Climate Change
Chief Executives Board

Meeting papers
Tuesday 5 December 2023

1.00–3.00pm

Climate Change
CHIEF EXECUTIVES BOARD

Karakia

Karakia timatatanga: opening

Tuia i runga	Unite above
Tuia i raro	Unite below
Tuia i roto	Unite without
Tuia i waho	Unite within
Tuia i te here tangata	Listen to the night
Ka rongo te pō	Listen to the world
Ka rongo te ao	Now we come together
Haumi ē, Hui ē, Tāiki ē	As one.

Karakia whakakapi: closing

Kia whakairia te tapu	Restrictions are moved aside
Kia wātea ai te ara	So the pathway is clear
Kia turuki whakataha ai	To return to everyday activities.
Haumi ē, hui ē, tāiki ē	

Climate Change Chief Executives Board
Meeting Agenda
Tuesday 5 December 2023, 1.00–3.00pm
Online via MS Teams

Attendees	James Palmer (Chair, MfE), Audrey Sonerson (MoT), Caralee McLiesh (Tsy), Carolyn Tremain (MBIE), Dave Gawn (NEMA), Paul James (DIA), Penny Nelson (DoC), Ray Smith (MPI), Aaron Martin (CL)
In support	Simon Mandal-Johnson (MfE), Lisa Daniell, Chris Nees, Rachael Church (Climate IEB Unit)
Agency attendees	Victoria Hallum (MFAT)

Previous meeting: 21 November 2023	**Current meeting: 5 December 2023**
External engagement: Barry Anderson, Climate Change Commission	• Context sharing • Collective advice on incoming government priorities • ERP2 progress update • Update on initial review of NAP critical actions • Approach to third monitoring and reporting progress report

#	Time	Item	Recommended actions
		Chair's opening comments / karakia tīmatanga	
1.0	60 mins	**Roundtable discussion: Context sharing and discussion of implications of coalition agreements** **Lead:** Chair / All An opportunity for Board members to update each other on discussions with new Ministers and early direction received on climate change priorities. The Board may also discuss implications for how we structure and position key advice on cross-cutting issues, and the approach to delivery of collective advice to Ministers who have agencies represented on the Board.	**Note** any early direction provided by Ministers on priorities and implications for how agencies position advice on cross-cutting issues **Discuss** the proposed approach for delivery of collective advice to Ministers represented on the Board (or collective ministerial group)
2.0	20 mins	**Collective advice for the Board on government priorities** **Lead:** Lisa Daniell, Chris Nees (Climate IEB Unit) To support post-election preparedness the Board agreed to be ready to provide system-wide advice to the new government on implementation of their climate policies. The IEB Unit has led a series of discussions with interagency climate directors to draw out the key cross-portfolio risks and issues to resolve to successfully deliver on the incoming government's climate priorities. Having this shared understanding of the key themes will help both individual portfolio discussions as well as how the Board engages with Ministers to deliver their commitments. ***Supporting presentation:*** *2.1 Supporting the government's immediate priorities and climate initiatives*	**Discuss** whether the key messages (slides 3-5) reflect the right system-wide set of climate issues to engage on with the new government on? **Discuss** any further advice or analysis you would like to support discussions with Ministers

3.0	**20 mins**	**ERP2 progress update** **Lead:** Simon Mandal-Johnson (MfE) This item provides the Board with a progress update on the status of ERP2 and identifies emerging issues and the plan for addressing them, for the Board's agreement. Most importantly, it notes the desire to engage early and strategically with collective Climate Ministers in early 2024 on key policy questions that will shape ERP2, including some of those raised in item 2. Slide 4 summarises the four main discussion points that we suggest the Board focus on in their meeting. ***Supporting paper:*** *3.1 ERP2 update*	**Provide feedback** on: • The proposed approach for providing new Ministers with strategic advice on ERP2 • The plan for preparing for 2024
Noting papers / oral updates			
4.0	**5 mins**	**Noting paper: Update on initial review of NAP critical actions** In January we will provide the Board with a broader adaptation work programme for discussion. This will include work on a pragmatic set of adaptation indicators to help the Board assess the sufficiency of the adaptation response. s 9(2)(f)(iv) [redacted] ***Supporting presentation:*** *4.1 Update on review of NAP critical actions*	s 9(2)(f)(iv) [redacted]
5.0	**5 mins**	**Oral update: Approach to third monitoring and reporting progress report** **Lead:** Lisa Daniell (Climate IEB Unit) This item provides an update to the Board on the approach to developing the next six-monthly progress report, including confirming with new Ministers their reporting requirements. This approach has been tested with, and supported by, Interagency DCEs and Directors.	**Note** the update provided on the approach to developing the next six-monthly progress report, including the data collection already underway across agencies
6.0	**5 mins**	**AOB and Meeting administration** **Lead:** Chair ***Supporting papers:*** *6.1 Minutes of the meeting held on 25 October 2023* *Note: These minutes can be found in the 11-21 meeting pack.* *6.2 Indicative forward agendas, January to March 2024*	**Approve** the minutes of the meeting held on 25 October 2023 **Note** the indicative forward agendas
Chair's closing comments / karakia whakamutunga			

Additional information included
Papers attached, which are included for information and relevant to item 1 discussion
1.1 Final Climate IEB BIM *Note: The final version of this paper can be found here*
1.2 Updated 'November paper' on Climate Change Response Act architecture, including legal advice *Note: The final version of this paper can be found in the 10-25 meeting pack.*
1.3 Updated sufficiency analysis slide deck

Climate Change
CHIEF EXECUTIVES BOARD

Item 1

COVERSHEET: Item 1

To	Climate Change Chief Executives Board				
Meeting date	**5 December 2023**				
Agenda item name	**Roundtable discussion: Context sharing and discussion of implications of coalition agreements**				
Item lead	James Palmer & All				
Lead agency	N/A				
Verbal update	**Yes**☒	**No**☐	**Supporting paper/s**	**Yes**☒	**No**☐
Key focus areas	This item provides an opportunity to discuss: • updates on discussions with new Ministers and early direction received • key priorities for climate change in the coalition agreements • implications for how we structure and position key advice on cross-cutting issues • approach to delivery of collective advice to Ministers represented on the Board, and options for cross-ministerial governance				

Recommendations	• **Note** key direction provided by Ministers and implications for how agencies position advice on cross-cutting issues • **Discuss** the proposed approach to delivery of collective advice to Ministers represented on the Board, and options for cross-ministerial governance

Comments	Additional papers, relevant to this item, are attached in a separate noting pack, for information: 1. Final Climate IEB BIM 2. Updated 'November paper' on Climate Change Response Act architecture, including legal advice 3. Updated sufficiency analysis slide deck

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Item 2

COVERSHEET: Item 2

To	Climate Change Chief Executives Board				
Meeting date	**5 December 2023**				
Agenda item name	**Collective advice on incoming government priorities**				
Item lead	Lisa Daniell / Chris Nees (IEB Unit)				
Lead agency	IEB Unit				
Verbal update	**Yes**☐	**No**☒	**Supporting paper**	**Yes**☒	**No**☐
Reason for Board's consideration	This item responds to the Board's post-election preparedness plan, to be ready to provide system-wide advice to the new government on implementation of their climate-related plans and policies. The aim of the work is to demonstrate understanding of the government's priorities and need for a cross-portfolio approach to deliver on their ambition, and ensure we can articulate the key options and decisions, trade-offs, and impacts across portfolios. The supporting paper outlines the key cross-portfolio climate policy matters, risks, and issues that need to be resolved to successfully deliver on the new government's climate priorities. A shared understanding of these key themes is intended to help individual portfolio discussions as well as how the Board engages with Ministers collectively to deliver their commitments.				

Recommendations	• **Provide feedback** on the overarching key messages, including their framing *and* positioning for Ministers • **Discuss** any further advice or analysis you would like to support discussions with Ministers

Has the Board previously considered this item, if so, when?	**Yes**☐	**No** ☒	**Date**	25 October 2023
	At its meeting on 25 October, the Board agreed that the IEB Unit will work with agencies to prepare collective advice on how to implement the government's priorities, as indicated in the National Party's 100-day Action Plan and Blueprint for a Better Environment, setting out decisions needed, key timeframes, tradeoffs, and cross-portfolio issues.			
Has this item been considered/endorsed by Climate DCEs?	**Yes**☒	**No** ☐	**Date**	28 November 2023
	DCEs received an oral update on this work at their meeting on 28 November, with feedback invited ahead of the report being finalised for the Board's consideration.			

Comments	A series of discussions has been held with interagency climate directors, based on six climate policy themes the National Party's *Blueprint for a Better Environment*. Directors have provided input on key themes and cross-portfolio issues.

Paper 2.1

Climate
IEB UNIT

Supporting the government's immediate priorities and climate initiatives

Climate Change Chief Executives Board

5 December 2023

A system-wide approach to support the new government

Purpose and context

The purpose of this slide deck is to provide an assessment of the **cross-portfolio climate policy issues that must be addressed to successfully deliver on the new government's climate priorities**. A shared understanding of these issues will support both individual portfolio discussions and the Board's future engagement with Ministers.

As part of post election preparedness work, the Board agreed to be ready to provide system-wide advice to the new government to support implementation of their climate-related policies to:

- demonstrate understanding of the Government's priorities and need for a cross-portfolio approach to deliver on their ambition
- ensure we can articulate to Ministers the key decisions to make, trade-offs, and how these impact across portfolios.

Content of the slide deck

The Climate IEB Unit facilitated a series of discussions with climate directors on how we support the new government to deliver its climate change priorities. These were based on thematic areas from the National Party's *Blueprint for a Better Environment* and the information available as of 24 November (due to time constraints we have not had sufficient time to revisit these with the final priorities of the new government as expressed in coalition agreements or priorities communicated in early meetings).

The questions worked through were:

- advice to the new government about delivering this priority, and
- key risks and trade-offs agencies are raising (particularly cross-portfolio issues).

The following slides set out summary key messages across the advice, and the thematic policy areas, with the main aspects of advice in each theme.

Discussion points for the Board

- Do the key messages (slides 3-5) reflect the right system-wide set of climate issues to engage on with the new government on?
- What further advice or analysis might you want to support your early discussions with Ministers?

Overarching key messages: setting the pace and scale of climate action

Key messages that are important to address as we support the delivery of the new Government's climate policy priorities

Consider the pace and scale of climate action as a system, rather than in portfolios	• An economy-wide transition is needed to respond to the risks of climate change. Considering the impacts of both climate change and the policy responses as a system mitigates the risk of making decisions in one sector that have negative impacts in others. • ***Adapting to*** the physical impacts of climate change will continue to have a significant effect on society and all sectors of the economy, and especially those that rely on the land and weather for their output. The government's priority to develop an adaptation framework **needs to be supported by a wider approach to embed climate resilience into government decision making**. • ***For mitigation***, slowing or scaling down efforts to **reduce emissions in one sector will have flow-on effects,** requiring an increase in the pace and scale of action in other emitting sectors, and may affect New Zealand's ability to meet its emissions targets. For example, removing GIDI and the Clean Car Discount will impact abatement in the second and subsequent emissions budgets. It will also be important to assess climate impacts from policy changes in other portfolios that directly impact emissions, such as changes to freshwater management rules. • Climate risks can be addressed when designing policy for emissions reductions, and there is a requirement to do so through the development of the ERP. s 9(2)(f)(iv) • s 9(2)(f)(iv) • The Board can support the development of advice that spans mitigation and adaptation and supports cross-portfolio decision-making. A collective Ministerial group would support this at the Ministerial level.
Integrating advice on climate resilience into climate policies	• There is a **continued risk of assets being built or rebuilt in vulnerable places** (based on previous more settled climate conditions). Successfully embedding consideration of climate resilience into government decision making, alongside investment in proactive measures to protect properties and infrastructure from extreme weather can help to reduce recovery costs and economic disruption. • Access to **high quality hazard and risk data** will enable better risk-informed decisions, and defining an approach to overall risk thresholds, appetite, and risk ownership can support central and local government and private sector decision making. The proposed adaptation framework can support elements of this, including cost-sharing arrangements. • The proposed **framework for adaptation can also support reducing exposure and vulnerability over time**, as well as decisions about where the costs and risks of this transition should fall. It will be important to **clarify the scope with Ministers quickly** so it can be developed alongside wider adaptation and resilience building actions. • Particularly for the built environment, identifying scenarios where adaptation and emission reductions initiatives work together will unlock maximum opportunities going forward. It will be important for agencies to highlight where decision points will either lock in negative impacts or lead to positive outcomes over the longer-term.

Overarching key messages: reducing emissions

Clarify the approach to decarbonisation & the role of removals…	• We need to clarify the government's overall approach to decarbonisation and the role of removals. This includes whether the Government wishes to prioritise and drive direct (gross) emissions reduction, and what emphasis it places on removals to meet its climate targets. s 9(2)(f)(iv) • [redacted] • The approach to delivering domestic emissions reductions will need to be consistent with international standards and obligations for sequestration, to count towards our NDC.
..which will determine the role of price and complementary measures	• s 9(2)(f)(iv) [redacted] • Regulatory certainty about the approach to price and other measures will enable firms to make long-term decarbonation decisions and investments.
Supply-side measures provide less certainty about the timing and scale of abatement	• s 9(2)(f)(iv) [redacted]
A technology-led response will provide longer run pay offs	• The new Government has emphasised the role of technology in reducing emissions, particularly in agriculture, for example through emissions mitigation tech, and biotechnology (genetic modification). s 9(2)(f)(iv) [redacted] • Delivering a technology-led response will require assessing what incentives may be needed to support uptake of new technologies, and how to manage the risk that they may take longer to develop than thought.

Overarching key messages: system-wide

Resource management as a tool to support climate outcomes	• The resource management framework will be important for supporting to support the delivery of climate goals, and the impacts of the proposed overhaul of the recent resource management reforms will need to explicitly consider how to reduce exposure to climate hazards. This is a critical system to support emissions reduction and adaptation efforts, including through reducing exposure and vulnerability of housing and communities, decisions on land use and an enabling framework for consenting renewable energy.
Climate change impacts on Māori and iwi	• Māori will experience disproportionate impacts from climate change. The impact from mitigation activity, and adapting to a changing climate, particularly relating to managed retreat will have different implications for Māori and iwi which will need to be worked through separately, and any measures to address these impacts worked through cohesively. For example increased coastal hazards associated with sea-level rise have implications for Māori customary fisheries and shellfish gathering practices, and potential loss of cultural identity, as well as at risk coastal or low-lying assets. • Honouring Treaty settlements in the face of a changing climate is a significant issue, and there are a range of specific legal provisions relating to Māori land and resources that require the Crown to consider how to deliver on its Treaty of Waitangi obligations, including commitments to engagement and participation.
Reducing emissions is a co-benefit of biodiversity and freshwater policies	• Commitments to recognising and rewarding the restoration of wetlands and planting native forests are included across the coalition parties manifesto commitments. Restoring these eco-systems has the potential to deliver significant carbon abatement in the short and long term while supporting climate resilience, biodiversity and freshwater outcomes, however often the climate benefit it not the key driver for the action to improve biodiversity or freshwater quality. • s 9(2)(f)(iv)
Directly considering the distributional impacts from climate change and action	• There are distributional impacts from both emissions reductions and adaptation policies. We know households and businesses with financial capital will be better placed to take advantage of the transition and avoid higher/rising costs of fossil fuels. Lower income households will face greater impacts and disruption from the impacts of climate change, for example, those unable to access insurance. • These impacts should be identified and managed directly as part of the design of specific climate policies, so Ministers can assess them at the time. This approach would sit alongside any broader measures the government wishes to take (like a climate dividend) to mitigate the distributional impacts from climate change and emissions reduction.
Clarifying the role of Government	• s 9(2)(f)(iv) • It will be important to clarify Minister's expectations on this role for Government, including the balance between policies to enable or incentivise behaviour change, financial support, and regulation.

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Background slides:

Key advice and cross-cutting issues across the themes

A framework for adaptation

Key messages for delivering this priority area

- The approach to previous recoveries risks unsustainable precedents for central government support for disaster recovery and highlights a lack of clear policy about who makes decisions and under what risk framework.
- The Government's priority of building consensus for the funding of infrastructure, extreme weather recovery projects and data collection initiatives to identify and manage risk speaks to this set of issues.
- The Ministry for the Environment has a programme of work to develop a framework for climate adaptation, with cost sharing as an important component. There are choices about the scope and sequencing of this work, but key elements are likely to be:
    - cost-sharing arrangements, including who pays, and how much
    - rules about tolerable risk thresholds, appetite, and risk ownership will be essential, who decides, what information those thresholds will be based on, and what legal status they have,
    - the role of the Crown, local government, business and the community and households
    - how to treat land where there are Treaty of Waitangi implications, and
    - community engagement and appeals processes.

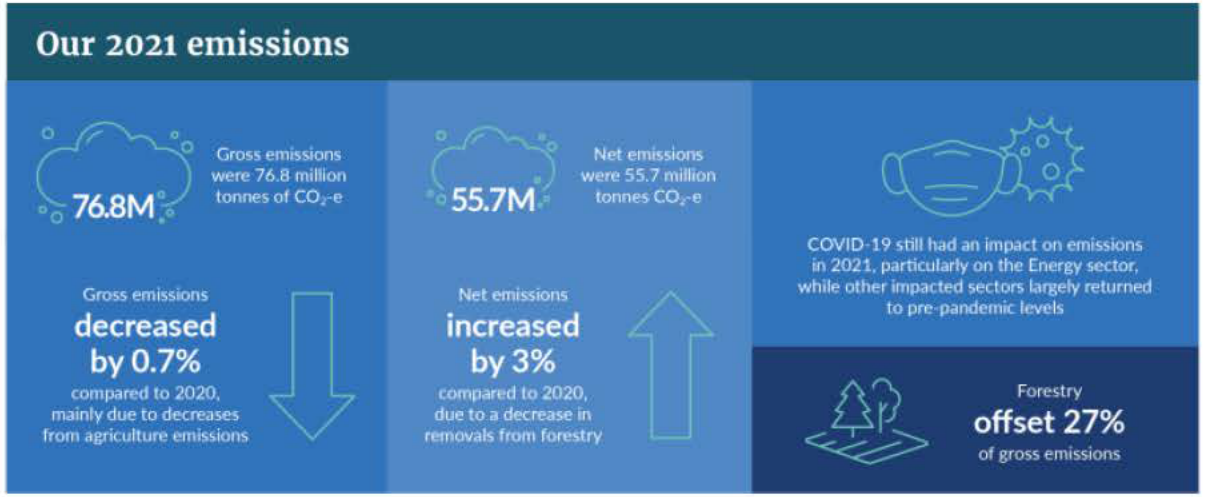
What are the key cross-portfolio issues and risks to manage?

- s 9(2)(f)(iv) [redacted]

Decarbonisation and the role of removals

Key messages for delivering this priority area

- Working with the new Government to clarify its ambition to drive gross domestic emissions reductions, and in which sectors, will be a key early discussion.
- s 9(2)(f)(iv) [redacted]
- Forestry delivers cheap carbon removals at scale, and is likely to remain the significantly dominant source of carbon removals even if other forms of carbon removals become recognised. The role of and incentives for forestry are therefore key parts of New Zealand's approach to delivering carbon removals.



- The new Government makes reference to amending the NZ ETS to limit new forestry planting on certain land use classes. NZ ETS forestry regulations are complex to design, as are allocation mechanisms. There are also impacts for the broader role of forestry in the economy, and Treaty of Waitangi implications.
- Coalition agreements also include work to recognise other forms of carbon sequestration, including blue carbon. s 9(2)(f)(iv) [redacted]

What are the key cross-portfolio issues and risks to manage?

- The agriculture sector and forestry sector are strongly interconnected – there is a need to better understand this interaction, as with the interaction between forestry and other emitting sectors.

Adapting to climate change impacts

- A stronger reliance on forestry, and increased subsequent land use changes leads to the risk of future carbon release from natural hazards.

Stronger emissions pricing

Key messages for delivering this priority area

- The NZ ETS is a key tool as a pricing mechanism to assist New Zealand in meeting its domestic and international climate change goals and targets, ensuring settings are aligned to these targets. There is a role for price in each sector, officials will work with Ministers to understand the desired outcomes, and where there may be tensions between commitments, which are a priority.
- s 9(2)(f)(iv), s 9(2)(g)(i)
- s 9(2)(f)(iv)

What are the key cross-portfolio issues and risks to manage?

- Changes to NZ ETS settings will have impacts across all sectors that want to access units for emissions, and has interlinkages with biodiversity, climate change resilience and other economic goals.
- The government has some options to manage supply via the annual NZ ETS auction setting decisions and CCRA mechanism to review industrial allocation phase out rates. s 9(2)(f)(iv)

Adapting to climate change impacts

- A stronger reliance on forestry, and increased land changes leads to the risk of future carbon release from natural hazards.

Lowering energy emissions

Key messages for delivering this priority area

- The energy system has no choice but to transform to meet the 2050 target.
- **Increased renewable generation is essential to meeting our targets.** Electrifying what we can is the main game to reduce energy emissions, while responding to challenges of a much more intermittent electricity system. s 9(2)(f)(iv)
- Ensuring there are **enabling regulatory frameworks** will be critical for generation and grid development (e.g. planning and consenting, energy efficiency, investment rules)
- Building stable workforce, skills and supply chains will be necessary to deliver the transition
- Emissions pricing will play an important role in reducing energy emissions. The NZ ETS needs to deliver stable prices to unlock greater electrification. **Other policies are needed to support pricing**, which cannot address all the barriers firms and individuals face to reducing emissions.
- The **desired pace of emission reduction** will determine level of/approach to investment, R&D, further regulation or market measures, role of removals.

What are the key cross-portfolio issues and risks to manage?

- Energy system actions are highly connected with actions both within the energy system and across systems, for example, policies to support transport decarbonisation have flow on impacts for the pace and scale of new renewable generation required. Meaning we cannot consider energy actions in isolation.
- The transition needs to balance affordability, security of supply, the pace and scale of decarbonisation and supporting productivity growth.
- s 9(2)(f)(iv)
- Managing competition for resources - potential for bio energy and waste to compete for forestry resources?
- s 9(2)(f)(iv)

Adapting to climate change impacts

- The energy transition is a key opportunity to **improve the resilience** of the electricity system to the impacts of climate change, for example through distributed energy generation and asset upgrades and replacements that are less exposed to climate hazards, and are aligned with localised adaptation solutions.

Lowering agricultural emissions…

Key messages for delivering this priority area

- Under current measures **agriculture emissions are close to meeting the 2030 target** of 10% reduction in biogenic methane from 2017 levels (such that it is within the margin of uncertainty and rely on forestry assumptions)
- The range of tools and measures proposed to assist farmers to reduce emissions each have the potential to add regulatory burden at the farm level – **consideration of an integrated system for measuring and reporting** or aligning with existing systems could lessen the cumulative impact, e.g. aligning with Freshwater Farm Plans, financial disclosures and Scope 3 reporting requirements. Note: this bullet point is factually incorrect and could be misleading as Ministers have committed to measurement, not reporting.
- The objective to **recognise and reward on-farm sequestration** can be achieved using a number of mechanisms where the compliance for farmers to measure and monitor is relative to the sequestration potential (or relative earning potential), e.g. for forms not already captured in the NZ ETS.
- Timing for the **introduction of emissions pricing** has implications for providing the policy certainty for driving investment behaviour, and so when the associated emissions reduction can be realised. Will need to clarify with Ministers the anticipated design and implementation method to deliver the pricing system.
- To realise **a technology-led approach** requires in the near term, the enabling settings to ensure technologies can be developed, and then accessed and incentivised once commercially available (more likely in the 2030s).
- **Biotechnology solutions** are currently limited, so this is a long-term approach – reductions will likely be realised in EB3 or later and it is hard to anticipate the speed of uptake and true feasibility. Biotech also has broader co-benefits and synergies with other environmental and conservation issues. However, there are some strong historical positions and opposition to the use of gene editing within iwi and Māori, within the farming community, and within society that will need to be navigated.

What are the key cross-portfolio issues and risks to manage?

- The agriculture sector and forestry sector are strongly interconnected – there is a need to better understand this interaction, as with the interaction between forestry and other emitting sectors.
- There are long timeframes anticipated to get emissions reduction from technology and pricing, other emitting sectors will need to continue higher efforts to meet emissions budgets in the near term (e.g. EB1 and EB2, and likely EB3)
- There are other factors external to climate change that will drive changes in the sector, such as freshwater quality and biodiversity policies, market preferences, shifts in financial and insurance sectors.

Adapting to climate change impacts

- Agriculture sector is adapting to climate impacts such as availability of water and suitability of land, concurrently with reducing emissions. The sector will need support to manage these impacts, which includes a clear supporting framework for sharing risks and costs.

… and biogenic methane from waste

Key messages for delivering this priority area

- Waste and agriculture together produce all of New Zealand's biogenic methane emissions (at 9.1% and 90.9% of biogenic methane respectively)
- While waste is a smaller source, there are more options available to reduce biogenic methane emissions in this sector in the short term
- Technological solutions are available and have been used internationally to achieve abatement. In NZ this could include increased investment in waste-to-energy plant, and emerging technologies such as chemical recycling. There is a need to consider individual solutions as no one size fits all, and importantly not to embed further emissions through fossil fuel use in waste treatment.
- The potential emissions from landfilled waste, and the solutions for diverting waste from landfill is different for each waste stream. As is the method of reducing/avoiding waste and associated emissions.

What are the key cross-portfolio issues and risks to manage?

- There are waste-to-energy opportunities to explore, however the type of plant and feedstock composition are very important to avoid an overall increase in emissions.
- There are choices about the mix of interventions that can be effective at driving down these emissions, including price, technology, regulation – equity and fairness are key considerations in understanding the potential effectiveness of different tools, such as on households, business, and between different operators within the waste sector.

Adapting to climate change impacts

- There is a present risk to landfills in coastal areas due to extreme weather events and ongoing sea-level rise, such as the landfill exposed through ex-cyclone Fehi in 2018 north of Westport, and a flooded river at Fox River in 2019. This risk will continue to increase as sea levels rise and extreme weather events become more frequent.
- It will be important to plan and resource the work needed to identify and manage vulnerable landfills and other contaminated sites.

Lowering transport emissions

Key messages for delivering this priority area

- The transport sector plays an important role in decarbonising New Zealand's economy. It accounts for a high percentage of emissions and there are opportunities for large amounts of decarbonization. However, realising these opportunities comes with costs and trade-offs.
- s 9(2)(f)(iv) [redacted]
- There will likely be a need for significant levels of investment in the transport sector. For large scale infrastructure investments early decisions and laying the groundwork will be beneficial, as there are long lead in times for infrastructure development, and subsequent emissions reduction realisation.

What are the key cross-portfolio issues and risks to manage?

- There are strong interdependencies with the built environment and how we plan and design neighborhoods, as well as the energy and waste workstreams.
- Choices made in the Transport portfolio will have implications for policies in other workstreams. There is a need for integrated decision making that considers the impacts on these sectors, as well as co-benefits and sequencing to achieve the best outcome.
- Transport modes should be considered as part of a multi-modal system, and a comprehensive view of approaches is beneficial. Without this system view is a risk of overreliance on individual policies.
- Local Government will be a key stakeholder, as transport choices are integrated with land use planning, urban development, and regional development strategies.
- International trends will influence some of the choices New Zealand can make, for example if electrification is accelerated then the availability of internal combustion engine cars will decrease, limiting options in the future.

Adapting to climate change impacts

- The sector is adapting to climate impacts concurrently with reducing emissions, transport infrastructure investment needs to anticipate both natural and human-made risks, and be prepared to recover from disruptive events, while also providing lifeline infrastructure for communities. Adaptation has been considered as a key part of the criteria to assess policy and investment options MoT have developed, and increased resilience is built into some of these options.

Better planning, housing and infrastructure

Key messages for delivering this priority area

- How we plan for what and where we build strongly influences transport, energy and waste behaviour and the associated emissions – highly integrated and interdependent systems.
- This area has long delivery timeframes, and then long-term emissions lock-in given the expected lifespan of large infrastructure assets and urban form.
- s 9(2)(f)(iv) [redacted]
- Access to funding and financing for infrastructure is a critical constraint on local government and development.
- Population concentration and growth in urban areas can deliver better resource efficiency and use of infrastructure. However, there are challenges with negative perceptions of intensification and density in urban areas. High density buildings have higher embodied emissions due to the type of materials used, but lower operational transport and energy emissions – important when considering the lifecycle emissions of buildings and infrastructure.

What are the key cross-portfolio issues and risks to manage?

- There are strong connections with local government and urban form/planning rules, energy, transport, waste (from construction and demolition) sectors.There is a need for integrated planning decisions making which considers all these factors. There is a risk that housing and the built environment will not necessarily be considered part of the climate change portfolio/agenda.
- Emissions in the built environment are measured in the transport and energy/industry sectors - both households energy use and in manufacturing materials, and construction waste. These are managed under different systems and data on emissions impact of different urban forms can be hard to aggregate.
- Many co-benefits come with lowering emissions. For example, increased productivity with well-connected transport and housing; improved mental and physical health with more active transport options.
- Risks to housing supply if policy measures slow development at time when high demand for housing, and it is likely the most vulnerable communities will be impacted.

Adapting to climate change impacts

- There are opportunities to consider how the built environment adapts to climate change, in particular to provide for development with a low emissions profile to be built in low-risk areas.
- However, if low risk areas are situated away from transport links and employment opportunities this has the potential to increase emissions from development.
- It will be important to present options for the ‘best decision’ for where to build, rather than as a ‘trade-off’ decision

Climate Change
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Item 3

COVERSHEET: Item 3

To	Climate Change Chief Executives Board				
Meeting date	**5 December 2023**				
Agenda item name	**ERP2 progress update**				
Item lead	Simon Mandal-Johnson				
Lead agency	MfE				
Verbal update	**Yes**☐	**No**☒	**Supporting paper**	**Yes**☒	**No**☐
Reason for Board's consideration	This item provides a progress update on the status of ERP2. It identifies emerging issues and proposes a plan to address these, for the Board's agreement.				
Key focus areas	In particular, it focuses on the state of play and challenges to the coherence, adequacy and deliverability of ERP2. For each of these areas, key issues for the Board's focus are summarised on slide 4. It also suggests the role of the Board during the next phase of work (slide 20).				

Recommendations	• **Provide feedback** on the proposed approach for providing new Ministers with strategic advice on ERP2, and the plan for preparing for 2024

Has the Board previously considered this item, if so, when?	**Yes**☒	**No** ☐	**Date**	30 August 2023
	The Board received an update on the ERP2 programme on 30 August 2023. s 9(2)(f)(iv)			
Has this item been considered/endorsed by Climate DCEs?	**Yes**☒	**No** ☐	**Date**	28 November 2023
	DCEs received an oral update on this work at their meeting on 28 November. It was noted that the Climate Change Commission's final advice on ERP2 had not yet been provided to the Minister of Climate Change but that this was imminent. MfE undertook to circulate a summary of the final advice to the Board and climate agencies as soon as possible following the release of the Commission's advice.			

Ministry for the Environment
Manatū Mō Te Taiao

Paper 3.1

ERP2 Update

5 December 2023 Climate Change Chief Executives Board Meeting

Ministry for the Environment
Manatū Mō Te Taiao

Summary

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