarbonisation programme. In April, we provided advice to Ministers on a second tranche of projects, and we will provide advice on a third tranche of projects in July. EECA maintains the view that regulatory and/or incentive measures for vehicle emissions performance will be required to achieve the speed and scale of fleet transition required to meet New Zealand's climate change targets. | ✔ |

How much it cost

| | Budget 2019/20 \$000 | Actual 2019/20 \$000 |
|--|----------------------------|----------------------------|
| Operating revenue | | |
| Energy Efficiency and Conservation | | |
| Crown funding | 606 | 2,188 |
| Electricity levy funding | 609 | 615 |
| Gas levy funding | 29 | - |
| Petroleum levy funding | - | - |
| | 1,244 | 2,803 |
| Other revenue | - | - |
| Total revenue | 1,244 | 2,803 |
| Expenditure | | |
| Financial and industry support expenses | 677 | 546 |
| Other operational expenses | 744 | 1,548 |
| Total expenditure | 1,422 | 2,094 |
| Surplus/(deficit) | (177) | 709 |
| Net surplus/(deficit) related to financial and industry support activities | (177) | 709 |
| Net surplus/(deficit) related to other operating activities | - | - |
| | (177) | 709 |
| Non-departmental capital expenses | | |
| Crown Energy Efficiency | 2,000 | 1,128 |

Engage hearts and minds

Outcome 1: New Zealanders feel that the way they use energy positively contributes to achieving New Zealand's climate change commitments.

Gen Less aligns a generation of people who get more out of life by using less energy. Using this platform, we are aiming to unite New Zealand individuals, organisations, businesses and the Government to live and work in more climate-friendly ways.

We ran a survey of 3,000 people this year to help us understand how attitudes, motivations and behaviours are changing. This helps us to plan and target our messaging appropriately and make sure we're having the desired impact.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|---|--|----------|-------------|-------------|--|---|
| New Zealanders feel their energy use positively contributes to New Zealand's climate change commitments | Percentage of people reporting they feel their energy use positively contributes to New Zealand's climate change commitments | Increase | New measure | New measure | 59% of people agree the energy choices they are making helps New Zealand meet its climate change goals (12-month rolling average, 4 points higher than the 55% one-off baseline set at the start of the year). | ✓ |

| Measure of success | 2018/19 | 2019/20 | |
|--|-------------|---|---|
| Percentage of New Zealanders who consider climate change to be important. | New measure | Target: 72% (set from a one-off baseline at the start of the year) Result: 74% of people surveyed said climate change was important (12-month rolling average). We might have expected the impact of COVID-19 to lessen people's concern for climate change; however, fortunately this seems not to be the case. Efforts by a number of organisations, including EECA, to link the COVID-19 recovery to climate change action have helped keep this top of mind. | ✓ |
| Percentage of people who agree we need to consider all solutions to climate change, even if they mean a change to our current lifestyle. | New measure | Target: 72% (set from a one-off baseline at the start of the year) Result: 74% of people agree we need to consider all solutions to climate change, even if they mean a change to our current lifestyle (12-month rolling average) These results are positive given the current economic climate and other priorities in people's lives at the moment. The results in the last quarter even saw an increase to 75% (but have been smoothed out by a rolling average). | ✓ |
| Percentage of people who are prepared to change their behaviour. | New measure | Target: 72% (set from a one-off baseline at the start of the year) Result: 72% of people said they were prepared to change their behaviour (12-month rolling average) | ✓ |

Outcome 2: New Zealanders expect and demand energy-related products and services based on their energy efficiency and sustainability.

Change only happens if we act. The good news is there are lots of ways we can make change at home, work or school, and to the way our businesses operate; some big, some small. Our Gen Less messaging provides a variety of solutions that help New Zealanders to start using less harmful energy, and getting more out of life. We ran a survey of 3,000 people this year to help us understand how attitudes, motivations and behaviours are changing. This helps us to plan and target our messaging appropriately and make sure we're having the desired impact.

| Outcome | Progress measure | Trend | 2017/18 | 2018/19 | 2019/20 | |
|--|---|----------|-------------|---------------------------|---|---|
| New Zealanders choose energy-related products and services based on their sustainability | Percentage of people reporting they choose energy-related products and services based on their sustainability | Increase | New measure | New measure ¹⁷ | Result: 52% of people are choosing energy-related products and services based on their sustainability (12-month rolling average, against a one-off baseline of 50%). | ✓ |

| Measure of success | 2018/19 | 2019/20 | |
|---|-------------|--|---|
| Percentage of people who agree that our energy use, transport choices and purchasing actions have an impact on climate change | New measure | Target: 35% (set from a one-off baseline at the start of the year) Result: 37% of people agree that their energy use, transport choices and purchasing actions have an impact on climate change (12-month rolling average). | ✓ |

How much it cost

| | Budget 2019/20 \$000 | Actual 2019/20 \$000 |
|--|----------------------|----------------------|
| Operating revenue | | |
| Energy Efficiency and Conservation | | |
| Crown funding | 1,233 | 2,554 |
| Electricity levy funding | - | - |
| Gas levy funding | - | - |
| Petroleum levy funding | - | - |
| | 1,233 | 2,554 |
| Other revenue | - | - |
| Total revenue | 1,233 | 2,554 |
| Expenditure | | |
| Financial and industry support expenses | - | - |
| Other operational expenses | 2,369 | 3,690 |
| Total expenditure | 2,369 | 3,690 |
| Surplus/(deficit) | (1,136) | (1,136) |
| Net surplus/(deficit) related to financial and industry support activities | - | - |
| Net surplus/(deficit) related to other operating activities | (1,136) | (1,136) |
| | (1,369) | (1,136) |

¹⁷ In our 2018/19 Annual Report, we reported a result of 64%, which was calculated using responses to two survey questions. In 2019/20 we captured a third response and moved to an average scoring methodology. As our 2018/19 result was no longer a suitable comparative, we ran a survey with the new methodology at the start of 2019/20 to establish a new baseline.

Financial information

Financial Statements

Statement of comprehensive revenue and expense
for the year ended 30 June 2020

| | Notes | Actual 2020 \$000 | Budget 2020 \$000 | Actual 2019 \$000 |
|--|--------|-------------------------|-------------------------|-------------------------|
| Revenue | | | | |
| Funding from the Crown | 2 | 78,596 | 68,948 | 47,671 |
| Other revenue | 2 | 1,008 | 1,075 | 1,170 |
| Total revenue | | 79,604 | 70,023 | 48,841 |
| Expenditure | | | | |
| Personnel costs | 3 | 10,459 | 10,544 | 9,691 |
| Financial and industry support | 16, 22 | 56,443 | 49,991 | 27,905 |
| Depreciation and amortisation expense | 10, 11 | 165 | 140 | 111 |
| Other expenses | 4 | 12,273 | 12,505 | 11,414 |
| Total expenditure | | 79,340 | 73,180 | 49,121 |
| Surplus/(deficit) | | 264 | (3,157) | (280) |
| Other comprehensive revenue and expense | | - | - | - |
| Total comprehensive revenue and expense | | 264 | (3,157) | (280) |

See note 21 – Explanation of significant variances against budget.
The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2020

| | Notes | Actual 2020 \$000 | Budget 2020 \$000 | Actual 2019 \$000 |
|--------------------------------------|-------|-------------------------|-------------------------|-------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 5 | 5,334 | 4,566 | 5,151 |
| Receivables | 6 | 7,035 | 500 | 2,835 |
| Investments | 7 | 21,087 | 19,000 | 22,115 |
| Prepayments | | 377 | 200 | 266 |
| Crown loan debtors | 8 | 1,528 | 1,700 | 1,670 |
| Total current assets | | 35,361 | 25,966 | 32,037 |
| Non-current assets | | | | |
| Crown loan debtors | 8 | 2,593 | 3,100 | 3,043 |
| Property, plant and equipment | 10 | 171 | 149 | 216 |
| Intangibles | 11 | 391 | 231 | 113 |
| Total non-current assets | | 3,155 | 3,480 | 3,372 |
| Total assets | | 38,516 | 29,446 | 35,409 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables and deferred revenue | 12 | 10,531 | 6,100 | 7,324 |
| Employee entitlements | 13 | 854 | 662 | 645 |
| Crown loan creditors | 9 | 1,528 | 1,700 | 1,670 |
| Lease incentives | | 57 | 57 | 57 |
| Provisions | 14 | 115 | 120 | 44 |
| Total current liabilities | | 13,085 | 8,639 | 9,740 |
| Non-current liabilities | | | | |
| Crown loan creditors | 9 | 2,593 | 3,100 | 3,043 |
| Employee entitlements | 13 | 57 | 120 | 52 |
| Lease incentives | | 339 | 338 | 396 |
| Provisions | 14 | - | - | - |
| Total non-current liabilities | | 2,989 | 3,558 | 3,491 |
| Total liabilities | | 16,074 | 12,197 | 13,231 |
| Net assets | | 22,442 | 17,249 | 22,178 |
| Equity | | | | |
| Contributed capital | 15 | 545 | 545 | 545 |
| Accumulated surplus/(deficit) | 15 | 21,897 | 16,704 | 21,633 |
| Total equity | | 22,442 | 17,249 | 22,178 |

See note 21 – Explanation of significant variances against budget.
The accompanying notes form part of these financial statements

Statement of changes in equity for the year ended 30 June 2020

| | Notes | Actual 2020 \$000 | Budget 2020 \$000 | Actual 2019 \$000 |
|--|-------|-------------------------|-------------------------|-------------------------|
| Balance at 1 July | | 22,178 | 20,406 | 22,458 |
| Total comprehensive revenue and expense for the year | | 264 | (3,157) | (280) |
| Balance at 30 June | 15 | 22,442 | 17,249 | 22,178 |

See note 21 – Explanation of significant variances against budget
The accompanying notes form part of these financial statements

Statement of cash flows for the year ended 30 June 2020

| | Notes | Actual 2020 \$000 | Budget 2020 \$000 | Actual 2019 \$000 |
|---|-------|-------------------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | | |
| Receipts from the Crown | | 74,182 | 69,626 | 47,445 |
| Interest received | | 706 | 700 | 886 |
| Receipts from other revenue | | 180 | 375 | 392 |
| GST (net) | | 307 | - | (421) |
| Financial and industry support payments | | (52,644) | (48,291) | (25,728) |
| Payments to suppliers | | (12,905) | (12,512) | (10,857) |
| Payments to employees | | (10,245) | (10,473) | (9,847) |
| Net cash flows from operating activities | | (419) | (575) | 1,870 |
| Cash flows from investing activities | | | | |
| Receipts from sale of investments | | 78,000 | 68,000 | 79,000 |
| Receipts from the Crown – loan funding | | 1,128 | 2,000 | 1,747 |
| Loan repayments received | | 1,807 | 2,000 | 1,906 |
| Purchase of property, plant and equipment | | (22) | (25) | (120) |
| Purchase of intangible assets | | (376) | (140) | (53) |
| Purchase of investments | | (77,000) | (67,000) | (81,000) |
| Payments to the Crown – loan repayments | | (1,807) | (2,000) | (1,906) |
| Loans provided | | (1,128) | (2,000) | (1,747) |
| Net cash flows from investing activities | | 602 | 835 | (2,173) |
| Net increase/(decrease) in cash and cash equivalents | | | | |
| | | 183 | 260 | (303) |
| Cash and cash equivalents at the beginning of the year | | 5,151 | 4,306 | 5,454 |
| Cash and cash equivalents at the end of the year | 5 | 5,334 | 4,566 | 5,151 |

See note 21 – Explanation of significant variances against budget.
The accompanying notes form part of these financial statements

Reconciliation of the net surplus/(deficit) to net cash flow from operating activities

| | Actual 2020 \$000 | Actual 2019 \$000 |
|---|-------------------------|-------------------------|
| Net surplus/(deficit) | 264 | (280) |
| Add/(less) non-cash items | | |
| Depreciation and amortisation expense | 165 | 111 |
| Total non-cash items | 165 | 111 |
| Add/(less) items classified as investing or financing activities | | |
| Losses/(gains) on disposal of property, plant and equipment | - | - |
| Total items classified as investing or financing activities | - | - |
| Add/(less) movements in working capital items | | |
| (Increase)/decrease in receivables | (4,172) | (343) |
| (Increase)/decrease in prepayments | (111) | 77 |
| Increase/(decrease) in payables and deferred revenue | 3,150 | 2,595 |
| Increase/(decrease) in provisions | 71 | (134) |
| Increase/(decrease) in employee entitlements | 214 | (156) |
| Net movement in working capital items | (848) | 2,039 |
| Net cash flows from operating activities | (419) | 1,870 |

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2020

Reporting entity

The Energy Efficiency and Conservation Authority (EECA) is a Crown entity as defined in the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing EECA's operations includes the Crown Entities Act 2004 and the Energy Efficiency and Conservation Act 2000. EECA's ultimate parent is the New Zealand Crown.

EECA's primary objective is to provide services to the New Zealand public. EECA implements New Zealand Government strategies for energy efficiency, conservation and renewable energy in both the private and public sectors. EECA does not operate to make a financial return.

EECA has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for EECA are for the year ended 30 June 2020, and were approved by the Board on 3 September 2020.

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 requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

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 issued and not yet effective and not early adopted

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS and is effective for reporting periods beginning on or after 1 January 2021. EECA has not yet determined how application of PBE FRS 48 will affect its Statement of Service Performance.

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.

Goods and services tax (GST)

All items in the financial statements are exclusive of GST, with the exception of trade debtors and trade creditors, which are stated with GST included. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

EECA is a public authority and consequently is exempt from the payment of 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 at the beginning of the financial year. The budget figures were prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation

EECA has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributable to an output. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers, and related activity or usage information.

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 EECA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results. None of the estimates and assumptions made are regarded as being significant.

Critical judgements in applying accounting policies

Management has exercised its judgement in applying accounting policies. None of the judgements exercised are critical.

2. Revenue

Accounting policy

Funding from the Crown

EECA is primarily funded from the Crown. This funding is restricted in its use for the purpose of EECA meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

EECA considers that there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Provision of services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

Interest revenue

Interest revenue is recognised using the effective interest method.

Breakdown of other revenue and further information

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Interest revenue | 678 | 849 |
| Discount on loan (note 8) | 87 | 42 |
| Rent receivable from property subleases | 175 | 175 |
| Other revenue | 68 | 104 |
| Total other revenue | 1,008 | 1,170 |

3. Personnel costs

Accounting policy

Superannuation schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

| | 2020 \$000 | 2019 \$000 |
|--|---------------|---------------|
| Salaries and wages (including annual leave and other entitlements) | 9,824 | 9,104 |
| Defined contribution plan employer contributions | 282 | 265 |
| Professional development | 174 | 117 |
| Other employment-related costs | 179 | 205 |
| Total personnel costs | 10,459 | 9,691 |

Employee remuneration

| | Number of employees 2020 | Number of employees 2019 |
|--|--------------------------------|--------------------------------|
| Total remuneration paid or payable (\$) | | |
| 100,000-109,999 | 11 | 10 |
| 110,000-119,999 | 11 | 8 |
| 120,000-129,999 | 5 | 7 |
| 130,000-139,999 | 7 | 7 |
| 140,000-149,999 | 2 | 2 |
| 150,000-159,999 | 4 | 2 |
| 160,000-169,999 | 3 | - |
| 170,000-179,999 | 3 | 2 |
| 190,000-199,999 | - | 1 |
| 200,000-209,999 | 1 | - |
| 210,000-219,999 | 1 | 1 |
| 230,000-239,999 | - | 1 |
| 240,000-249,999 | - | 1 |
| 290,000-299,999 | 1 | - |
| 300,000-309,999 | - | 1 |
| 340,000-349,999 | 1 | - |
| 360,000-369,999 | - | 1 |
| Total employees | 50 | 44 |

During the year ended 30 June 2020, two employees (2019: four) received compensation and other benefits in relation to cessation totalling \$191,679 (2019: \$202,887).

Board member remuneration

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Board members' fees during the year were: | | |
| T Campbell (Chair appointed February 2013, term ended September 2019) | 7 | 29 |
| C Taylor (Deputy Chair appointed February 2017) | 18 | 18 |
| K Sherry (appointed February 2017) | 15 | 15 |
| E Trout (Chair appointed September 2019) | 26 | 15 |
| P Heatley (appointed February 2016) | - | - |
| D Coull (appointed February 2014) | 15 | 15 |
| L Wright (appointed September 2019) | 12 | - |
| N Smith (appointed September 2019) | 12 | - |
| Total fees paid | 105 | 92 |

EECA has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of liability or costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation (2019: \$nil).

4. Other expenses

Accounting policy

Operating leases

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

Breakdown of other expenses and further information

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Fees to Audit New Zealand for audit of financial statements | 65 | 64 |
| Board members' fees | 105 | 92 |
| Rental and operating lease costs | 958 | 1,135 |
| Contract services | 3,005 | 2,224 |
| Marketing services | 5,000 | 5,258 |
| Website development and maintenance expenses | 757 | 465 |
| Discount on loan (note 8) | 87 | 42 |
| Other expenses | 2,296 | 2,134 |
| Total other operating expenses | 12,273 | 11,414 |

Operating leases as lessee

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

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Not later than one year | 759 | 759 |
| Later than one year and not later than five years | 2,948 | 2,947 |
| Later than five years | 1,472 | 2,208 |
| Total non-cancellable operating leases commitments | 5,179 | 5,914 |

The non-cancellable operating lease commitments consist of contractual amounts due for leased office equipment and premises. EECA leases offices in Auckland, Christchurch and Wellington. The leases expire on 30 September 2020, 30 November 2027 and 28 June 2027 respectively.

Total future minimum sublease payments to be received under non-cancellable subleases for office space at balance date are \$0.17 million (2019: \$0.35 million).

5. Cash and cash equivalents

Accounting policy

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

Breakdown of cash and cash equivalents and further information

| | 2020 \$000 | 2019 \$000 |
|--|---------------|---------------|
| Cash on hand | 5,334 | 5,151 |
| Short-term deposits < 90 days | - | - |
| Total cash and cash equivalents | 5,334 | 5,151 |

6. Receivables

Accounting policy

Short-term receivables are recorded at their face value less any provision for impairment.

Breakdown of receivables and further information

| | 2020 \$000 | 2019 \$000 |
|--|---------------|---------------|
| Receivables (gross) | 7,035 | 2,835 |
| Less: provision for impairment | - | - |
| Total receivables | 7,035 | 2,835 |
| Total receivables comprises: | | |
| Receivables from the sale of goods and services (exchange transactions) | 119 | 26 |
| Goods and services tax receivable from the Crown (non-exchange transactions) | 268 | 575 |
| Receivables from Crown funding (non-exchange transactions) | 6,648 | 2,234 |
| | 7,035 | 2,835 |

The ageing profile of receivables at year end is detailed below.

Trade receivables – due profile:

| | | |
|-----------------------|--------------|--------------|
| Not past due | 6,960 | 2,815 |
| Past due 1–30 days | 32 | - |
| Past due 31–60 days | 43 | 14 |
| Past due 61–90 days | - | - |
| Past due over 90 days | - | 6 |
| | 7,035 | 2,835 |

All receivables greater than 30 days in age are considered to be past due.

7. Investments

Accounting policy

Bank term deposit are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Breakdown of investments and further information

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Current portion | | |
| Term deposits maturing within 12 months | 21,087 | 22,115 |
| Total investments | 21,087 | 22,115 |

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

8. Crown loan debtors

Accounting policy

Loans are initially recorded at fair value, being the notional value of the loans at date of acquisition or origination less the discount necessary to take account of the time value of money calculated at an interest rate applicable to the creditworthiness of the debtor. Thereafter, interest is recognised in accordance with the effective interest rate method such that the discount will be amortised at the interest rate applicable to the date of acquisition or origination.

Breakdown of Crown loan debtors and further information

| | 2020 \$000 | 2019 \$000 |
|--------------------------|---------------|---------------|
| Face value of the loans | 4,284 | 4,963 |
| Discount to be amortised | (163) | (250) |
| Carrying amount | 4,121 | 4,713 |
| Short-term (< 12 months) | 1,528 | 1,670 |
| Long-term (> 12 months) | 2,593 | 3,043 |
| Carrying amount | 4,121 | 4,713 |

EECA, on behalf of the Crown, approves and administers loans to third parties to undertake specific energy efficiency projects. The loans are interest free and repayable at periods ranging from three to five years.

9. Crown loan creditors

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Face value of the loans owed to the Crown | 4,284 | 4,963 |
| Discount to be amortised | (163) | (250) |
| Carrying amount | 4,121 | 4,713 |
| Short-term (< 12 months) | 1,528 | 1,670 |
| Long-term (> 12 months) | 2,593 | 3,043 |
| Carrying amount | 4,121 | 4,713 |

10. Property, plant and equipment

Accounting policy

Property, plant and equipment consists of the following asset classes: leasehold improvements, computer equipment, furniture and fittings, and office equipment.

All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

| Asset | Useful life | Depreciation rate |
|------------------------|-------------|-------------------|
| Computer equipment | 3 years | 33.30% |
| Office equipment | 2.5–6 years | 40%–16.67% |
| Furniture and fittings | 6 years | 16.67% |
| Leasehold improvements | 2–8 years | 50%–12.50% |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Impairment of property, plant and equipment

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

Non-cash-generating assets

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of comprehensive revenue and expense.

Breakdown of property, plant and equipment and further information

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

| | Office equipment \$000 | Furniture and fittings \$000 | Computer fittings \$000 | Leasehold improvements \$000 | Total \$000 |
|---------------------------------|------------------------------|------------------------------------|-------------------------------|------------------------------------|----------------|
| Cost | | | | | |
| Balance at 1 July 2018 | 270 | 80 | 182 | 948 | 1,480 |
| Additions | - | - | 3 | 117 | 120 |
| Disposals | - | (3) | - | (783) | (786) |
| Balance at 30 June 2019 | 270 | 77 | 185 | 282 | 814 |
| Balance at 1 July 2019 | 270 | 77 | 185 | 282 | 814 |
| Additions | - | - | 22 | - | 22 |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2020 | 270 | 77 | 207 | 282 | 836 |
| Accumulated depreciation | | | | | |
| Balance at 1 July 2018 | 250 | 76 | 142 | 856 | 1,324 |
| Depreciation expense | 12 | - | 19 | 29 | 60 |
| Elimination on disposal | - | (3) | - | (783) | (786) |
| Balance at 30 June 2019 | 262 | 73 | 161 | 102 | 598 |
| Balance at 1 July 2019 | 262 | 73 | 161 | 102 | 598 |
| Depreciation expense | 5 | 1 | 19 | 42 | 67 |
| Elimination on disposal | - | - | - | - | - |
| Balance at 30 June 2020 | 267 | 74 | 180 | 144 | 665 |
| Carrying amounts | | | | | |
| At 30 June 2018 | 20 | 4 | 40 | 92 | 156 |
| At 30 June 2019 | 8 | 4 | 24 | 180 | 216 |
| At 30 June 2020 | 3 | 3 | 27 | 138 | 171 |

There are no restrictions over the title of EECA's tangible assets, nor are any tangible assets pledged as security for liabilities.

11. Intangible assets

Accounting policy

Intangible assets consist of software applications that have a finite useful life and are recorded at cost less accumulated amortisation and impairment.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are expensed when incurred.

Costs associated with the development and maintenance of EECA's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The useful lives and associated amortisation rates have been estimated as follows:

| Asset | Useful life | Amortisation rate |
|----------------------------|-------------|-------------------|
| Acquired computer software | 3–5 years | 33.30%–20% |

Impairment of intangible assets

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

Non-cash-generating assets

The carrying amounts of intangible assets are reviewed at least annually to determine if there is any indication of impairment.

Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of comprehensive revenue and expense.

Breakdown of intangible assets and further information

Movements for each class of intangible assets are as follows:

| | Acquired software \$000 | WIP \$000 | Total \$000 |
|---------------------------------|----------------------------|--------------|----------------|
| Cost | | | |
| Balance at 1 July 2018 | 2,497 | - | 2,497 |
| Additions | 5 | 48 | 53 |
| Disposals | - | - | - |
| Capitalised | - | - | - |
| Balance at 30 June 2019 | 2,502 | 48 | 2,550 |
| Balance at 1 July 2019 | 2,502 | 48 | 2,550 |
| Additions | 376 | - | 376 |
| Disposals | - | - | - |
| Capitalised | 48 | (48) | - |
| Balance at 30 June 2020 | 2,926 | - | 2,926 |
| Accumulated amortisation | | | |
| Balance at 1 July 2018 | 2,386 | - | 2,386 |
| Amortisation expense | 51 | - | 51 |
| Elimination on disposal | - | - | - |
| Balance at 30 June 2019 | 2,437 | - | 2,437 |
| Balance at 1 July 2019 | 2,437 | - | 2,437 |
| Amortisation expense | 98 | - | 98 |
| Elimination on disposal | - | - | - |
| Balance at 30 June 2020 | 2,535 | - | 2,535 |
| Carrying amounts | | | |
| At 30 June 2018 | 111 | - | 111 |
| At 30 June 2019 | 65 | 48 | 113 |
| At 30 June 2020 | 391 | - | 391 |

There are no restrictions over the title of EECA's intangible assets, nor are any intangible assets pledged as security for liabilities.

12. Payables and deferred revenue

Accounting policy

Short-term payables are recorded at their face value.

Breakdown of payables and deferred revenue and further information

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Payables under exchange transactions | | |
| Creditors | 1 | - |
| Income in advance | - | - |
| Accrued expenses | 1,143 | 1,536 |
| Other | 157 | 321 |
| Total payables under exchange transactions | 1,301 | 1,857 |
| Payables under non-exchange transactions | | |
| Taxes payable (GST, PAYE, FBT) | 153 | 189 |
| Accrued expenses – financial and industry support | 9,077 | 5,278 |
| Appropriation received subject to conditions | - | - |
| Other | - | - |
| Total payables under non-exchange transactions | 9,230 | 5,467 |
| Total payables | 10,531 | 7,324 |

13. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement leave, are calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Breakdown of employee entitlements and further information

| | 2020 \$000 | 2019 \$000 |
|------------------------------------|---------------|---------------|
| Current portion | | |
| Accrued salaries and wages | 262 | 138 |
| Annual leave | 496 | 392 |
| Retirement and long service leave | 96 | 116 |
| Total current portion | 854 | 646 |
| Non-current portion | | |
| Retirement and long service leave | 57 | 52 |
| Total non-current portion | 57 | 52 |
| Total employee entitlements | 911 | 698 |

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation rate.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. The discount rates ranged from 0.16% to 1.47% (2019: 1.35% to 2.42%), and an inflation factor of 2.9% (2019: 3%) was used.

Any changes in these assumptions will affect the carrying amount of the liability but the impact will not be material.

14. 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Breakdown of provisions and further information

| | 2020 \$000 | 2019 \$000 |
|----------------------------------|---------------|---------------|
| Current portion | | |
| Quality assurance audits | 115 | 44 |
| Total current portion | 115 | 44 |
| Non-current portion | | |
| Quality assurance audits | - | - |
| Total non-current portion | - | - |
| Total provisions | 115 | 44 |

Movements for each class of provision are as follows:

| | Restructuring \$000 | Quality assurance audits \$000 | Total \$000 |
|--------------------------------|------------------------|--------------------------------------|----------------|
| Balance at 1 July 2018 | 105 | 73 | 178 |
| Additional provisions made | - | 44 | 44 |
| Amounts used | (105) | (73) | (178) |
| Unused amounts reversed | - | - | - |
| Balance at 30 June 2019 | - | 44 | 44 |
| Balance at 1 July 2019 | - | 44 | 44 |
| Additional provisions made | - | 115 | 115 |
| Amounts used | - | (44) | (44) |
| Unused amounts reversed | - | - | - |
| Balance at 30 June 2020 | - | 115 | 115 |

Quality assurance audits provision

This provision covers the balance of audits due to be undertaken on insulation retrofits completed under the Warmer Kiwi Homes programme as at the end of the financial year. These costs are likely to be incurred over the three months ending 30 September 2020.

15. Equity**Accounting policy**

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

- contributed capital
- accumulated surplus/(deficit).

A significant proportion of the accumulated surplus is the result of revenue received that has been committed in the form of financial and industry support expenditure to be incurred in future years. Refer to Accounting policy, note 16.

Breakdown of equity and further information

| | 2020 \$000 | 2019 \$000 |
|--|---------------|---------------|
| Contributed capital | | |
| Balance at 1 July | 545 | 545 |
| Balance at 30 June | 545 | 545 |
| Accumulated surplus/(deficit) | | |
| Balance at 1 July | 21,633 | 21,913 |
| Surplus/(deficit for the year) | 264 | (280) |
| Balance at 30 June | 21,897 | 21,633 |
| Total equity | 22,442 | 22,178 |
| Analysis of accumulated surplus/(deficit) | | |
| Financial and industry support commitments | 14,371 | 12,497 |
| Accumulated surplus – other | 7,526 | 9,136 |
| | 21,897 | 21,633 |

Capital management

EECA's capital is its equity, which comprises accumulated funds. Equity is represented by net assets.

EECA 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.

EECA has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

EECA manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that EECA effectively achieves its objectives and purpose, while remaining a going concern.

16. Financial and industry support expense commitments

Accounting policy

EECA provides financial and industry support to enable energy efficiency and conservation initiatives, including training and building industry capability, to be undertaken. EECA becomes obliged to make a payment against contracts when prescribed activities are undertaken. Financial and industry support is accrued on the basis of the amount of work completed. The value of work yet to be completed under the contract is reported as commitments.

Breakdown of financial and industry support expense commitments and further information

| | 2020 \$000 | 2019 \$000 |
|---|---------------|---------------|
| Total financial and industry support commitments | | |
| Low Carbon Business | 4,938 | 5,661 |
| Efficient and Low Emissions Transport | 7,780 | 6,171 |
| Government Leadership | 1,524 | 815 |
| Energy Efficient Homes | 58,257 | - |
| Total commitments | 72,499 | 12,647 |
| Payable | | |
| Not later than one year | 70,446 | 10,941 |
| Later than one year and not later than five years | 2,053 | 1,706 |
| Later than five years | | |
| Total commitments | 72,499 | 12,647 |
| Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments at the point a contractual obligation arises, to the extent that they are yet to be performed. | | |
| How these commitments are funded | | |
| Funding already received and held in retained earnings (see note 15) | 14,371 | 12,497 |
| Funding to be received in the future years | 58,128 | 150 |
| | 72,499 | 12,647 |

17. Contingencies

Contingent liabilities

EECA has no contingent liabilities at balance date (2019: \$nil).

Contingent assets

EECA has no contingent assets at balance date (2019: \$nil).

18. Related party transactions

EECA is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more favourable than those that it is reasonable to expect EECA would 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.

Related party transactions required to be disclosed

EECA did not enter into any related party transactions requiring disclosure (2019: \$nil).

David Coull is a partner of Bell Gully. EECA made payments to Bell Gully of \$57,794 (2019: \$87,422) during the year, all of which related to transactions entered into on an arm's length basis.

Key management personnel compensation

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Board members | | |
| Remuneration | \$104,738 | \$91,875 |
| Full-time equivalent members | 1.0 | 1.0 |
| Leadership team | | |
| Remuneration | \$1,156,514 | \$1,147,000 |
| Full-time equivalent members | 4.0 | 4.0 |
| Total key management personnel remuneration | \$1,261,252 | \$1,238,875 |
| Total full-time equivalent personnel | 5.0 | 5.0 |

The full-time equivalent for Board members has been determined based on the Cabinet Fees Framework outlined in Cabinet Office Circular (CO (19) 1).

An analysis of Board member remuneration is provided in note 3.

19. Financial instruments

EECA has the following financial instrument categories:

- Held-to-maturity investments
- Receivables
- Loans
- Payables.

Held-to-maturity investments

These comprise cash and cash equivalents (see note 5), which include short-term deposits of less than 90 days and investments (see note 7).

Credit risk

Credit risk arises in that the organisation or organisations with which surplus monies are invested may default on repayment. The maximum credit risk of held-to-maturity investments is \$26,420,077 (2019: \$27,263,490).

Cash flow interest rate risk

EECA is subject to interest rate risk in that cash and cash equivalents are invested in term deposits with maturity dates of less than one year. It is possible that current market interest rates will rise causing the fair value of the investments to fall.

In accordance with the investment policy determined by the Board, surplus monies are invested with the following objectives:

- to ensure that the statutory requirements for investment are met
- to ensure that credit risk is minimised so far as is possible; and
- to ensure that liquid funds are available as and when necessary.

It is a statutory requirement that surplus monies are held in certain prescribed institutions, being registered banks and other highly credit-rated organisations.

All held-to-maturity monies are held with Westpac Banking Corporation Limited (Westpac), Kiwibank Limited and ASB Bank Limited. Standard and Poors has assessed Westpac as having an AA- credit rating, Kiwibank as having an A credit rating and ASB as having an AA- credit rating.

Liquidity risk

As the primary objective of the investment programme is to ensure monies are available to meet operational needs, investments are made with terms of less than one year. Because interest rates are re-priced in the short term there is minimal loss of value when interest rates change.

Receivables

The only receivables outstanding are those due in the short term less than 90 days from the date of acquisition (see note 6). There is considered to be minimal credit risk attached to these receivables.

Loans

Credit risk

Loans are the residual sums due from a variety of persons to whom interest free loans have been made to achieve energy efficiency and conservation measures. All such borrowers are public sector entities, including health boards, territorial authorities, schools and tertiary institutions. As the emphasis on the lending programme is on energy efficiency objectives, credit risk is not regarded as a priority. Accordingly, no security is taken.

Fair value interest rate risk

The fair value of the loans as at 30 June 2020 was \$4,223,839. This compares with the carrying value of the loans of \$4,120,434 (see note 8).

If interest rates were 10 basis points higher, the fair value of the loans would be lower by \$688.

As the amounts receivable under Crown loan debtors (see note 8) are equal to the amounts payable to the Crown under Crown loan creditors, then the effective fair value interest rate risk is \$nil.

Payables

Payables fall due in the short term. As the cash and other cash and cash equivalents are also available in the short term, no liquidity risk arises.

20. Events after the balance date

There were no significant events after the balance date.

21. Explanation of significant variances against budget

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

Statement of comprehensive revenue and expense

Funding from the Crown

The increase of funding from the Crown is principally due to the increased financial and industrial support costs related to the Warmer Kiwi Homes programme as outlined below.

Financial and industry support

Financial and industry support costs were \$6.45 million higher than budgeted. This was principally due to:

- The Warmer Kiwi Homes programme costs were \$9.6 million higher than budgeted due to increased demand for heating and insulation and an increase in the Government contribution from 67% to 90%.
- The Electric Vehicles Contestable Fund programme costs were \$0.78 million lower than budgeted due to the impact of COVID-19.
- The Business programme costs were \$1.5 million lower than budgeted largely due to a number of businesses not able to meet their milestones as a result of COVID-19.

Statement of financial position

Payables

The high payables balance corresponds to high year-end accruals relating to the Warmer Kiwi Homes programme.

Investments

Investments were \$2.1 million higher than budgeted due to the net impact of higher equity and payables at year-end than anticipated.

Receivables

Receivables were higher than budgeted due to high uptake of the Warmer Kiwi Homes programme as detailed above, resulting in a Crown Funding receivable.

Statement of cash flows

Receipts from the Crown

The increase of funding from the Crown is principally due to funding related to the Warmer Kiwi Homes programme uptake, in line with the programme's financial and industry support cost overspend as detailed above under explanation of Statement of comprehensive revenue and expense variances.

Financial and industry support payments

The increase of financial and industry support cost payments is in line with the increase in costs as detailed above under explanation of Statement of comprehensive revenue and expense variances.

22. COVID-19

All EECA staff were able to work from home during the period of lockdown and so there was minimal disruption to the normal day-to-day operations undertaken by EECA's staff.

EECA is funded by the Crown and so there were no adverse impacts on revenue during the year.

The impact of COVID-19 on operational costs, excluding financial and industry support costs, was relatively minor and is summarised below:

| | \$000s |
|---|--------|
| Costs incurred to support staff working from home | 53 |
| Marketing activities stopped or deferred – reduction in costs | (309) |
| Reduction in travel costs | (166) |
| | (422) |

The main impact of COVID-19 on the financial statements for the year ended 30 June 2020 was on financial and industry support costs. As a result of the lockdown, our service providers and partners were limited in the activities they could undertake and this resulted in some contract milestones not being met as planned and being deferred to the 2020/21 year.

EECA has reviewed all financial and industry support costs by reference to quarterly forecasts and actual costs available before, during and after the lockdown period. In addition, we have also reviewed the output of that exercise for reasonableness with the relevant account managers.

EECA accepts that the quantification of the COVID-19 impacts has an element of subjectivity but is confident that the estimates set out in the table are representative of the actual position.

The estimated underspend of financial and industry support costs due to COVID-19 impacts is analysed by focus area below:

| | \$000s |
|---------------------------------------|--------|
| Productive and low-emissions business | 851 |
| Efficient and low-emissions transport | 783 |
| Government leadership | 131 |
| Energy Efficient Homes (LED trials) | 221 |
| | 1,986 |

Glossary of terms

Carbon equivalent (CO₂e) – a measurement unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO₂) as a reference gas.

Electricity levy – EECA receives an allocation of Electricity Industry Levy funding to carry out initiatives in accordance with its statutory functions under the Energy Efficiency and Conservation Act 2000.

Emissions – greenhouse gas emissions.

Emissions productivity – economic value achieved from emissions produced, calculated as gross domestic product (GDP) per unit of emissions.

Energy productivity – the value we get from the energy we consume, defined as gross domestic product (GDP) per unit of energy.

Fossil fuels – includes coal, natural gas, LPG, crude oil, fuels derived from crude oil (including petrol and diesel).

Gas levy – EECA receives an allocation of Gas Safety, Monitoring and Energy Efficiency (GMSEE) Levy funding to carry out initiatives in accordance with its statutory functions under the Energy Efficiency and Conservation Act 2000.

Gigawatt-hour (GWh) – one gigawatt-hour is equal to one million kilowatt-hours. New Zealand's annual electricity demand is approximately 38,000 GWh.

Greenhouse gases – these include carbon dioxide (CO₂), methane and nitrous oxide. In the energy sector, the burning of fossil fuels (oil, coal, gas) for heat, transport or electricity generation creates greenhouse gas emissions.

Large energy users – businesses that spend more than \$1 million on energy each year.

Low-emissions vehicle (LEV) – low-emissions vehicles include battery electric vehicles, plug-in hybrid vehicles and hydrogen fuel cell vehicles (as long as the hydrogen is produced using New Zealand's renewable electricity advantage).

Mandatory Energy Performance Labelling (MEPL) – EECA carries out regulation of energy efficiency labelling for products and appliances so consumers can compare the energy use of the products and appliances they buy.

Minimum Energy Performance Standards (MEPS) – EECA carries out regulation of energy efficiency standards for products and appliances to ensure the worst-performing ones are not available on the New Zealand market.

Partner – a business that has entered into a contractual agreement with EECA.

Petajoule (PJ) – the unit most often used to measure energy production and use on a national scale in New Zealand. Energy savings are valued using the marginal cost of electricity supply.

Petroleum levy – EECA receives an allocation of Petroleum or Energy Fuel Monitoring (PEFM) Levy funding to carry out initiatives in accordance with its statutory functions under the Energy Efficiency and Conservation Act 2000.

Process heat – energy used for commercial and industrial processes, manufacturing and heating. For example, meat and dairy processors use steam from boilers to sanitise equipment and process raw products, such as turning milk into powder. It generally involves the use of coal, gas, wood or electricity.

Public sector – the public sector comprises the public service, State services, State sector and local government organisations.

Renewable energy – energy produced from hydro, geothermal, biomass, wind, solar and marine sources.

Service provider – an organisation that is contracted by EECA to provide a service to either businesses or householders.

State sector – the State sector comprises the agencies included in the Financial Statements of the Government of New Zealand. This includes the State Services, tertiary education institutions, State-Owned Enterprises and Mixed Ownership Model companies, as well as a small number of agencies that operate as instruments of the Legislative Branch of Government.

Sustainable energy – energy that serves the needs of the present without compromising the ability of future generations to meet their needs. It includes renewable energy and energy efficiency.

Vehicle Fuel Economy Label – this is a label that shows how much fuel a vehicle will use to travel a certain distance, which helps people make an informed decision about the vehicles they are considering buying. All new cars, and all cars manufactured since 2000 and imported since 2005 for sale in New Zealand, must display information about the vehicle's fuel economy, whenever that information is available.

Warmer Kiwi Homes – the Government's four-year insulation and heating grants programme announced as part of Budget 2018.

Independent Auditor's Report



Independent Auditor's Report

To the readers of the Energy Efficiency and Conservation Authority's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Energy Efficiency and Conservation Authority (EECA). The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of EECA on his behalf.

Opinion

We have audited:

- the financial statements of EECA on pages 49 to 73 that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of EECA on pages 22 to 24 and 32 to 47.

In our opinion:

- the financial statements of EECA on pages 49 to 73:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 22 to 24 and 32 to 47:
 - presents fairly, in all material respects, EECA's performance for the year ended 30 June 2020, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts 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; and
 - 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.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 3 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on EECA. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on EECA as set out in note 22 to the financial statements and to the affected performance measures in the statement of performance on pages 32 to 47.

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 audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of EECA 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 they determine is necessary to enable them 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 EECA for assessing EECA'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 EECA, 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 and the performance information, our procedures were limited to checking that the information agreed to EECA'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 EECA's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within EECA's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on EECA'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 EECA 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 communicate with the 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 Board is responsible for the other information. The other information comprises the information included on pages 4 to 21, 26 to 31 and 74 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 EECA in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in EECA.



Chris Webby
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

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