Annual Report 18/19

TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

EECA

Clean and clever energy

Clean and clever energy is EECA's view of what energy can be. It can mitigate climate change, while serving New Zealanders in a multitude of other ways.

Clean energy is renewable and low emissions. That means using sunlight, wind, water, biomass and geothermal heat sustainably, and when they're most abundant. Clean energy protects our today, and looks out for our tomorrow.

Clever energy is efficient and innovative. It allows our system to be made cleaner sooner. Clever energy gives us more and costs us less.

Contents

Energy-related emissions

Thoughts from the Chair on opportunities for change

Climate change poses an urgent global challenge, which New Zealand is capable of responding to decisively.

Globally, energy-related carbon emissions rose to an historic high in 2018, and the wellbeing of current and future generations makes reducing the production of energy-related greenhouse gas emissions a necessity. Reducing our emissions now can reduce the need to adapt to the consequences of climate change.

The many benefits of clean and clever energy use

Reducing energy-related emissions is just one of the many benefits of clean and clever energy use. Energy efficiency is being clever, clean energy is the future. Collectively, they stimulate the economy and clean development, improve business productivity and save people money. Using electricity more efficiently will enable the decarbonisation of other energy uses such as transport and process heat. This is because it frees up capacity in the electricity system and makes individual fuel switching investments more cost effective.

Delivering what we promised

In order to deliver on our nation's commitments to reduce emissions under the Paris Agreement, the Government this year introduced the Zero Carbon Bill, which lays out the framework to net zero emissions by 2050, and establishes a Climate Change Commission to aid in the transition.

New Zealand is committed to reducing greenhouse gas emissions by 30% below 2005 levels by 2030. This will be immensely challenging. The energy sector accounts for approximately 40% of our total greenhouse gas emissions. Although New Zealand is investing resources and effort into energy efficiency and the use of renewable energy, much more needs to happen, and faster.

Technology to the rescue

Technology developments are increasingly important and some of the biggest opportunities are in decarbonising equipment for process heat and transport. Electrical appliances are also becoming more energy efficient, and the clever use of digital technology and data is another exciting development. But these technologies will not solve the problem on their own.

Cutting through the noise

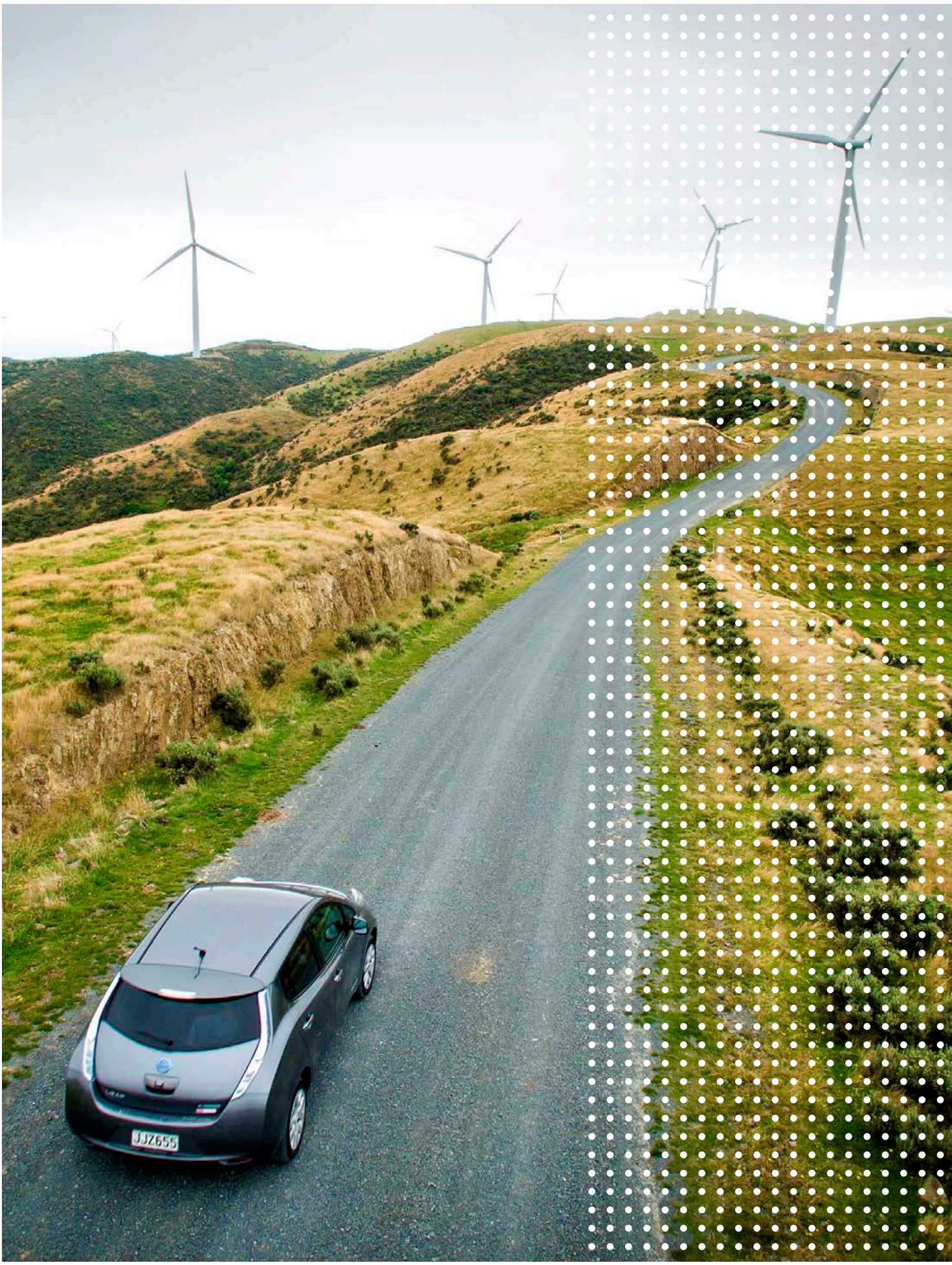
Among the greatest problems we face in the transition to a low-emissions economy is how best to communicate a clear plan of action when there is so much 'noise' surrounding the issue.

EECA's research suggests that though New Zealanders believe climate change is an issue, they are not acting. There is a critical need to link beliefs and action. EECA's new 'Connect' campaign seeks to bridge this gap.

Although New Zealand is responsible for less than 0.2% of the total global greenhouse gas emissions, small-emitting nations are collectively responsible for around a quarter of them.

Our united efforts can make a significant difference and EECA's efforts are focussed on mobilising widespread action across society.

Tom Campbell
Chairman – on behalf of the Board
14 September 2019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Our story

Embracing a low-emissions economy

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 work programme

This is guided by the New Zealand Energy Efficiency and Conservation Strategy 2017-2022 (NZEECS) and underpinned by EECA's 2018-2022 Statement of Intent (SOI).

Our current work

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 purpose

We have an exciting 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 new strategy

Last year we redefined our strategy.

We're helping support businesses to develop clear plans of action to save energy and reduce energy-related emissions within a complex and ever-changing environment.

We want institutions and the private sector to prioritise, and invest in, changes to their operations, and for necessary policies and regulations to be implemented.

And we're also strongly advocating for individuals to live differently.

Our focus is also increasingly on contributing to the advice put to Ministers, as they create the required policy.

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.

Reaching hearts and minds

Above and beyond all this, the real challenge is to engage the hearts and minds of all New Zealanders – to inspire 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.

Our strategy

Our purpose

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

Our strategic **principles**

Focus on impact

Pursue high-impact change with agility, and at pace.

Understand the customer

Focus on those it is important to influence, and influence them based on what they care about.

Define the problem

Identify what's blocking progress, and tackle it head on.

Join the dots

Work with and connect people and organisations who can be a part of achieving the purpose.

Display leadership

Be proactive, have a fact-based point of view and own it.

Our strategic **focus areas**

Engage hearts and minds

Foster a society in which sustainable energy is expected and demanded.

Government leadership

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

Productive and low-emissions business

Mobilise decision makers and technical experts to accelerate action.

Efficient and low-emissions transport

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

Energy efficient homes

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

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 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.

Solutions and success

Five solutions to be proud of

Solution 01

Developing productive and low-emissions businesses

Why this matters

Businesses use 51% of New Zealand's energy – excluding transport – and generate 42% of our energy-related emissions.

This means there are significant opportunities for them to increase their energy productivity and use of renewable, efficient 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.

Big wins to be made in process heat

'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

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

What we achieved this year

We are currently working with businesses that use nearly a quarter of the energy used in New Zealand.

Over the past 12 months, our business partners have reported savings of 0.8 PJ GWh and 53,700 tonnes of carbon, as a result of our involvement.

Accelerating change

This year we piloted our Energy Transition Accelerator programme with three large emitting businesses – McCain (NZ) Foods Limited, Silver Fern Farms Ltd and Golden Bay Cement.

The programme involves working together to design and document a customised 'transition pathway' to decarbonisation, and to set carbon reduction targets.

Growing technology

Over the past 12 months we continued to invest in innovative technology demonstrations to encourage greater uptake across the country. We provided co-funding to support such pioneering projects as Synlait's installation of New Zealand's first large-scale electrode boiler at its Dunsandel site in Canterbury.

We collaborated with Alliance Group for the installation of an energy-saving high-temperature heat pump at its Nelson plant. Not only does the heat pump help to cut carbon emissions, it also recycles waste heat from the plant's refrigeration system.

Waste not

We also saw the completion of a project at Whangarei District Council's waste water treatment plant, where the methane produced by the treatment process is now being used to generate electricity and hot water, rather than being flared off – demonstrating the commercial viability of a small-scale, waste methane-to-energy unit.

See page 29 for more information on our achievements over the year and how we measured success.

Our next steps to mobilise New Zealanders

Dedicated management

We will continue our model of direct engagement with New Zealand's largest energy users and emitters, with dedicated account managers to provide strategic input about energy management opportunities.

Expanding our programme

We will also be expanding our Energy Transition Accelerator programme by offering it to more 'large emitting' businesses. We will ultimately develop a template approach for all businesses, irrespective of the amount of energy they use or energy-related emissions they produce.

Solution 02

Encouraging efficient and low-emissions transport

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 20% of New Zealand's total emissions each year and 48% of energy-related emissions.

Giant gains to be made

There are significant improvements to be made using sustainable and efficient technologies, particularly low-emission vehicles. In fact, about three million tonnes of energy-related emissions can be avoided in 12 years by making economically feasible changes to how we move around. This could largely be achieved by a switch to electric vehicles.

Meeting our transport needs with sustainable energy will reduce emissions and our dependence on imported fuel. It also helps people avoid the costs of transport to get around.

Our desired future state

- 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

Electric vehicles in New Zealand have reached a new high, with more than 14,800 registered as of 30 June 2019. However, while demand is still increasing, the rate is starting to flatten off.

Making the choice easy

We work to help more New Zealanders than ever choose a low-emissions vehicle over a fossil-fuelled vehicle. We have continued to develop and provide independent and authoritative information that 'busts myths' and motivates people to improve their transport choices.

Investing in now

We also continue to support early and innovative investment in low-emission vehicles and associated infrastructure. This year we committed to co-invest $7.6 million in projects through our Low Emission Vehicles Contestable Fund. We also saw multi-year projects sufficiently advanced that they met the criteria to draw on nearly $4.7 million in co-investment.

In 2018/19, the fund continued to support the expansion of New Zealand's charging infrastructure, with a particular emphasis on key tourist routes and destinations.

With our support, the Motoring Industry Training Organisation developed an electric vehicle qualification framework allowing automotive technicians to fully upskill on safely inspecting, servicing and repairing electric vehicles. We also co-invested in a project led by EVincible that enabled 24 automotive workshops around the country to buy Nissan Leafs for use as courtesy cars by customers whose own cars are in for repairs.

See page 34 for more information on our achievements over the year, and how we measured success.

Our next steps to mobilise New Zealanders

Driving the future

A rapid uptake of low-emissions vehicles is critical if we are to achieve a low-emissions economy. We will continue to contribute to this outcome through our Low Emission Vehicles Contestable Fund by co-investing in projects that expand New Zealand's charging network and accelerate the uptake of electric and other low-emissions vehicles.

We are also broadening our technology demonstration programme in 2019/20 to include investment in the electrification of marine passenger vessels.

The Government is considering additional policy settings to address other barriers to low-emissions vehicle uptake. We strongly support these. We will continue to provide research and expert advice to cross-government policy options relating to New Zealand's light fleet, charging network and associated electricity system.

Solution 03

Supporting energy-efficient homes

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 accounts for 6% of New Zealand's total energy-related emissions.

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

Nevertheless, more than $440 million could be saved each year by improving the quality of our housing and energy efficiency in our homes.

Households make an impact

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 also critical as we seek to engage all citizens in the collective objective of reducing New Zealand's energy-related emissions.

Our desired future state

- 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

More efficient products

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. More electricity-efficient technologies use less electricity and save both households and businesses money.

Minimum standards making a huge difference

Twenty products are currently subject to Minimum Energy Performance Standards or Mandatory Energy Rating Labelling. Operating for around two decades, the E3 programme has saved New Zealanders an incredible 42 PJ of energy and nearly $1.3 billion.

The focus in 2018/19 was on improving the energy performance of heat pumps, domestic and commercial refrigeration and electric motors. We also concentrated on updating the labelling requirements for domestic whiteware.

Warmer homes for all

This year we launched our new Warmer Kiwi Homes programme to provide grants to low-income homeowners, so they can insulate their properties and prevent unnecessary heat loss. At the same time, landlords rushed to insulate their rental properties by 30 June 2019 to meet their requirements under the Residential Tenancies Act. Despite this pressure, we saw insulation installed in over 11,000 homes[1].

See page 36 for more information on our achievements over the year and how we measured success.

Our next steps to mobilise New Zealanders

Expanding efficient heating and lighting

In 2019/20, we are expanding our Warmer Kiwi Homes programme to provide grants for heating measures, as well as insulation, to low-income homeowners. We'll also be initiating a new project that will trial various options to provide LED lighting to low-income households.

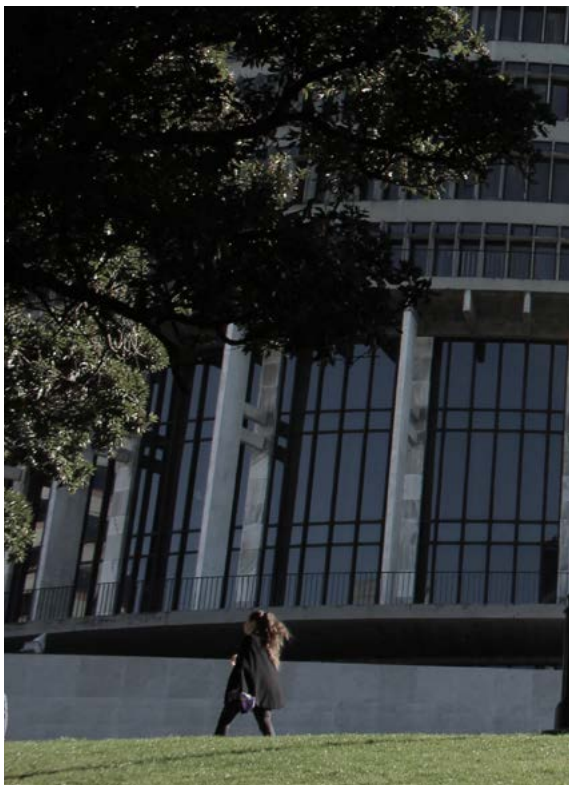
A look at load

We will also undertake a review to better understand typical load profiles and how electricity use contributes to peak demand. Subject to the findings, we will seek to identify any appropriate interventions that help smooth the demand profile.

[1] Over 8,500 insulation retrofits were installed in low-income homes through the Warmer Kiwi Homes programme, and over 2,500 were residual delivery commitments from the previous Warm Up New Zealand programme.

Solution 04

Activating government leadership



Why this matters

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

Government agencies own over 15,000 vehicles, which in the future will supply the second-hand market. State sector agencies, including public hospitals, universities and schools, are also still using fossil-fuels for heating.

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. It means that removing coal and gas boilers from public buildings is important to the transition to a low-emissions economy.

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.

We aim to support the state sector to innovate and lead the transition to clean and clever energy use in New Zealand.

Our desired future state

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

What we achieved this year

We provided market insights to analysis of policy options that will improve energy efficiency, the use of renewable energy and accelerate the transition to a low-emissions economy.

Important research

In July 2019 we released research showing that we could substantially reduce the need for new electricity generation if all New Zealanders switch to currently available energy-efficient technologies. Energy efficiency should be the first step when looking to increase our proportion of renewable generation capacity.

Supporting the Government

We also co-funded a project with Contact Energy and Optifleet that involves collecting data to help organisations – including government agencies – to streamline their fleets and convert vehicles to low-emissions vehicles.

We provided $1.7 million in Crown Loans to support low-emissions projects, primarily to schools for conversions to LED lighting.

We continued to support the Government's low-emission vehicles work programme. In particular, we provided technical and policy input for the Associate Transport Minister's recently announced Clean Car policies, including vehicle emissions standards and rebates for low-emissions cars.

Our residential energy efficiency experts assisted the Ministry of Housing and Urban Development (MHUD) and Ministry of Business, Innovation and Employment (MBIE) to develop the new Healthy Homes Standards for rentals. This was done to improve the energy efficiency and living conditions in rental properties across the country.

We supported New Zealand Government Procurement and Property to improve government procurement rules for vehicles and building systems, and provided guidance for government agencies to comply with new procurement requirements.

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

Walking the talk

In June this year, 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.

As a small organisation, EECA has a relatively small carbon footprint. But every little bit counts, and we are committed to being a sustainable organisation. In 2018/19 we emitted 247 tonnes of CO_2e, which is 35% less than 2007 when we began monitoring our emissions[2]. This is largely due to a reduction in air travel.

See page 28 for more information on EECA as a sustainable organisation.

Our next steps to mobilise New Zealanders

We will continue to contribute to the development of effective energy-related policy settings, and to increase our advice to agencies on the action they should be taking to improve their own energy use. We support the State Services Commission's proposal for voluntary monitoring and reporting of agencies' emissions. In 2019/20 we plan to publish an updated carbon reduction target and Carbon Reduction Plan. We will also continue to influence our supply chain and our energy management partners to reduce energy-related emissions.

[2] Our emissions inventory is independently audited and certified using CEMARS (Certified Emissions Measurement and Reduction Scheme), an internationally accredited scheme.

Solution 05

Engaging hearts and minds

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 4.8 million New Zealanders make even small improvements to how they use energy, if businesses invest in energy efficiency and if effective policies are accepted, 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

New Zealanders not only understand but take action:

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

What we achieved this year

Too few New Zealanders are making choices that will improve our emissions profile and help us meet our international targets. Last year, we initiated market research, conducted by TRA, to explore the values and beliefs of New Zealanders, with respect to climate change and the way they use energy.

The research told us that the majority of New Zealand businesses and consumers accept the science that climate change is happening, but they face a number of barriers in taking action to improve their energy use. Addressing these barriers is integral to shaping how we engage with people to help them become 'clean and clever' energy users.

See page 41 for more information on our achievements over the year and how we measured success.

Our next steps to mobilise New Zealanders

Our 'clean and clever' new message

It's important that we have a message that reflects our new purpose. A message that is capable of capturing the hearts and minds of New Zealanders.

To this end, we've recently created a completely new visual identity look and feel for EECA. This encapsulates a new 'clean and clever' look, feel and way of talking.

A new campaign platform

We've taken what we learnt from our TRA research and begun work on an exciting, new, nationwide campaign platform to engage all New Zealanders, and inspire them to begin living in a way that is more energy conscious and generates fewer harmful emissions.

Due to launch in September 2019, this will be a powerful way for EECA to show how we can each contribute to the overall change that's needed and, collectively, how we can make a meaningful difference.

It will actively encourage New Zealanders, of all generations, to expect and demand goods and services with a lighter carbon footprint, and to take action to reduce their own energy-related emissions.

Ongoing practical guidance

We also provide practical guidance, to help New Zealanders to recognise and experience the multiple benefits that the efficient use of sustainable energy delivers for their own lives. This includes reduced energy costs, health and wellbeing, efficient mobility, cleaner urban and natural environments, more productive businesses and an increase in economic opportunity.

Helping communities

We are also considering the role we could play in supporting communities to understand and select the most effective energy solutions for their circumstances, and develop renewable energy and energy-efficiency projects.

Our future focus

Mobilising clean and clever energy users

We'll continue to mobilise New Zealanders to be world leaders in clean and clever energy use. We'll also retain our focus on productive and low-emissions business, efficient and low-emissions transport and energy-efficient homes.

Two new solutions

As we have already shown, in 2018/19 we introduced two new strategic focus areas for EECA:

Government leadership

We are providing the public sector with the tools it needs to innovate and lead the transition to clean and clever energy use. We also expect to continue making a meaningful contribution to the necessary policy settings and government work programmes, such as the response to the Electricity Price Review (EPR) and initiatives to accelerate the uptake of low-emissions vehicles.

Engaging hearts and minds

We are dedicated to fostering a society that expects and demands efficient and clean energy. The transition to a low-emissions economy poses a significant challenge. The time to act is now, and we will take an increasingly forthright approach to communicating key messages under our redefined strategy and purpose.

(See the 'Five solutions to be proud of' section for more on the above.)

A clean and clever future

We will continue to take into consideration the multiple benefits of clean and clever energy. To give just one example, EECA's Warmer Kiwi Homes programme goes beyond energy efficiency to deliver benefits, such as health, wellbeing and energy cost savings.

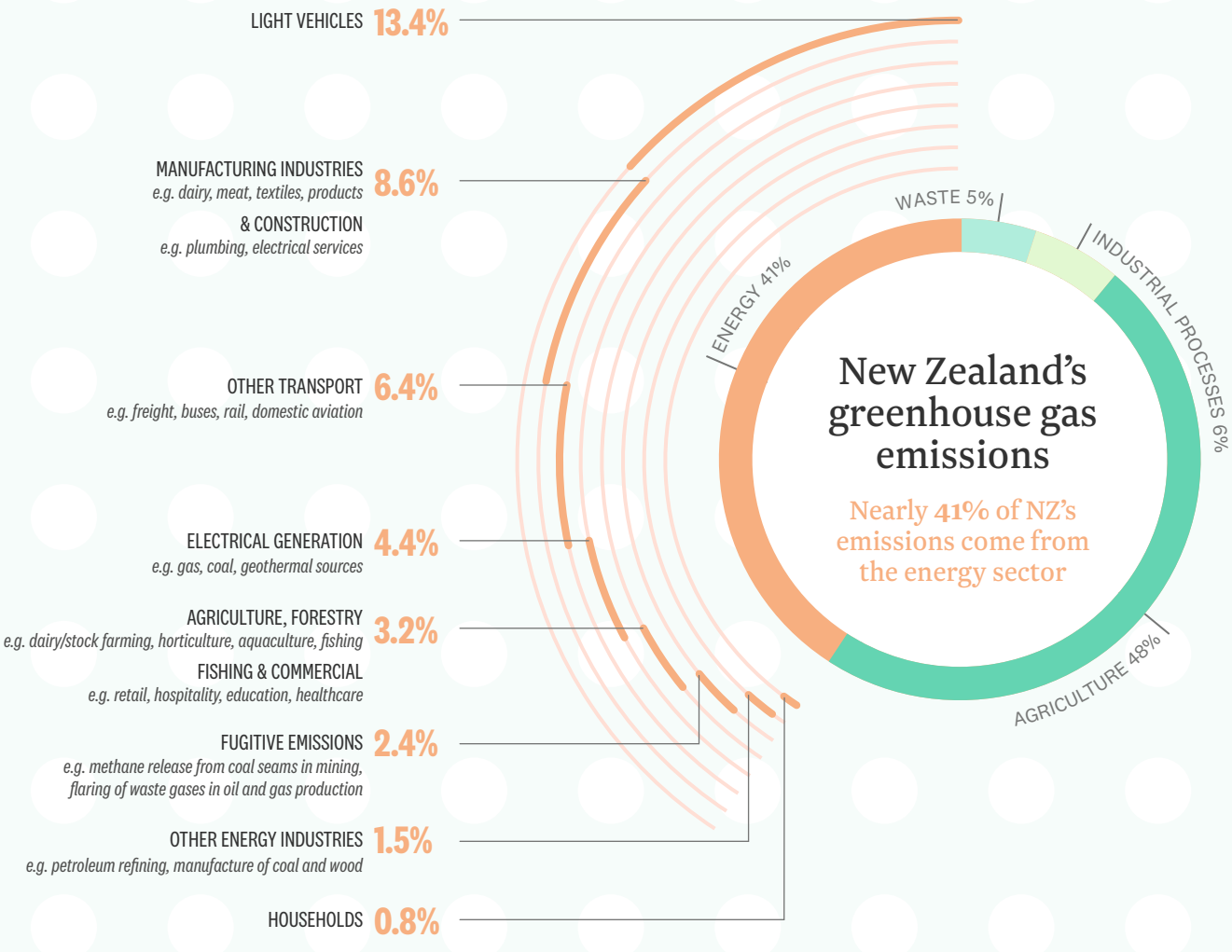
It's going to take a collective effort

Our approach is always to understand the needs and drivers of our customers, which means individuals, businesses, government partners as well as the wider sustainability and energy sectors.

People are and will continue to be at the heart of everything we do.

We will continue working across the economy to improve energy efficiency and reduce energy-related emissions in the areas with greatest opportunity for high-impact change.

Further information on what we will be delivering in 2019/20 is provided in our 2019/20 Statement of Performance Expectations.



Source: Greenhouse Gas Inventory 1990-2017, MfE (2019); Light vehicles and Other transport estimates are based on data from the MBIE 2017 energy balances and MBIE Energy in New Zealand (2018)

How we are funded and what we spent

In 2018/19, 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 2017, 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 2019.

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.

Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes

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

Energy and Resources: Crown Energy Efficiency

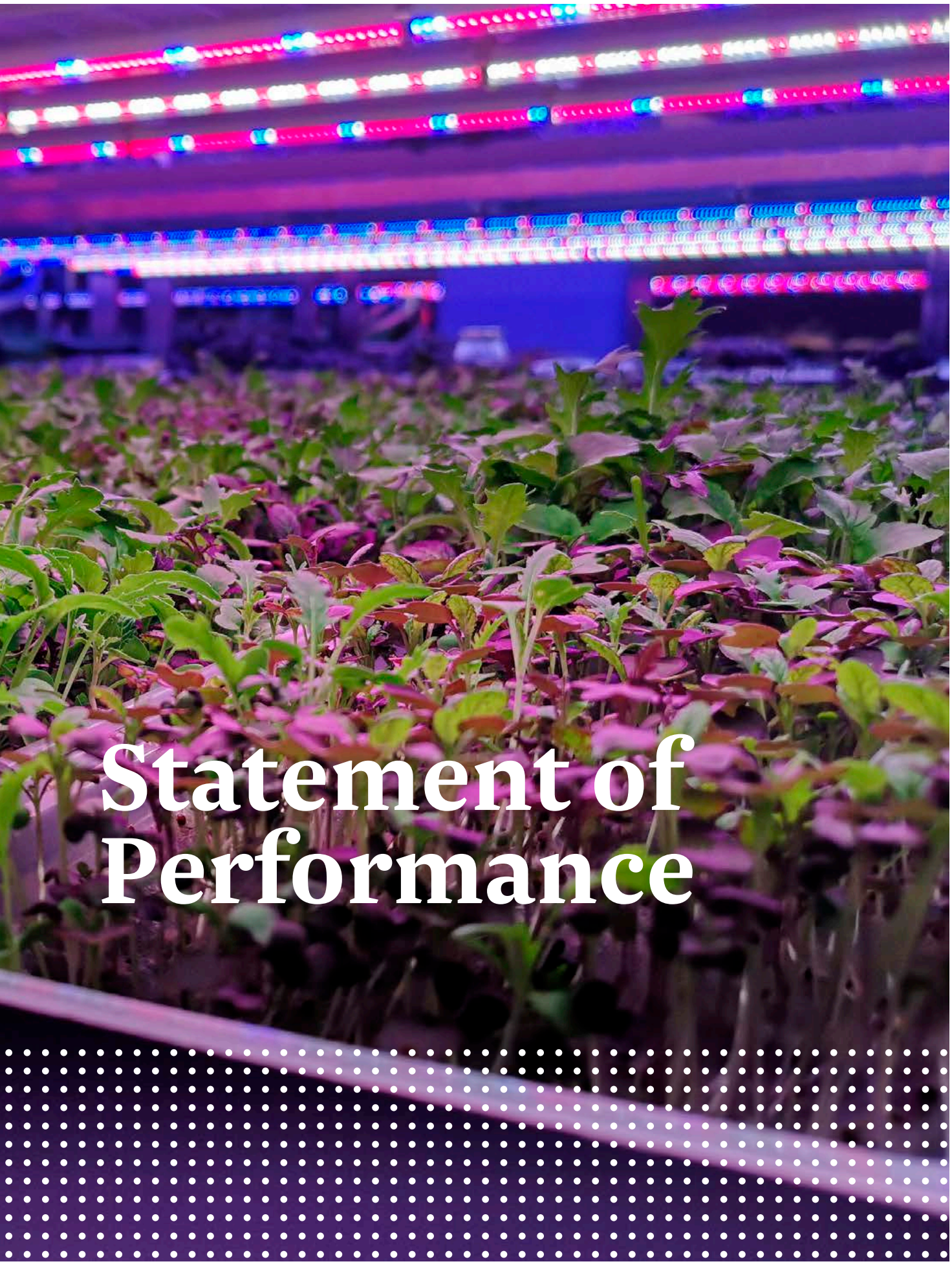
This appropriation was used to achieve the delivery of energy-efficiency savings in the public sector through interest free loans.

Table 1: The Crown funding made available through the Estimates and Supplementary Estimates compared with actual expenditure in 2018/19

	Estimates $000	Supplementary Estimates $000	Actual $000	Difference vs Supplementary Estimates $000
Energy Efficiency and Conservation				
Crown funding	16,584	16,584	16,584	-
Electricity Levy funding	5,200	5,200	5,200	-
Gas Levy funding	1,300	1,300	1,300	-
Petroleum Levy funding	7,500	7,500	7,500	-
Total appropriation	**30,584**	**30,584**	**30,584**	**-**
Implementation of Warm, Dry Homes 2018-2022 (Multi-year appropriation)				
Crown revenue – year ended 30 June 2018	900	900	900	-
Remaining appropriation	9,360	9,360		
Total appropriation	**10,260**	**10,260**	**900**	**-**
Grant Scheme for Warm, Dry Homes 2018-2022 (Multi-year appropriation)				
Crown revenue – year ended 30 June 2018	11,600	17,703	16,187	1,516
Remaining appropriation	120,640	120,640		
Total appropriation	**132,240**	**138,343**	**16,187**	**-**
Energy and Resources: Crown Energy Efficiency				
Capital appropriation	**2,000**	**2,000**	**1,747**	**253**

Table 2: Expenditure for 2018/19 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							
Crown funding	6,063	2,104	22,411	939	2,154	33,671	29,084
Electricity Levy funding	3,499	-	1,090	611	-	5,200	5,200
Gas Levy funding	1,081	-	125	94	-	1,300	1,300
Petroleum Levy funding	-	7,500	-	-	-	7,500	7,500
	10,643	9,604	23,626	1,644	2,154	47,671	43,084
Other revenue	1,170	-	-	-	-	1,170	1,133
Total revenue	**11,813**	**9,604**	**23,626**	**1,644**	**2,154**	**48,841**	**44,217**
Expenditure							
Financial and industry support expenses	4,244	4,714	18,488	459	-	27,905	23,900
Other operational expenses	8,058	2,961	6,539	1,504	2,154	21,216	22,303
Total expenditure	**12,302**	**7,675**	**25,027**	**1,963**	**2,154**	**49,121**	**46,203**
Surplus/(deficit)	**(489)**	**1,929**	**(1,401)**	**(319)**	**-**	**(280)**	**(1,986)**
Net surplus/(deficit) related to financial and industry support activities	(523)	1,929	(1,401)	(319)	-	(314)	(400)
Net surplus/(deficit) related to other operating activities	34	-	-	-	-	34	(1,586)
	(489)	**1,929**	**(1,401)**	**(319)**	**-**	**(280)**	**(1,986)**
Non-departmental capital expenses							
Crown Energy Efficiency	-	-	-	**1,746**	**-**	**1,746**	**2,000**



Statement of Performance

Our Board

From left: Karen Sherry (appointed February 2017), David Coull (re-appointed February 2017), Catherine Taylor (Deputy Chair of EECA and Chair of the Risk and Audit Committee, appointed February 2017), Tom Campbell (Chair of EECA, re-appointed February 2016), Phil Heatley (appointed February 2016), Elena Trout (re-appointed February 2016).

Our Board is responsible for the governance and strategic direction of EECA. We have six members, with experience in energy, commerce, local government 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 two committees: Risk and Audit, and Remuneration. The Board provides the leadership and governance for EECA's health and safety. This is a fundamental 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.

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 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 2019.

Tom Campbell
Chair

14 September 2019

Catherine Taylor
Deputy Chair and Chair of the Risk and Audit Committee

Organisation structure and capability

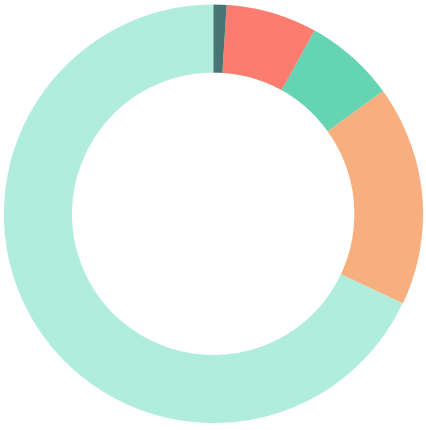
As at 30 June 2019, EECA had a workforce of 82 full-time equivalent employees.

The gender split of the total workforce by headcount was female 51% and male 49%. At the management level (the Executive Team and people managers), the gender split was 33% female and 67% male. Our Board composition is 50% male and 50% female.

Age profile

- Under 30 | 14%
- 30-39 years | 21%
- 40-49 years | 25%
- 50-59 years | 27%
- 60 and over | 13%

Ethnicity



- Pacific | 1%
- Asian | 7%
- Maori | 7%
- Other | 17%
- NZ European | 68%

Length of service

- Less than a year | 30%
- 1-2 years | 18%
- 2-5 years | 19%
- 5+ years | 33%

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 strategic focus areas. These practices are summarised in the table below.

Element	EECA activity
Leadership, accountability and culture	Cross-organisational group with a focus on culture at EECA. Leadership development opportunities regularly provided through temporary secondments. Stronger, clearer accountabilities strengthened through a focus on our strategic focus areas.
Recruitment, selection and induction	Robust recruitment and selection processes. Utilisation of a wider range of channels to source new staff. Continuous improvement process in regards to the induction programme to support new staff into EECA.
Employee development, promotion and exit	Continued enhancements to our training and development practices to educate, upskill and build the capability of our staff. Providing development opportunities through internal promotion where possible.
Flexibility and work design	Flexible working arrangement policies and practices to both attract and retain staff and support staff in managing personal development and family responsibilities.
Remuneration, recognition and conditions	Regular recognition awards that acknowledge staff who have made significant contributions to EECA during the year.
Harassment and bullying prevention	Monitoring via various means including: exit interviews, staff surveys, EAP usage overview statistics and active participation of a cross-EECA staff group with a focus on key behaviours and staff wellbeing.
Safe and healthy environment	EECA has an established health and safety management system and is fully compliant with the Health and Safety at Work Act 2015.

Conduct

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. During the financial year ended 30 June 2019, no protected disclosures were received.

Leading by example

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

Every little bit counts. Though our carbon footprint is relatively small, we're making good progress towards being a carbon neutral organisation.

In June this year, 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 12th year of measuring and reporting our organisation's carbon emissions[3]. In 2018/19, we emitted 247 tonnes CO_2e, which is 18% more than last year and an overall reduction of 35% since 2007. The increase in the last year is due to an increase in hire car travel. We do not own our own cars and where practicable we hire low-emission vehicles. The overall reduction from 2007 is largely due to a reduction in air travel. In 2019/20, we plan to publish an updated carbon reduction target and Carbon Reduction Plan. We will also continue to influence our supply chain and our energy management partners to reduce energy-related emissions.

NABERSNZ is a system for rating the energy efficiency of office buildings to allow organisations to compare their energy performance and identify changes over time[4]. All three of EECA's offices have a NABERSNZ rating. Our Auckland and Wellington offices have tenancy ratings of 4 stars out of 6 and our Christchurch office has a tenancy rating 4.5 stars. These all represent excellent energy performance. These latest ratings for Auckland and Wellington represent a decrease from 4.5 stars largely due to a reduced occupancy level at the time of assessment in relation to our electricity consumption.

Directions issued by Ministers

The Minister of Energy and Resources did not give any written direction under any enactment to EECA during the 2018/19 financial year. 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 (see below)
- 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 the new Electronic Documents and Records 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.

[3] Our emissions inventory is independently audited and certified using CEMARS (Certified Emissions Measurement and Reduction Scheme) which is an internationally accredited programme.

[4] The NABERSNZ scheme is adapted from the National Australian Buildings Energy Rating Scheme (NABERS). The tool is licensed to EECA and administered by the New Zealand Green Building Council. Ratings are carried out by trained independent assessors.

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 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 2018/19 Statement of Performance Expectations and the 2018/19 Estimates of Appropriations. This section provides our end-of-year results for each of those measures. We are not able to provide comparative information at this stage, as this is the first year reporting against the new suite of measures.

Productive and low-emissions businesses

Mobilising decision makers and technical experts to accelerate action

Outcome	Progress measure	2017/18 state	2018/19 state
EECA's clients save energy (against BAU)	Annual energy savings per annum by EECA's clients increase	0.72 PJ	✓ 0.80 PJ
EECA's clients reduce their energy-related emissions (against BAU)	Annual emissions savings per annum by EECA's clients increase	38.6 $ktCO_2e$ (excluding transport)	✓ 53.7 $ktCO_2e$ (including transport)[5]
Businesses generate more value from the energy they use	Energy productivity ($GDP/energy) of New Zealand businesses increases	$770 million/PJ at March 2018	✓ $800 million/PJ at March 2019[6]
Businesses generate more value with fewer emissions	Emissions productivity ($GDP/emissions) of New Zealand businesses increases	$19.8 million/$ktCO_2e$. Note, we have updated our methodology since this was reported in our Statement of Intent as $24.2 million/$ktCO_2e$.	✗ $19.3 million/$ktCO_2e$[7]
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 increases	125 GWh (0.45 PJ)	✓ 128 GWh (0.46 PJ)

[5] Greenhouse Gas Inventory 1990-2017, Ministry for the Environment (2019).
[6] The latest energy use data is for 2017, source: Energy balance tables 1990-2016, Ministry of Business, Innovation and Employment (2019). GDP data for corresponding year used, source: Gross Domestic Product: March 2017 quarter, Statistics New Zealand (2017).
[7] The latest energy use data is for 2017, source: Energy balance tables 1990-2016, Ministry of Business, Innovation and Employment (2019); Annual emissions data table, Ministry of Business, Innovation and Employment (2019). GDP data for corresponding year used, source: Gross Domestic Product: March 2017 quarter, Statistics New Zealand (2017).

This is the first year we have disaggregated our work and set separate financial targets for our investment in direct engagement with large energy using businesses, large energy using public sector agencies, indirect engagement with larger energy users and industry organisations and on technology demonstrations. Assumptions underpinning the initial split of the total portfolio proved inaccurate and especially as demand was responded to as the year progressed. In aggregate, the business results have exceeded the aggregate targets as detailed in the table below.

Programme	Commitments		Expenditure	
	Statement of Performance Expectations budget	2018/19 Actual	Statement of Performance Expectations budget	2018/19 Actual
Direct Engagement – Large energy users	$1,600,000	$1,533,042	$2,500,000	$1,992,419
Direct Engagement – Large energy users public sector	$500,000	$185,067	$700,000	$397,581
Indirect Engagement – Larger energy users and industry organisations	$300,000	$919,280	$500,000	$1,598,759
Technology demonstrations	$1,100,000	$922,088	$800,000	$675,594
Total	**$3,500,000**	**$3,559,477**	**$4,500,000**	**$4,664,353**

2018/19 activity	Measure of success	2018/19 result
Partner with large energy users in New Zealand to adopt strategic energy management, provide advice and technical assistance and share financial risk through co-investment consistent with our investment criteria	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[8]	✓ EECA has collaboration agreements with businesses that use 23% of the energy used in New Zealand, against a target of 20%.[9]
	Co-invest $1.6 million in new multi-year strategic energy management initiatives	× $1.5 million was co-invested in new multi-year strategic energy management initiatives this year *(see table above)*.
	Multi-year co-investment projects deliver the savings required to call on $2.5 million of EECA's co-investment commitment	× $2.0 million was paid out as co-funded projects met their payment milestones *(see table above)*.
	Lessons learned are shared across the client business and sector through the dissemination of case studies and participation in learning events	✓ The Large Energy Users forum attracted over 140 business participants this year where learnings were shared. Two case studies were also promoted on large energy using businesses saving energy, and three news articles were published specifically targeted at businesses.
	All new collaboration agreements and schedules have explicit target outcomes consistent with the investment criteria	✓ All new collaboration agreements had explicit target outcomes consistent with the investment criteria.

[8] Measure is from the 2018/19 Supplementary Estimates of Appropriations.
[9] Energy balance tables, Ministry of Business, Innovation and Employment (2019).

2018/19 activity	Measure of success	2018/19 result
Use long-term account planning, which includes bespoke technical assistance, with New Zealand's largest emitters to support them in developing a customised transition pathway to the lowest emissions possible	EECA has worked with at least three significant carbon emitters to develop and document a customised transition pathway to decarbonisation	✓ McCain (NZ) Foods Limited, Silver Fern Farms Limited and Golden Bay Cement signed up to participate in the new Energy Transition Accelerator pilot. One assessment was completed, one report was being finalised at year end and the third report was substantially completed. These assessments document an initial customised transition pathway to decarbonisation.
Identify new technologies to improve energy productivity and use of sustainable energy and then test their applicability in New Zealand	A comprehensive international technology scan has been conducted and published	✓ We investigated technologies used for process heat overseas and developed an inventory of available energy-efficient and electric technologies that could help New Zealand industry reduce its energy-related emissions. The report is available on the EECA website. It specifically focuses on high potential technology opportunities for the dairy, meat, food and beverage, pulp and paper, and wood sectors in relation to drying, pasteurisation, sterilisation and heating.
	Co-invest $1.1 million in technology demonstrations and/or pilots consistent with published investment criteria	× $0.9 million was co-invested in technology demonstration projects for the year *(see table on page 30)*.
	Multi-year co-investment technology demonstration projects deliver the savings required to call on $0.8 million of EECA's co-investment commitment	× $0.7 million was paid as co-funded projects met their milestones. The purpose of technology demonstration projects is to accelerate the uptake of new technologies. The risk profile of these innovative projects invariably results in some slippage in milestones which occurred in the year *(see table on page 30)*.
	A robust process heat pilot is delivered on time and on budget	✓ Two pilots have been developed: a heat pump pilot and a boiler optimisation pilot. Findings of these pilots have been captured in a lessons learned paper that will provide insights into informing both technology demonstration projects and the Process Heat in New Zealand (PHiNZ) work programme.
	For projects completed in 2018/19, at least 75% deliver the anticipated results	✓ 91.6% of the projects completed in 2018/19 have delivered the anticipated results (11 out of 12).
	Lessons learned are shared across businesses and sectors through the dissemination of case studies and participation in learning events	✓ Through articles and videos, four innovative technologies were promoted that were tested through co-funded demonstration projects. These included ozone technology at a laundry, a micro generator that turns waste methane at hot pools into electricity, and an electric lawn mower.

2018/19 activity	Measure of success	2018/19 result
Work with Australian federal and state governments to administer and further develop Minimum Energy Performance Standards (MEPS) and Mandatory Energy Performance Labelling (MEPL) to improve adoption of efficient industrial and commercial products	Number of product classes for which EECA develops and administers Minimum Energy Performance Standards (MEPS) and Mandatory Energy Performance Labelling (MEPL)[10]	✓ EECA administered MEPS/MEPL for 20 product classes and progressed the development of six.
	Sales of products regulated under the energy efficiency (energy using products) regulations 2002 are collected and information published within six months of sales year-end	✓ Sales data collection and analysis was completed, and aggregated product sales data published on the EECA website within six months of sales year end.
	Complete testing programme to assess performance data against performance claimed	✓ Compliance programme achieved with check testing of computer monitors and hot water cylinders completed.
	Complete an assessment of which technology focus areas would be of greatest benefit to New Zealand	✓ The EECA Board approved an assessment of priority technologies/products for Minimum Energy Performance Standards in April 2019 and this list and priority actions will now be implemented.
	Complete a review of relevant regulation and regulating powers under the Energy Efficiency and Conservation Act (2000) to ensure regulations can be used in areas of greatest net benefit to New Zealand to achieve New Zealand energy and carbon reductions goals, and to ensure continued regulatory alignment with Australia under the E3 programme	✓ A review of the relevant regulation and regulating powers under the Energy Efficiency and Conservation Act (2000) was completed. This will now be considered by the Board with appropriate recommendations being made to the Minister.
Provide businesses with independent and authoritative information that motivates them to improve their energy efficiency and use of sustainable energy	EECA-generated digital content attracts 140,000 page visits and over 50% of these are of sufficient duration for the key content to have been assimilated	✓ EECA-generated digital content has attracted 161,788 visits, with an average session time of 74 seconds – well above our 'sufficient duration' requirement of 60 seconds.
	Undertake research to help us better understand the drivers and motivations of businesses and publish our findings	✓ The research was completed. The report was shared with stakeholders and a media release on the key findings was published on 27 March 2019.

[10] Measure is from the 2018/19 Supplementary Estimates of Appropriations.

2018/19 activity	Measure of success	2018/19 result
Partner with energy service providers to assist New Zealand businesses to adopt strategic energy management, provide advice and technical assistance and share financial risk through co-investment	Co-invest $0.3 million in new multi-year strategic energy management initiatives	✓ $0.9 million was co-invested in new multi-year strategic energy management initiatives this year *(see table on page 30)*.
	Multi-year co-investment projects deliver the savings required to call on $0.5 million of EECA's co-investment commitment	✓ $1.6 million was paid out as co-funded projects met their milestones *(see table on page 30)*.
	Lessons learned are shared across the client business and sector through the dissemination of case studies and participation in learning events	✓ EECA sponsored and presented at the Energy Management Association of New Zealand annual conference in May with over 130 attendees. Social media channels and the EECA electronic newsletter were used to keep partners and stakeholders informed of business successes and training opportunities.
	All new partnership agreements and schedules have explicit target outcomes consistent with the investment criteria	✓ All new collaboration agreements had explicit target outcomes consistent with the investment criteria.
	Industry technical capability is grown to support energy service providers and deliver contracted results	✓ 87 people attended training workshops and 775 people attended webinars this year on energy management topics.

How much it cost

	Actual 2018/19 $000	Budget 2018/19 $000
Operating revenue		
Crown funding	6,063	6,881
Electricity Levy funding	3,499	3,300
Gas Levy funding	1,081	1,300
Petroleum Levy funding	-	-
	10,643	11,481
Other revenue	1,170	1,133
Total revenue	**11,813**	**12,614**
Expenditure		
Financial and industry support expenses	4,244	4,738
Other operational expenses	8,058	9,114
Total expenditure	**12,302**	**13,852**
Surplus/(deficit)	**(489)**	**(1,238)**
Net surplus/(deficit) related to financial and industry support activities	(523)	(1,238)
Net surplus/(deficit) related to other operating activities	34	-
	(489)	**(1,238)**

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

Outcome	Progress measure	2017/18 state	2018/19 state
The carbon intensity of the light vehicle fleet decreases	Carbon intensity of the light vehicle fleet (gCO_2e/km) decreases	237.5 gCO_2e/km	✓ 236.3 gCO_2e/km[11]
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 increase of low-emissions vehicles in the light fleet (battery electric, plug-in hybrid or hydrogen) over time	• 119% increase from 30 June 2017 to 30 June 2018	✗ • 71% increase from 30 June 2018 to 30 June 2019[12]
	• number of additional low-emissions vehicles in the light fleet (battery electric, plug-in hybrid or hydrogen) over time	• Increase of 4,738 from 30 June 2017 to 30 June 2018	✓ • Increase of 6,162 from 30 June 2018 to 30 June 2019[12]
The energy intensity of fossil-fuelled vehicles entering the light fleet improves	Energy intensity of fossil-fuelled vehicles entering the light fleet decreases (litres/100km)	7.29 litres/100km[13]	✓ 7.22 litres/100km[14]

2018/19 activity	Measure of success	2018/19 result
Develop and provide New Zealanders with independent and authoritative information that dispels myths and motivates them to improve their transport choices. Use the most relevant channels to reach those most likely to consider an electric vehicle as their next vehicle	At least 55% of people surveyed report that they are favourable towards electric vehicles	✓ 53% of people surveyed this year say they are favourable towards electric vehicles (12-month rolling average, with a ±4% margin of error). Affordability continues to be a significant barrier to favourability.
	At least 30% of people surveyed say they are likely to consider an electric vehicle as their next car purchase	✓ 32% of people surveyed say they are likely to consider an electric vehicle as their next car purchase (12-month rolling average).
Support early and innovative investment in low-emissions vehicles by sharing the financial risk. We will also manage the project completion of prior year government investment due for maturity in 2018/19 year	To co-invest $7.0 million of funds in new low-emissions vehicle initiatives that are consistent with the investment criteria	✓ $7.6 million was committed to projects through Rounds 4 and 5 of the Low Emission Vehicles Contestable Fund.
	Multi-year co-investment projects deliver the results required to call on $5.8 million of EECA's co-investment commitment	✗ $4.7 million was paid out as co-funded projects met their milestones. The nature of the fund and the risk profile of projects invariably results in some slippage in milestones and some key projects experienced delays this year with some contracts cancelled due to technology and price challenges.
	For projects completed in 2018/19, at least 75% deliver the anticipated results[15]	✓ 23 projects have been completed, 21 (91%) of which delivered the anticipated results.

[11] Annual vehicle fleet statistics, Ministry of Transport (2019); and Measuring emissions: a guide for organisations, Ministry for the Environment (2019).
[12] Monthly electric and hybrid light vehicle registrations, Ministry of Transport (2019).
[13] Note, we made an error when this was reported in our Statement of Intent as 8.50 litres/100km.
[14] Annual vehicle fleet statistics, Ministry of Transport (2019); and Measuring emissions: a guide for organisations, Ministry for the Environment (2019).
[15] Measure is also from the 2018/19 Supplementary Estimates of Appropriations.

2018/19 activity	Measure of success	2018/19 result
Provide New Zealanders with point of sale information on vehicle fuel economy	The fuel efficiency data that EECA is obliged to provide vehicle dealers for display is available 24/7 and consistent with the source requirements outlined in the relevant regulations	✓ The fuel efficiency data provided to vehicle dealers for display has been available 24/7 and is consistent with the source requirements outlined in the relevant regulations.
	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	✓ 98% of cars on car yards had a label available. Of these, 95% of new cars, and 94% of used cars, have the label correctly displayed (2017/18 result: 94% available, 97% new, 97% used).
Work across government to develop policy options to improve New Zealand's transition to a low carbon transport system	EECA's contribution is reflected in future policy documents that accelerate New Zealand's transition to a low carbon transport system	✓ We contributed directly to the development of low-emissions transport policy to advance the Government's transport and energy priorities.
Work with other agencies and industry to investigate new technologies that either reduce the likelihood of electric vehicles uptake overloading the system or improve the peak demand profile	EECA has contributed market or technology knowledge to investigations and any resulting actions	✓ We have contributed advice to Ministers considering the impact of electric vehicles on the grid and commissioned research on smart electric vehicle charging technologies that have the potential to reduce load and peak demand on the system.

How much it cost

	Actual 2018/19 $000	Budget 2018/19 $000
Operating revenue		
Crown funding	2,104	2,368
Electricity Levy funding	-	-
Gas Levy funding	-	-
Petroleum Levy funding	7,500	7,500
	9,604	9,868
Other revenue	-	-
Total revenue	**9,604**	**9,868**
Expenditure		
Financial and industry support expenses	4,714	5,500
Other operational expenses	2,961	3,854
Total expenditure	**7,675**	**9,354**
Surplus/(deficit)	**1,929**	**514**
Net surplus/(deficit) related to financial and industry support activities	1,929	1,500
Net surplus/(deficit) related to other operating activities	-	(986)
	1,929	**514**

Energy-efficient homes

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

Outcome	Progress measure	2017/18 state		2018/19 state
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)	To be established in 2018/19		A peak electricity demand of 6,208 MW to an average demand of 4,679 MW, giving a ratio of 1.33[16]
More New Zealanders live in energy-efficient homes and make informed choices on energy-efficient technologies and behaviours	Energy use of residential appliances decreases per capita (PJ)	1.34 PJ/100,000 people	✓	1.33 PJ/100,000 people[17]
	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) in 2017/18	✓	151 GWh (0.54 PJ)
	Percentage of people reporting that lack of information is a barrier to taking action on energy efficiency decreases	To be established in 2018/19	/	We will begin reporting data on this measure in 2019/20 once our new communication campaign is launched and the survey wording is consistent going forwards

2018/19 activity	Measure of success	2018/19 result
Work with Australian federal and state governments to administer and further develop MEPS and MEPL to improve adoption of efficient household products, including lighting, hot water heating and space heating products	Sales of products regulated under the energy efficiency (energy using products) regulations 2002 are collected and information published in six months	✓ Sales data collection and analysis completed, and aggregated product sales data published on the EECA website within six months of sales year end.
	Completed testing programme to assess performance data against performance claimed	✓ Compliance programme achieved with check testing of computer monitors and hot water cylinders completed.
	Complete a review of relevant regulation and regulating powers under the Energy Efficiency and Conservation Act (2000) to ensure regulations can be used in areas of greatest net benefit to New Zealand and contribute to New Zealand's energy and carbon reductions goals, and to ensure continued regulatory alignment with Australia under the Equipment Energy Efficiency (E3) programme	✓ A review of the relevant regulation and regulating powers under the Energy Efficiency and Conservation Act 2000 was completed. This will now be considered by the Board with appropriate recommendations being made to the Minister.
Use research and engagement to develop EECA's position on the best opportunities to use electricity efficiency to deliver peak demand reduction	Develop and publish EECA's position on the best opportunities to use electricity efficiency for the benefit of the system	✓ We developed a paper titled Energy Efficiency First – the Electricity Story, which investigated the specific role that improving energy efficiency can play in optimising New Zealand's energy system, including emissions reductions and peak demand benefits. It was prepared to complement the Interim Climate Change Committee report, Accelerating Electrification.

[16] Based on electricity data from Electricity Authority (2019).
[17] Energy balance tables, Ministry of Business, Innovation and Employment (2019); and Estimated resident population of New Zealand: At 31 March 2019, Statistics New Zealand (2019).

2018/19 activity	Measure of success	2018/19 result
Provide subsidies for insulation retrofits from low-income households to achieve energy savings and multiple other benefits	At least 10,000 homes retrofitted to the approved standard for the Warmer Kiwi Homes scheme[18]	✗ 8,595 insulation retrofits have been delivered in the first year of the Warmer Kiwi Homes programme. A further 1,691 quotes for insulation installations had been accepted at year end but were yet to be actioned. Service providers also completed 2,581 retrofits to close out the previous Warm Up New Zealand programme, so a total of 11,176 retrofits were delivered to low-income households/rental properties during the year.
	At least 95% of sampled retrofits comply with the installation standard and EECA's quality and audit manual[19]	✓ 97.5% of sampled retrofits complied with the install standard and EECA's quality and audit manual.
Work across government and industry to develop regulatory and non-regulatory options for improving the energy efficiency of New Zealand homes	EECA's contribution is reflected in policies to improve the energy efficiency of New Zealand homes	✓ EECA residential energy efficiency experts have supported the new Ministry of Housing and Urban Development and the Ministry of Business, Innovation and Employment to develop the new Healthy Homes Standards for rentals.
	EECA completes an investigation on non-regulatory approaches to improving the quality of new builds	✗ This investigation was not completed due to our focus on the new Healthy Homes Standards. We will be investigating a range of options for improving the quality of new builds in 2019/20.
Provide independent and authoratative information that enables New Zealanders to make informed decisions on energy-related technologies and behaviours	The number of people surveyed who demonstrate spontaneous awareness of ENERGYWISE as a trusted source of information on energy efficiency and/or sustainability increases by 10%	✗ 15% of people surveyed demonstrate spontaneous awareness of ENERGYWISE, against a target of 23%. While the new communications strategy and messaging has been under development we did not actively promote information under the ENERGYWISE brand during the year so this level of awareness was to be expected.

How much it cost

	Actual 2018/19 $000	Budget 2018/19 $000
Operating revenue		
Crown funding	22,411	17,650
Electricity Levy funding	1,090	1,500
Gas Levy funding	125	-
Petroleum Levy funding	-	-
	23,626	19,150
Other revenue	-	-
Total revenue	**23,626**	**19,150**
Expenditure		
Financial and industry support expenses	18,488	12,900
Other operational expenses	6,539	7,250
Total expenditure	**25,027**	**20,150**
Surplus/(deficit)	**(1,401)**	**(1,000)**
Net surplus/(deficit) related to financial and industry support activities	(1,401)	(400)
Net surplus/(deficit) related to other operating activities	-	(600)
	(1,401)	(1,000)

[18] An administrational error meant this target was erroneously provided as 20,000 in the Estimates of Appropriations.
[19] Measure is also from the 2018/19 Supplementary Estimates of Appropriations.

Government leadership

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

Outcome	Progress measure	2017/18 state	2018/19 state
The state sector is an exemplar in improving its energy productivity	Energy use (kWh per m^2) of state sector buildings (including process heat)	To be established in 2018/19	We do not currently have data to report on for this measure. We are working with the Government Procurement and Property team at MBIE to source appropriate data for monitoring the state sector's transition.
The state sector transitions its light fleet to low-emissions vehicles	Rate of transition to a low-emissions light vehicle fleet: percentage increase of the state services fleet that is electric over time	To be established in 2018/19	As at 30 June 2019, 2.7% of the Government fleet is electric (including hybrids)[20]. During the year the Government set the objective that, between 2018/19 and 2025/26, 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.

2018/19 activity	Measure of success	2018/19 result
Partner with the largest central government energy users to adopt strategic energy management, provide advice and technical assistance and share financial risk through co-investment and loans consistent with our investment criteria	$2 million in loan funding is provided to finance capital investment in energy-efficient technologies and/or switching to sustainable energy sources in accordance with our investment criteria[21]	✗ $1.7 million was loaned to public sector agencies during the year to finance capital investment in energy-efficient technologies and/or switching to sustainable energy sources. Two offers were under consideration by other public sector organisations at year end amounting to $100,000.
	Co-invest $0.5 million in new multi-year strategic energy management initiatives	✗ Opportunities in the public sector were difficult to identify and so only $0.2 million was co-invested in new multi-year strategic energy management initiatives with large energy users in the public sector. However, funding for energy graduates was initiated for the first time which is a positive step forward for the sector *(see table on page 30)*.
	Multi-year co-investment projects deliver the savings required to call on $0.7 million of EECA's co-investment commitment	✗ $0.4 million was paid out to co-funded projects that met their milestones with an ongoing effort to encourage and support funded partners to meet their milestone dates *(see table on page 30)*.
	Lessons learned are shared across the client business and sector through the dissemination of case studies and participation in learning events	✓ Case studies were released on projects completed by Counties Manukau Health[22] and KiwiRail, two large energy users in the state sector that have made energy-efficiency improvements with support from EECA. Two news articles were published targeted at state sector agencies and successful projects were promoted at the 2018 EECA Business Awards; Victoria University of Wellington won the public sector category, with Canterbury District Health Board, Auckland District Health Board and Christchurch City Council as runners up.

[20] Government fleet emissions dashboard, Ministry of Business, Innovation and Employment (2019).
[21] Measure is also from the 2018/19 Supplementary Estimates of Appropriations.
[22] This article was published on 5 July 2019. However, as it was created and the associated costs were accrued in 2018/19, we consider it as an output for 2018/19.

2018/19 activity	Measure of success	2018/19 result
	All new collaboration agreements and schedules have explicit target outcomes consistent with the investment criteria	✓ All new collaboration agreements and schedules had explicit target outcomes consistent with the investment criteria.
	A robust hospital pilot is delivered on time and on budget	× A survey of District Health Board leadership and energy managers was underway at year end to confirm the interventions hospitals need to transition to lower carbon energy use. This activity was deferred due to other higher priorities. The survey results will be used to determine the next best course of action for reducing carbon emissions in the health sector.
	Work with New Zealand Government Property and Procurement to identify and document the transition pathway to convert the central government fleet to low-emissions vehicles as quickly as possible	✓ EECA worked with New Zealand Government Property and Procurement during the year to identify opportunities for collaboration. This work was then superseded by the Government setting the objective that, between 2018/19 and 2025/26, the percentage of zero emission light vehicles entering the Government fleet will increase every year so that by 2025/26 the light vehicle fleet will be, as much as practical, emissions free.
Work across government to develop policy and programme options to encourage clean and clever energy use in New Zealand	EECA's contribution is reflected in future policy documents	✓ 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. EECA contributed to the Ministry for the Environment-led climate change work programme, including the development of the Zero Carbon Bill.
	Work with MBIE to deliver the Process Heat in New Zealand action plan and progress EECA's associated programme delivery responsibilities	✓ A Process Heat in New Zealand technical paper was released on 23 January 2019. Delivery of an action plan will form part of the Minister's ongoing energy portfolio work programme. EECA technical papers on process heat opportunities were also published.

How much it cost

	Actual 2018/19 $000	Budget 2018/19 $000
Operating revenue		
Crown funding	939	29,084
Electricity Levy funding	611	5,200
Gas Levy funding	94	1,300
Petroleum Levy funding	-	7,500
	1,644	43,084
Other revenue	-	1,133
Total revenue	**1,644**	**44,217**
Expenditure		
Financial and industry support expenses	459	23,900
Other operational expenses	1,504	22,303
Total expenditure	**1,963**	**46,203**
Surplus/(deficit)	**(319)**	**(1,986)**
Net surplus/(deficit) related to financial and industry support activities	(319)	(262)
Net surplus/(deficit) related to other operating activities	-	-
	(319)	**(262)**
Non-departmental capital expenses		
Crown Energy Efficiency	**1,746**	**2,000**

Engage hearts and minds

Fostering a society in which sustainable energy is expected and demanded

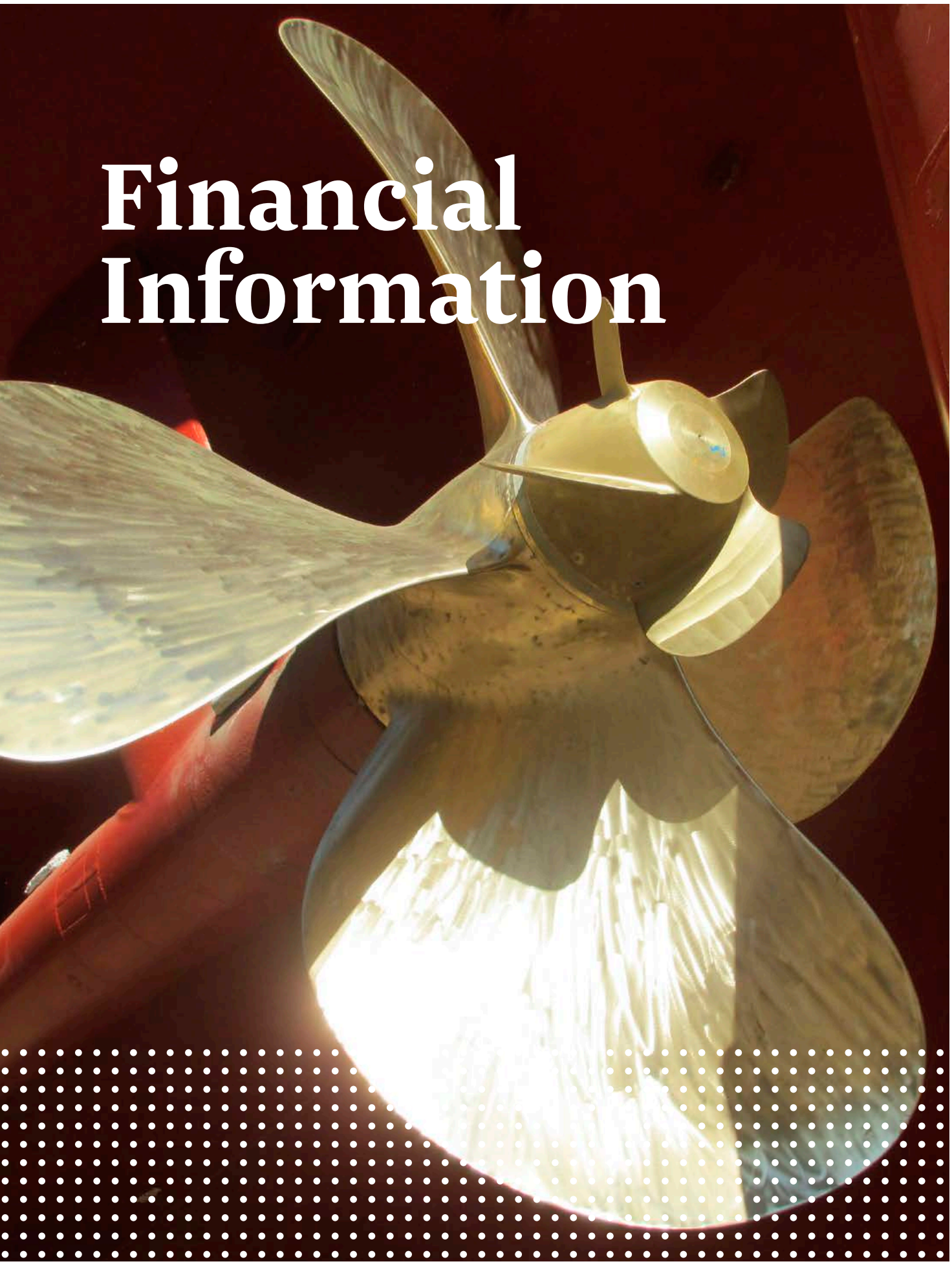
Outcome	Progress measure	2017/18 state	2018/19 state
New Zealanders feel their energy use positively contributes to New Zealand's climate change commitments	Number of survey responses reporting people feel their energy use positively contributes to New Zealand's climate change commitments	To be established in 2018/19	We will begin reporting data on this measure in 2019/20 once our new communication campaign is launched and the survey wording is consistent going forwards
New Zealanders choose energy-related products and services based on their sustainability	Number of survey responses reporting people choose energy-related products and services based on their sustainability	To be established in 2018/19	64% of people surveyed say they choose energy-related products and services based on their sustainability

What we achieved in 2018/19

2018/19 activity	Measure of success	2018/19 result
Provide people with authoritative information on how their energy use can and does contribute to New Zealand's carbon emissions	Publish communication materials that tell a compelling carbon impact story and are picked up by the targeted audiences	✓ We published a significant piece of market research about how New Zealanders think and feel about energy and climate change, and shared it with communication experts from government, business and NGOs, which resulted in follow-up supporting articles in mainstream media. We produced a booklet titled 'Let's talk about climate change' motivating New Zealanders to act on climate change and a video on how our energy choices impact the climate. We published a media release about the market research and the Chief Executive was interviewed by Stuff who published a positive follow-up article.
Work with the Ministry for the Environment to explore the different ways New Zealander's value energy efficiency and sustainability when choosing energy-related products, services and behaviours	Commission market research into New Zealanders' values and priorities in relation to sustainable energy and energy services	✓ The market research has been completed and shared with the Ministry for the Environment. This is now being used to inform the development of key communications materials and initiatives on sustainable energy and energy services.
	Development of all EECA's public communications is informed by intelligence about the values and priorities of the targeted audience	✓ The completion of market research has allowed us to better understand the key drivers for New Zealanders. This will help further develop our programmes and messages to them. A new campaign was being developed after this research was completed and this is forming the foundation for our future public communications.
Communicate explicitly to our various audiences about the particular benefits that the efficient use of sustainable energy can deliver for their own lives	All marketing and communications materials link our energy-efficiency programmes to the benefits of value to the target audience	✓ The completion of the market research is allowing us to better understand the key drivers for New Zealanders and to tailor our messages to ensure they resonate with our target audience.
	All EECA's programme design processes consider the potential benefits for target audiences and opportunities for measuring them	✓ During the year the process heat and electric vehicle programmes and activities were designed with the potential benefits for the target audiences in mind. This approach is being incorporated in other programme design processes including the next phase of the Warmer Kiwi Homes programme and the hospital process heat pilot.

How much it cost

	Actual 2018/19 $000	Budget 2018/19 $000
Operating revenue		
Crown funding	2,154	1,072
Electricity Levy funding	-	-
Gas Levy funding	-	-
Petroleum Levy funding	-	-
	2,154	1,072
Other revenue	-	-
Total revenue	**2,154**	**1,072**
Expenditure		
Financial and industry support expenses	-	-
Other operational expenses	2,154	1,072
Total expenditure	**2,154**	**1,072**
Surplus/(deficit)	**-**	**-**
Net surplus/(deficit) related to financial and industry support activities	-	-
Net surplus/(deficit) related to other operating activities	-	-
	-	**-**



Financial Information

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Revenue				
Funding from the Crown		47,671	43,084	37,791
Other revenue		1,170	1,133	1,118
Total revenue	2	**48,841**	**44,217**	**38,909**
Expenditure				
Personnel costs	3	9,691	10,008	9,430
Financial and industry support	16	27,905	23,900	16,769
Depreciation and amortisation expense	10, 11	111	115	112
Other expenses	4	11,414	12,180	10,674
Total expenditure		**49,121**	**46,203**	**36,985**
Surplus/(deficit)		**(280)**	**(1,986)**	**1,924**
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		**(280)**	**(1,986)**	**1,924**

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 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Assets				
Current assets				
Cash and cash equivalents	5	5,151	4,620	5,454
Receivables	6	2,835	500	2,455
Investments	7	22,115	19,000	20,152
Prepayments		266	200	343
Crown loan debtors	8	1,670	1,500	1,709
Total current assets		**32,037**	**25,820**	**30,113**
Non-current assets				
Crown loan debtors	8	3,043	2,700	3,120
Property, plant and equipment	10	216	222	156
Intangibles	11	113	59	111
Total non-current assets		**3,372**	**2,981**	**3,387**
Total assets		**35,409**	**28,801**	**33,500**
Liabilities				
Current liabilities				
Payables and deferred revenue	12	7,324	3,400	4,673
Employee entitlements	13	645	750	690
Crown loan creditors	9	1,670	1,500	1,709
Lease incentives		57	57	57
Provisions	14	44	50	178
Total current liabilities		**9,740**	**5,757**	**7,307**
Non-current liabilities				
Crown loan creditors	9	3,043	2,700	3,120
Employee entitlements	13	52	150	163
Lease incentives		396	394	452
Total non-current liabilities		**3,491**	**3,244**	**3,735**
Total liabilities		**13,231**	**9,001**	**11,042**
Net assets		**22,178**	**19,800**	**22,458**
Equity				
Contributed capital	15	545	545	545
Accumulated surplus/(deficit)	15	21,633	19,255	21,913
Total equity		**22,178**	**19,800**	**22,458**

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 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Balance at 1 July		**22,458**	**21,786**	**20,534**
Total comprehensive revenue and expense for the year		(280)	(1,986)	1,924
Balance at 30 June	15	**22,178**	**19,800**	**22,458**

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 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Cash flows from operating activities				
Receipts from the Crown		47,445	43,084	36,011
Interest received		886	700	789
Receipts from other revenue		392	433	149
GST (net)		(421)	-	435
Financial and industry support payments		(25,728)	(23,600)	(15,529)
Payments to suppliers		(10,857)	(12,227)	(10,885)
Payments to employees		(9,847)	(10,008)	(9,530)
Net cash flows from operating activities		**1,870**	**(1,618)**	**1,440**
Cash flows from investing activities				
Receipts from sale of investments		79,000	60,000	79,000
Receipts from sale of property, plant and equipment		-		-
Receipts from the Crown – loan funding		1,747	2,000	1,740
Loan repayments received		1,906	2,000	1,671
Purchase of property, plant and equipment		(120)	(130)	(35)
Purchase of intangible assets		(53)	-	(12)
Purchase of investments		(81,000)	(59,000)	(78,000)
Payments to the Crown – loan repayments		(1,906)	(2,000)	(1,671)
Loans provided		(1,747)	(2,000)	(1,740)
Net cash flows from investing activities		**(2,173)**	**870**	**953**
Net increase/(decrease) in cash and cash equivalents		**(303)**	**(748)**	**2,393**
Cash and cash equivalents at the beginning of the year		5,454	5,368	3,061
Cash and cash equivalents at the end of the year	5	**5,151**	**4,620**	**5,454**

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

	2019 $000	2018 $000
Net surplus/(deficit)	(280)	1,924
Add/(less) non-cash items		
Depreciation and amortisation expense	111	112
Total non-cash items	111	112
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	(343)	(1,608)
(Increase)/decrease in prepayments	77	(137)
Increase/(decrease) in payables and deferred revenue	2,595	1,532
Increase/(decrease) in provisions	(134)	(283)
Increase/(decrease) in employee entitlements	(156)	(100)
Net movement in working capital items	2,039	(596)
Net cash flows from operating activities	1,870	1,440

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2019

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 2019, and were approved by the Board on 14 September 2019.

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

There are no Standards or amendments, issued but not yet effective that have not been early adopted, and which if implemented would have a material impact or relevance to EECA.

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 that 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

	2019 $000	2018 $000
Interest revenue	849	824
Discount on loan (note 8)	42	28
Rent receivable from property subleases	175	162
Other revenue	104	104
Total other revenue	**1,170**	**1,118**

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

	2019 $000	2018 $000
Salaries and wages (including annual leave and other entitlements)	9,104	8,769
Defined contribution plan employer contributions	265	251
Professional development	117	207
Other employment-related costs	205	203
Total personnel costs	**9,691**	**9,430**

Employee remuneration

	Number of employees 2019	Number of employees 2018
Total remuneration paid or payable ($)		
100,000-109,999	10	13
110,000-119,999	8	7
120,000-129,999	7	3
130,000-139,999	7	4
140,000-149,999	2	3
150,000-159,999	2	3
170,000-179,999	2	0
190,000-199,999	1	1
200,000-209,999	-	2
210,000-219,999	1	0
230,000-239,999	1	0
240,000-249,999	1	0
260,000-269,999	-	1
300,000-309,999	1	0
310,000-319,999	-	2
360,000-369,999	1	0
380,000-389,999	-	1
Total employees	**44**	**40**

During the year ended 30 June 2019, 4 employees (2018: 10) received compensation and other benefits in relation to cessation totalling $202,887 (2018: $371,820). The total Remuneration paid or payable includes 'salary at risk' payments for the 2017/18 year. All salary at risk clauses (five contracts) were negotiated out from 1 July 2018 and the agreed sums converted to base salary from that date. The five highest remunerated employees were impacted by these treatments / changes and so their remuneration bands for 2019 are higher than their actual ongoing remuneration bands.

Board member remuneration

	2019 $000	2018 $000
Board members' fees during the year were:		
T Campbell (Chair appointed February 2013)	29	29
Catherine Taylor (Deputy Chair appointed February 2017)	18	18
K Sherry (appointed February 2017)	15	15
J Carson (appointed August 2011 retired November 2017)	-	5
E Trout (appointed February 2013)	15	15
P Heatley (appointed February 2016)	-	-
D Coull (appointed February 2014)	15	15
Total fees paid	**92**	**97**

EECA has taken out Directors' and Offficers' 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 (2018: $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

	2019 $000	2018 $000
Fees to Audit New Zealand for audit of financial statements	64	62
Board members' fees	92	97
Rental and operating lease costs	1,135	887
Contract services	2,224	2,311
Marketing services	5,258	4,695
Website development and maintenance expenses	465	569
Discount on loan (note 8)	42	27
Other expenses	2,134	2,026
Total other operating expenses	**11,414**	**10,674**

Operating leases as lessee

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

	2019 $000	2018 $000
Not later than one year	759	709
Later than one year and not later than five years	2,947	2,748
Later than five years	2,208	2,739
Total non-cancellable operating leases commitments	**5,914**	**6,196**

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 2019, 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 $0.35 million (2018: $0.49 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

	2019 $000	2018 $000
Cash on hand	5,151	5,454
Short-term deposits < 90 days	-	-
Total cash and cash equivalents	**5,151**	**5,454**

6. Receivables

Accounting policy

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

Breakdown of receivables and further information

	2019 $000	2018 $000
Receivables (gross)	2,835	2,455
Less: provision for impairment	-	-
Total receivables	**2,835**	**2,455**
Total receivables comprises:		
Receivables from the sale of goods and services (exchange transactions)	26	153
Goods and services tax receivable from the Crown (non-exchange transactions)	575	154
Receivables from Crown funding (non-exchange transactions)	2,234	2,148
The ageing profile of receivables at year end is detailed below:		
Trade receivables – due profile:		
Not past due	2,815	2,455
Past due 1–30 days	-	-
Past due 31–60 days	14	-
Past due 61–90 days	-	-
Past due over 90 days	6	-
	2,835	**2,455**

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

7. Investments

Accounting policy

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

Breakdown of investments and further information

	2019 $000	2018 $000
Current portion		
Term deposits maturing within 12 months	22,115	20,152
Total investments	**22,115**	**20,152**

The carrying amounts of term deposits with maturities less than 12 months approximates 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

	2019 $000	2018 $000
Face value of the loans	4,963	5,121
Discount to be amortised	(250)	(292)
Carrying amount	**4,713**	**4,829**
Short-term (< 12 months)	1,670	1,709
Long-term (> 12 months)	3,043	3,120
Carrying amount	**4,713**	**4,829**

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

	2019 $000	2018 $000
Face value of the loans owed to the Crown	4,963	5,121
Discount to be amortised	(250)	(292)
Carrying amount	**4,713**	**4,829**
Short-term (< 12 months)	1,670	1,709
Long-term (> 12 months)	3,043	3,120
Carrying amount	**4,713**	**4,829**

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 2017	270	197	207	1,085	1,759
Additions	-	-	35	-	35
Disposals	-	(117)	(60)	(137)	(314)
Balance at 30 June 2018	**270**	**80**	**182**	**948**	**1,480**
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**
Accumulated depreciation					
Balance at 1 July 2017	221	192	190	965	1,568
Depreciation expense	29	1	12	28	70
Elimination on disposal	-	(117)	(60)	(137)	(314)
Balance at 30 June 2018	**250**	**76**	**142**	**856**	**1,324**
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**
Carrying amounts					
At 30 June 2017	**49**	**5**	**17**	**120**	**191**
At 30 June 2018	**20**	**4**	**40**	**92**	**156**
At 30 June 2019	**8**	**4**	**24**	**180**	**216**

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 compupter 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 2017	2,356	134	2,490
Additions	146	(134)	12
Disposals	(5)		(5)
Capitalised			-
Balance at 30 June 2018	**2,497**	**-**	**2,497**
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**
Accumulated amortisation			
Balance at 1 July 2017	2,349	-	2,349
Amortisation expense	42	-	42
Elimination on disposal	(5)	-	(5)
Balance at 30 June 2018	**2,386**	**-**	**2,386**
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**
Carrying amounts			
At 30 June 2017	**7**	**134**	**141**
At 30 June 2018	**111**	**-**	**111**
At 30 June 2019	**65**	**48**	**113**

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

	2019 $000	2018 $000
Payables under exchange transactions		
Creditors	-	-
Income in advance	-	-
Accrued expenses – other	1,536	946
Other	321	337
Total payables under exchange transactions	**1,857**	**1,283**
Payables under non-exchange transactions		
Taxes payable (GST, PAYE, FBT)	189	149
Accrued expenses – financial and industry support	5,278	3,101
Appropriation received subject to conditions	-	140
Other	-	-
Total payables under non-exchange transactions	5,467	3,390
Total payables	**7,324**	**4,673**

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
- 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

	2019 $000	2018 $000
Current portion		
Accrued salaries and wages	138	248
Annual leave	392	395
Retirement and long service leave	116	47
Total current portion	**646**	**690**
Non-current portion		
Retirement and long service leave	52	163
Total non-current portion	**52**	**163**
Total employee entitlements	**698**	**853**

The present value of retirement and long service leave obligations depends 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 independant actuary. The discount rates ranged from 1.35% to 2.42% (2018: 1.77% to 3.70%) , and an inflation factor of 3% (2018: 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

	2019 $000	2018 $000
Current portion		
Restructuring	-	105
Quality assurance audits	44	73
Total current portion	**44**	**178**
Non-current portion		
Restructuring	-	-
Quality assurance audits		-
Total non-current portion	**-**	**-**
Total provisions	**44**	**178**

Movements for each class of provision are as follows:

	Restructuring $000	Quality assurance audits $000	Total $000
Balance at 1 July 2017	441	20	461
Additional provisions made	105	73	178
Amounts used	(388)	(20)	(408)
Unused amounts reversed	(53)	-	(53)
Balance at 30 June 2018	**105**	**73**	**178**
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**

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 2019.

Restructure costs

The provision represented the estimated cost for redundancy payments arising from the organisational change decision that was approved in June 2018. The provision has now been fully paid out.

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

	2019 $000	2018 $000
Contributed capital		
Balance at 1 July	545	545
Balance at 30 June	**545**	**545**
Accumulated surplus/(deficit)		
Balance at 1 July	21,913	19,989
Surplus/(deficit for the year)	(280)	1,924
Balance at 30 June	**21,633**	**21,913**
Total equity	**22,178**	**22,458**
Analysis of accumulated surplus/(deficit)		
Financial and industry support commitments	12,497	12,811
Accumulated surplus – other	9,136	9,102
	21,633	**21,913**

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 Entitities 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

	2019 $000	2018 $000
Total financial and industry support commitments:		
Low Carbon Business	5,661	6,334
Efficient and Low Emissions Transport	6,171	4,242
Government Leadership	815	1,134
Energy Efficient Homes	-	1,401
Total commitments	**12,647**	**13,111**
Payable:		
Not later than one year	10,941	10,505
Later than one year and not later than five years	1,706	2,606
Later than five years		-
Total commitments	**12,647**	**13,111**

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)	12,497	12,811
Funding to be received in the future years	150	300
	12,647	**13,111**

17. Contingencies

Contingent liabilities

EECA has no contingent liabilities at balance date (2018: $nil).

Contingent assets

EECA has no contingent assets at balance date (2018: $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
- 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 (2018: $nil).

David Coull is a partner of Bell Gully. EECA made payments to Bell Gully of $87,422 (2018: $39,380) during the year, all of which related to transactions entered into on an arm's length basis.

Key management personnel compensation

	2019	2018
Board members		
Remuneration	$91,875	$97,000
Full-time equivalent members	1.0	1.1
Leadership team		
Remuneration	$1,147,000	$1,100,000
Full-time equivalent members	4.0	4.0
Total key management personnel remuneration	**$1,238,875**	**$1,197,000**
Total full-time equivalent personnel	**5.0**	**5.1**

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings.

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 $27,263,490 (2018: $25,604,405).

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
- 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). Standard and Poors has assessed Westpac 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 2019 was $4,795,445. This compares with the carrying value of the loans of $4,712,272 (see note 8).

If interest rates were 10 basis points higher, the fair value of the loans would be lower by $829.

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 Intent (2018-2022) 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.

Other expenses

Other expenses were $0.77 million lower than budgeted. This was due to a combination of savings across professional services, information campaigns and travel.

Financial and industry support

Financial and industry support costs were $4.00 million higher than budgeted. This was principally due to:

- The Warmer Kiwi Homes programme costs were $5.59 million higher than budgeted due to additional funding being transferred to the programme from the previous Warm Up New Zealand programme.
- The Electric Vehicles Contestable Fund programme costs were $0.79 million lower than budgeted due to delayed milestones and contract underspends.
- The Business programme costs were $0.80 million lower than budgeted largely due to revised milestones.

Statement of Financial Position

Payables

Year-end accruals for the Warmer Kiwi Homes programme were higher than budgeted due to high uptake in June and the introduction of incentive bonuses payable at year end.

Investments

Investments were $3.1 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.

Glossary of terms

Carbon equivalent (CO_2e) – a measurement unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO_2) as a reference gas.

Electricity Levy – the appropriation Energy and Resources: Energy Efficiency and Conservation includes funding from the Electricity Levy on electricity use under section 128 of the Electricity Industry Act 2010. EECA receives an allocation of funding from the Electricity Levy to drive electricity-efficiency savings in the business and residential sectors. Energy-efficiency initiatives undertaken by EECA that use levy funding provide a better economic return than investment in new generation.

Emissions – greenhouse gas emissions.

Emissions productivity – the comparison of emissions with production in the economy, defined as gross domestic product (GDP) per unit of emissions. It measures whether emissions have grown or decreased faster or slower than growth in the economy.

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 – the appropriation Energy and Resources: Energy Efficiency and Conservation includes funding from the Gas Levy provided for under section 23 of the Energy (Fuels, Levies, and References) Act 1989. It was originally established to recover the costs incurred by the regulators for safety, monitoring and information provision activity in relation to the gas industry. However, through the Energy Innovation (Electric Vehicles and Other Matters) Amendment Act 2017, the Government has expanded the purpose of the Gas Levy so that EECA can also recover some of its funding from the Gas Levy.

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 (CO_2), 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. Greenhouse gas emissions contribute to climate change.

Low-emissions vehicle (LEV) – low-emissions vehicles use our renewable electricity advantage to significantly reduce greenhouse gas emissions. 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 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 kept out of the New Zealand market.

NABERSNZ – NABERSNZ is a system for rating the energy efficiency of office buildings. It is adapted from the National Australian Buildings Energy Rating Scheme (NABERS), licensed to EECA and administered by the New Zealand Green Building Council.

NZEECS – the New Zealand Energy Efficiency and Conservation Strategy (NZEECS) is a national strategy focusing on energy efficiency, conservation and the use of renewable sources of energy. EECA's work programmes are guided by the NZEECS.

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 or Engine Fuel Monitoring (PEFM) Levy – the appropriation Energy and Resources: Energy Efficiency and Conservation includes funding from PEFML provided for under section 24 of the Energy (Fuels, Levies, and References) Act 1989. It currently recovers fuel-quality and safety monitoring costs, International Energy Agency (IEA)-related costs (including acquiring energy data and liaising with the IEA) and the cost of compliance with our IEA oil stockholding obligation. However, through the Energy Innovation (Electric Vehicles and Other Matters) Amendment Act 2017, the Government has expanded the purpose of PEFML so that EECA can also recover some of its funding from PEFML.

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 four sectors: public service, state services, state sector and the public sector. It therefore includes both central and local government organisations.

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

State sector – within the state sector lies the state services, and within this lies the core public service.

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. The focus in 2019/20 is on insulation for low-income households, with grants for heating available from 1 July 2019.

Independent Auditor's Report

To the readers of Energy Efficiency and Conservation Authority's financial statements and performance information for the year ended 30 June 2019

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 44 to 67, that comprise the statement of financial position as at 30 June 2019, 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 21 to 22 and 29 to 42.

In our opinion:

- the financial statements of EECA on pages 44 to 67:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2019; 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 21 to 22 and 29 to 42:
    - presents fairly, in all material respects, EECA's performance for the year ended 30 June 2019, 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 14 September 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of 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 2 to 20, 24 to 28 and 68, but does not include the financial statements and the performance information, and our auditor's report thereon.

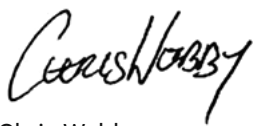
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

EECA