



Climate Change Chief Executives Board

**Meeting papers
Tuesday 5 December 2023**

1.00–3.00pm



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		<ul style="list-style-type: none"> • 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	<p>Roundtable discussion: Context sharing and discussion of implications of coalition agreements Lead: Chair / All</p> <p>An opportunity for Board members to update each other on discussions with new Ministers and early direction received on climate change priorities.</p> <p>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.</p>	<p>Note any early direction provided by Ministers on priorities and implications for how agencies position advice on cross-cutting issues</p> <p>Discuss the proposed approach for delivery of collective advice to Ministers represented on the Board (or collective ministerial group)</p>
2.0	20 mins	<p>Collective advice for the Board on government priorities Lead: Lisa Daniell, Chris Nees (Climate IEB Unit)</p> <p>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.</p> <p>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.</p> <p>Supporting presentation: 2.1 <i>Supporting the government's immediate priorities and climate initiatives</i></p>	<p>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?</p> <p>Discuss any further advice or analysis you would like to support discussions with Ministers</p>

3.0	20 mins	<p>ERP2 progress update Lead: Simon Mandal-Johnson (MfE)</p> <p>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.</p> <p>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.</p> <p>Slide 4 summarises the four main discussion points that we suggest the Board focus on in their meeting.</p> <p>Supporting paper: 3.1 ERP2 update</p>	<p>Provide feedback on:</p> <ul style="list-style-type: none"> 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	<p>Noting paper: Update on initial review of NAP critical actions</p> <p>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.</p> <p>To inform any discussions with Ministers, this item provides a summary of the recent review of NAP critical actions to identify the most material actions for the Board to focus on, the role the Board could play across these, and key messages for Ministers about how the NAP is tracking (ahead of the next six-monthly report).</p> <p>Supporting presentation: 4.1 Update on review of NAP critical actions</p>	<p>Note the summary provided outlining how the critical actions have been prioritised, the role for the Board across these actions, and key messages for Ministers</p>
5.0	5 mins	<p>Oral update: Approach to third monitoring and reporting progress report Lead: Lisa Daniell (Climate IEB Unit)</p> <p>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.</p>	<p>Note the update provided on the approach to developing the next six-monthly progress report, including the data collection already underway across agencies</p>
6.0	5 mins	<p>AOB and Meeting administration Lead: Chair</p> <p>Supporting papers: 6.1 Minutes of the meeting held on 25 October 2023 <i>Note: These minutes can be found in the 11-21 meeting pack.</i> 6.2 Indicative forward agendas, January to March 2024</p>	<p>Approve the minutes of the meeting held on 25 October 2023</p> <p>Note the indicative forward agendas</p>
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
- 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



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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper/s	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Key focus areas	<p>This item provides an opportunity to discuss:</p> <ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<p>Additional papers, relevant to this item, are attached in a separate noting pack, for information:</p> <ol style="list-style-type: none">1. Final Climate IEB BIM2. Updated 'November paper' on Climate Change Response Act architecture, including legal advice3. Updated sufficiency analysis slide deck			



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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	<p>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.</p> <p>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.</p> <p>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.</p>			
Recommendations	<ul style="list-style-type: none">• Provide feedback on the overarching key messages, including their framing <i>and</i> 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	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 <i>Blueprint for a Better Environment</i> . Directors have provided input on key themes and cross-portfolio issues.			



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. More widely, there are opportunities to **ensure the new government's approach to infrastructure investment explicitly considers resilience**, such as in the location of new or replacement infrastructure assets. **Resource management and spatial planning, land-use zoning and infrastructure standards are important tools to mitigate risks caused by climate impacts and building resilience.**
- **The second ERP is the key opportunity for government to assess how and where to take mitigation actions across the economy.** A prioritisation framework to support ERP2 could provide consistent valuation criteria for assessing potential policy options across the system and weighting of options, including how we consider the mixture of emissions reduction potential and co-benefits, equity considerations, and fiscal cost.
- 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. Both have different trade-offs and risks. For example, though sequestration through afforestation is beneficial, an over-reliance on afforestation to meet climate targets will bring increased land change and risk of future carbon release from natural hazards.
- Under current settings, the NZ ETS will not deliver rising prices (in the longer term) that the energy system and other systems need to decarbonise
- 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

- Getting direction on the approach to the mix of gross or net reductions will inform the mix of tools for delivery and policy settings around the NZ ETS. Officials can present potential options when these outcomes are more fully understood.
- The NZ ETS is a complex system. Adding complexity (such as through additional forms of sequestration) places a greater burden on NZ ETS participants and will come with compliance and reporting costs. The NZ ETS is one possible mechanism from a range of options that can help incentivise additional removals activities.
- A greater reliance on price risks not addressing barriers to reducing emissions that price cannot address. For example, the availability of technology or access to capital. Complementary measures are important to work alongside price in sectors like energy, agriculture and transport, to make price more effective.
- 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

- The new Government's mitigation priorities will support the 'supply-side' in terms of enabling the development of more renewable generation. However, to have greater confidence about the timing and scale of emissions reductions, these measures would need to be complemented by initiatives that prompt demand shifts from fossil fuels to renewable energy (for example, low emissions technologies in the transport and energy systems).

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\(2\)\(f\)\(iv\)](#)
- 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 is not the key driver for the action to improve biodiversity or freshwater quality.
- There is an opportunity to build on existing ERP commitments to align climate and biodiversity policy to deliver targeted interventions which deliver across these environmental outcomes.

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

- Early indications are the government will want a stronger focus on incentivising market-led approaches and leverage private sector and community responses to climate change. The government may have a more enabling role and removing regulatory barriers and less direct investment.
- 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.

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)

Decarbonisation and the role of removals

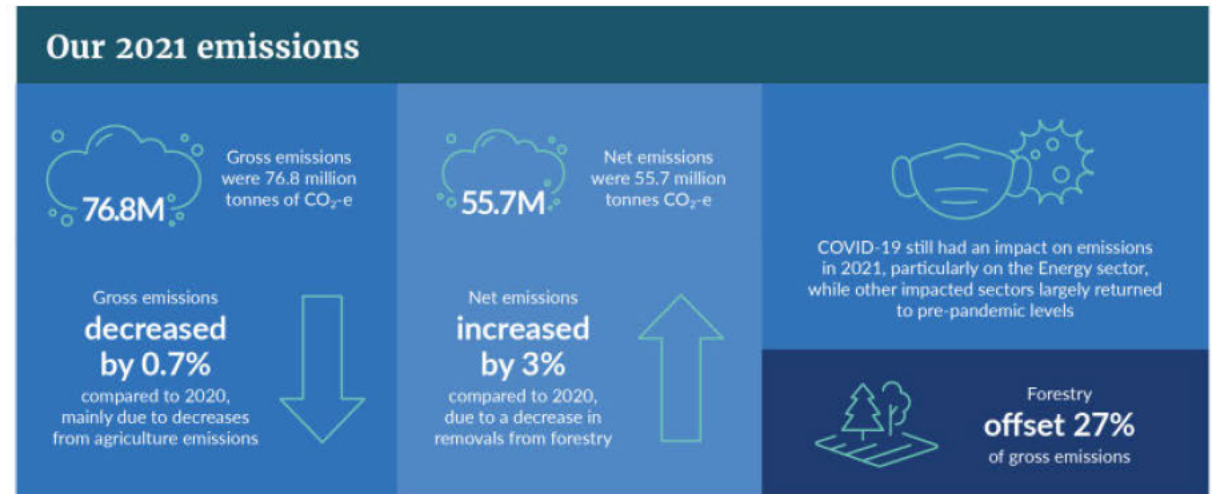
Key messages for delivering this priority area

- 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)

- 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)



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.
- Officials do not expect the current settings to deliver a gradually increasing price. ^{§ 9(2)(f)(iv)}
- Work is underway examining market governance for the NZ ETS, aiming to strengthen its integrity and efficiency by adding transparency and regulatory oversight. There are options to include analysis of potential enhancements to the NZ ETS market infrastructure, or of further options to increase market monitoring and regulation in a proportionate way.
- There may be opportunities to enhance domestic carbon dioxide removals to count towards our climate targets.



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. ^{§ 9(2)(f)(iv)}
- The NZ ETS has known distributional impacts, managing the impact of a rising emissions price will allow the NZ ETS to continue to operate as intended. There are mechanisms available to address the impacts on low-income households and this links to strategy for an equitable climate transition.

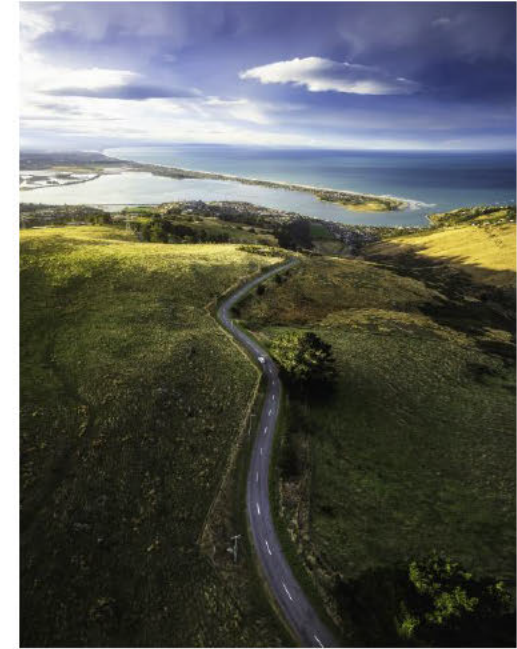
Adapting to climate change impacts

- 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. Natural gas is likely to play an ongoing and increasingly critical role for firming / peaking electricity supply, and for some industrial processes.
- Complementary policies to **support demand side uptake** of low emissions technology will be needed along with the measures to support the supply. Other sources like hydrogen will play a role where electrification is not possible.
- 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.
- How we manage **equity issues** with the transition: Those with capital will be better placed to take advantage of transitioning and avoid higher costs of fossil fuels. This presents challenges particularly for renters, low income households and firms with limited balance sheet capacity to invest in new equipment.
- Managing competition for resources - potential for bio energy and waste to compete for forestry resources?
- Supporting improved energy efficiency through standards for building and construction is an opportunity and example of a non-price measure to drive greater emissions reductions.

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.
- The Ministry of Transport is developing a framework for decarbonising the transport sector, guided by the international standard 'Avoid, Shift, Improve' model. Key next steps include developing potential policy approaches to deliver on Ministerial priorities and assessing policy approaches against a set of agreed criteria.
- Whilst electrification of the light vehicle fleet is a key element of the overall approach to lowering transport emissions, it will not be sufficient to decarbonise the transport sector. It is important to consider other policies which can compliment electrification, particularly in our largest cities, and provide benefits beyond decarbonisation, including tackling congestion and improving economic prosperity.
- 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.
- Planning to provide for mixed-use, well-connected areas is key to drive alternatives to car-dependant designs and to better integrate green infrastructure / nature-based solutions to reduce emissions of new infrastructure and development – whether brownfield or greenfield development.
- The new government is supportive to encourage building standards to reduce the environmental impact and emissions. Retro-fitting existing housing and buildings as well as a focus on new builds is important to reducing the operating emissions and improving energy efficiency of New Zealand's building stock.
- 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



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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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	<ul style="list-style-type: none">• 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	30 August 2023
	The Board received an update on the ERP2 programme on 30 August 2023. The Board noted the need to explore emergent opportunities that can be leveraged, and agreed that clear advice should be provided to Ministers on options and tradeoffs, to enable informed decision-making.			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	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

Introduction

- The purpose of this slide deck is to update you on our plan for cross-agency work in 2024 to prepare for the publication of the second emissions reduction plan (ERP2).
- In your meeting 21 November, you met with the Climate Change Commission to discuss their final advice on policy direction for ERP2. The Minister of Climate Change received this advice on 28 November. A briefing is being prepared for the Minister of Climate Change and will also be shared with the Board.
- The new Government has signalled a significant and complex policy agenda in climate change. ERP2 is a vehicle to advance many of these priorities. It is critical that the cross-government system can provide strategic, integrated, and high-quality policy advice to support Ministers' decision-making through 2024.
- Our planned approach to working with Ministers to progress the ERP2 work programme in 2024 is driven by the need to meet three broad requirements:
 1. **Coherence** – The policies within ERP2 need to align with the Government's priorities and comprise a coherent, whole-of-economy strategy for emissions reduction.
 2. **Adequacy** – The development and content of ERP2 must be adequate to meet requirements of the Climate Change Response Act 2002 (CCRA).
 3. **Deliverability** – The process and timeline for delivering ERP2 must work for Ministers, agencies, and stakeholders.
- The following slides outline how we are working to deliver on each of these requirements, including the context and state of play, challenges we are facing, and our plan for addressing those challenges.
- In addition, slide 20 suggests the **role of this Board** during the next phase of work. The Board has previously agreed to govern certain aspects of ERP2, including the Strategic Framework and 2050 Pathways. Slide 20 sets out how we plan to work with the Board to deliver these.
- Much of our planned approach is provisional and will need to be tested with new Ministers, particularly the Minister for Climate Change who is responsible for publishing the ERP. We have noted this throughout the pack where appropriate.

Key topics for discussion today

This table summarises the key challenges outlined in this slide deck and our plan to address them.

Challenge	Explanation	Our proposed way through	For discussion
Coherence (see slides 9-10)	<ul style="list-style-type: none"> We want to support CEs to seek early direction from the new Government on key cross-system policy questions to ensure a coherent, strategically focused final plan. Early conversations can help the incoming Government set clear, top-down strategic direction for ERP2 and will help officials to focus efforts. 	<ul style="list-style-type: none"> We suggest CEs invite Ministers to engage in January/February to clarify the strategic objectives they wish to achieve in ERP2 and to identify potential cross-cutting questions and tensions. We also propose the chair of the Board recommend that the Prime Minister (or another very senior Minister without direct Climate responsibility) convene a CRMG-style ministers group to hold these conversations. 	Do you agree with our proposed approach?
Adequacy (see slide 13)	<ul style="list-style-type: none"> The consultation timeline is largely driven by the statutory deadline: we plan to consult in May. Ministers have choices about how much policy detail to include for consultation – the level of detail available may vary across policy areas. 	<ul style="list-style-type: none"> s 9(2)(g)(i) 	Do you agree with this approach?
Adequacy (see slide 14)	<ul style="list-style-type: none"> s 9(2)(g)(i) 	<ul style="list-style-type: none"> 	Do you agree with this approach?
Adequacy (see slides 13-14)	s 9(2)(f)(iv)		
Deliverability (see slides 17-18)	s 9(2)(g)(i)		

Summary of recommendations

We recommend that the Climate Change Chief Executives Board:

1. **Agree** there is a need for early strategic conversations with Ministers on ERP2 ahead of sector-specific policy decisions being made.
2. **Note** our proposed plan to support Ministers through a series of strategic conversations in early 2024 (see slide 10).
3. **Note** that the baseline projections that support advice on the overall sufficiency of ERP2 policies will be updated post-consultation.
4. s 9(2)(f)(iv)
5. **Note** agencies will need to balance work to support delivery of 100 day plan commitments whilst developing policy for ERP2
6. **Confirm** comfort with our plan for managing the risks associated with resource and engagement pressures.
7. **Note** that MfE will prepare an operational plan to sequence this work for 2024 and develop standard processes for policy analysis, to be submitted to the Interagency Climate DCEs group by the end of 2023.
8. **Direct** agencies to contribute to sequenced, integrated policy advice on ERP2 in alignment with the process to be coordinated by MfE.
9. **Agree** to the proposed role of the Board in 1) providing feedback and sign-off on key pieces of cross-government, 2) managing any programme-level risks and issues requiring escalation from the Interagency Climate DCEs group, and 3) mobilising political leadership.
10. **Note** that the Board has previously agreed to govern six areas of the plan: Strategic Framework, 2050 Pathways, Equitable Transition, Implementation, Adaptation & Resilience, and Prioritisation.
11. **Agree** that the chair of the Board will provide advice to the Prime Minister on options for Ministerial governance of ERP2 as outlined on slide 20.



Ministry for the
Environment
Manatū Mō Te Taiao

Detailed update



Ministry for the
Environment
Manatū Mō Te Taiao

1. Coherence

The policies within ERP2 need to align with the Government's priorities and comprise a coherent, whole-of-economy strategy for emissions reduction

Coherence – Context and state of play

- ERP2 needs to present a coherent, whole-of-economy strategy to meet New Zealand’s emissions budgets and targets. Since policy decisions across many different portfolios have the potential to impact emissions, it is critical that these decisions can be made with a view of economy-wide implications and trade-offs.
- **Lessons from ERP1 highlighted the need for a more strategic approach to the development of ERP2, to deliver a more coherent final plan.** This aligns with recommendations made in the PCE and Smol reviews of ERP1, which emphasised the need to:
 - enable ministers to set priorities and expectations for ERP2 early in the process
 - address a small number of high-level questions from the outset, for example around Ministers’ preferred balance between gross reductions and removals, and approach to distributional impacts
 - support decisions to be made with a view of cross-economy implications and trade-offs
 - examine more than one possible pathway for mitigation
 - develop a stronger evidence base, including more systematic and consistent modelling of both sector-specific and whole-of-economy pathways.
- **These lessons have informed the ERP2 work programme to date.** For example, we have:
 - developed a series of key questions for Ministers, based on the PCE guidance, to help them set the strategic direction of ERP2 from the outset and provide the framework for further policy work
 - identified several high-level potential mitigation pathways to 2050 and are now analysing them against new government policy
 - commissioned CGE modelling to analyse the high-level impact of each pathway at a whole of economy level. *To be completed by late January in time for early conversations with new Ministers – see slide 10.*
 - initiated policy thinking through systems rather than individual sectors, to support joined-up analysis of cross-economy implications.
- **Supporting a coherent final ERP2 will continue to be a point of focus in 2024.** This requires working collectively with new Ministers to set the cross-government direction of ERP2 from the outset, to inform further development of policy options.

Coherence – Challenges (1)

We want Ministers to have the opportunity to engage early on system-wide policy

- There are a series of underlying policy questions within the ERP which are best tackled at an all-system level. Getting a clear steers from Ministers on these questions early will help us to deliver a coherent plan and will inform and focus further work.
 - Examples: desired balance between gross reductions and removals; NZ ETS policy settings.
- The timeline for 2024 is tight: early strategic direction from Ministers will provide focus to officials and will limit later rework.

Our plan for addressing this challenge

- In early 2024, we recommend you have a series of strategic conversations with Ministers. The purpose of these conversations will be to:
 - enable them to set the overall direction and priorities for ERP2
 - highlight the implications and tradeoffs of their manifesto commitments
 - direct additional policy work as required.

• s 9(2)(g)(i)

How the CE Board can help

1. **Agree** there is a need for early strategic conversations with Ministers on ERP2 ahead of sector-specific policy decisions being made.
2. **Note** our proposed plan to support Ministers through a series of strategic conversations in early 2024 (see next slide).

Coherence – Challenges (2)

This table details our plan for stepping through engagements with Ministers in early 2024. Note this is subject to Ministerial agreement.

Timing	Conversation
Late Jan / Early Feb 2024	<p>Conversation 1: Discussing the strategic direction for ERP2</p> <p>Opportunity for Climate Ministers to indicate their overall approach to emissions reduction and the outcomes they want to deliver through ERP2. This would not be a formal decision point, but an opportunity for Ministers to steer the direction of further policy work in early 2024.</p> <p>One of way of having these conversations would be using the 'pathways' work currently under development by agencies. This would include:</p> <ul style="list-style-type: none"> defining a policy pathway out to 2050 that best reflects the underlying intent of Government's manifesto and coalition agreements identifying and quantifying (where possible) the implications of this pathway – including: indicative sufficiency to meet emissions budgets, level of gross reductions vs. removals, impacts on emissions price, macro-economic impacts, distributional and regional impacts using aspects of the Strategic Framework to test Ministers' approach to emissions reduction, whether they are comfortable with those outcomes and implications, and consider key questions and trade-offs emerging from systems work. <p>There are other ways we could have this conversation – e.g. through a sector-specific lens or through key policy levers (esp. the role of price). We will develop options for this conversation which will be shaped by early conversations with new Climate Ministers.</p>
March and April 2024	<p>Conversations 2 and 3: Seeking feedback on policy options</p> <p>We suggest CEs seek at least one, and ideally two, meetings with all Climate Ministers to test Ministers' comfort with emerging sector-specific policy direction in March/April. This would include testing comfort with key issues, direction and choices for each sector, and the wider implications of those choices. Where possible, this may include any initial estimates of emissions reductions from specific choices.</p>
May 2024	<p>Cabinet meeting: Cabinet decisions on options for consultation</p> <p>Cabinet process to approve materials for consultation. This will include providing a 'capstone' paper, seeking approval of:</p> <ul style="list-style-type: none"> The strategy and approach to ERP2 as a whole, and the potential policy approaches and levers for consultation Draft consultation material and engagement plan <p>This may be accompanied by supporting papers from agencies seeking specific decisions if required.</p>



Ministry for the
Environment
Manatū Mō Te Taiao

2. Adequacy

The development and content of ERP2 must be adequate to meet requirements of the Climate Change Response Act 2002 (CCRA)

Adequacy – Context and our plan (1)

For ERP2 to be adequate it must meet particular criteria, including requirements laid out in the Climate Change Response Act (CCRA) for both the content and development of ERPs. Key requirements are summarised in the table below.

Requirement	Our plan
<p>The CCRA requires ERP2 to contain the policies and strategies to meet the second emissions budget (EB2).</p> <p>ERP2 should also set the direction to enable us to meet future emissions budgets and the 2050 target.</p>	<p>To ensure policies for ERP2 are sufficient to meet emissions budgets and keep us on track to meet the 2050 target, we suggest having a series of strategic conversations with Ministers in early 2024 to set the strategic direction of the plan. This will include testing Ministers' comfort with the short- and long-term implications of policy direction, as laid out on slide 10.</p> <p>Ensuring that ERP2 will deliver sufficient emissions reduction also requires systematic modelling of the emissions impact of policy proposals.</p> <ul style="list-style-type: none"> ○ Modelling of the emissions, costs and other impacts of policy options for ERP2 has started and will focus on specific policies as any new policy direction becomes clearer. ○ Through 2024, we will need to provide Ministers with advice on the sufficiency of their approach. We will focus on this as we prepare a final policy package towards the end of 2024. A process for this is included in our planned approach to 2024. ○ These sufficiency assessments will rely on the annual whole-of-economy emissions projections, as well as whole of sector models (ENZ and CGE).
<p>The CCRA requires the content of ERP2 to include:</p> <ul style="list-style-type: none"> • sector-specific policies • a multi-sector strategy to meet emissions budgets • a strategy to mitigate the impacts of emissions reduction on particular groups and communities. 	<p>These content requirements have formed the basis of policy work in 2023, and will continue to do so in 2024.</p> <ul style="list-style-type: none"> ○ Agencies are working together in 'systems' to develop sector-specific policies in a joined-up way. ○ The work programme also includes a series of cross-cutting issues (e.g. circular and bioeconomy, working with nature) as well as broader enabling workstreams (e.g. pathways to 2050, mitigating distributional impacts) to feed into a multi-sector strategy and address impacts on communities. We plan for an early conversation with Ministers next year about the extent to which they wish to prioritise these cross-cutting issues in ERP2.

Adequacy – Context and our plan (2)

Requirement	Our plan
The CCRA requires Ministers to conduct 'adequate' consultation on ERP2	<p>We plan to recommend that Ministers approve a strategic consultation document focused on options for the broad direction of policy in key areas, rather than consulting on an exhaustive list of detailed actions.</p> <ul style="list-style-type: none"> ○ We plan to commence consultation on ERP2 in mid-May 2024 (see slide 16 for a high-level timeline). Agencies have told us it is unlikely that Ministers will be ready to consult on detailed policies by this time, given the incoming Government will have limited opportunity to set the overall strategic direction until early 2024. ○ Our intent (pending Ministerial agreement) is to plan for a consultation on the approach, broad strategies and tools that will form the incoming Government's climate mitigation response, both at a whole-of-Government and system level. This consultation will provide a view of the big picture, and ensure focus is on producing a clear and coherent ERP. ○ Ministers may wish to consult on more detailed policy proposals in some areas in May, ie. for priority manifesto or coalition commitments. The intended approach to consultation does not preclude this.
Ministers must consider advice from the Climate Change Commission when developing policies for ERP2	<ul style="list-style-type: none"> ○ The Commission delivered its final advice on the policy direction for ERP2 on 28 November. The Government must consider this advice when developing policies for ERP2. The Commission had previously indicated it may publish the advice on 7 December. We are seeking clarity on a publication date in light of the Government being formed to table the advice. ○ s 9(2)(f)(iv)

s 9(2)(f)(iv)

Adequacy – Challenges

Timing of whole-of-economy emissions projections s 9(2)(f)(iv)

- After public consultation in May, the cross-government system will need to produce a final package of policy options to present to Ministers for inclusion in ERP2. These policy options must be sufficient to meet the second emissions budget and keep us on a pathway to meet future emissions budgets and the 2050 target.
- Our annual projections, which form the baseline that tells us how much emissions reduction is needed to stay within the emissions budgets, will next be updated in the second half of 2024, ie. after the May consultation is complete. s 9(2)(g)(i)

- s 9(2)(f)(iv)

Our plan for addressing sufficiency challenges

- s 9(2)(f)(iv)

How the CE Board can help

3. **Note** that the baseline projections that support advice on the overall sufficiency of ERP2 policies will be updated post-consultation.

4. s 9(2)(f)(iv)



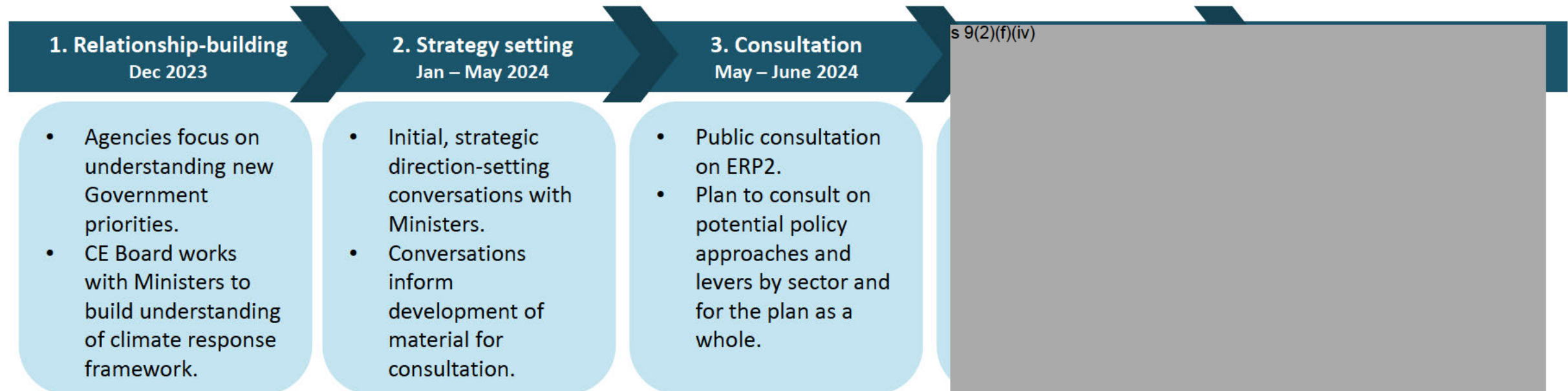
Ministry for the
Environment
Manatū Mō Te Taiao

3. Deliverability

The process and timeline for delivering ERP2 must work for Ministers, agencies, and stakeholders

Deliverability – Context and state of play

- The Climate Change Response Act (CCRA) requires the ERP2 to be published by 31 December 2024. We are currently planning for publication in early November 2024, to give Ministers the opportunity to announce ERP2 policies at COP and to provide contingency in case of delays.
- To deliver ERP2 in this timeframe, while also meeting the requirements of adequacy and coherence, our planned approach to 2024 is divided into the five phases below.
- Engagement and consultation on ERP2 is a statutory requirement, however other significant pieces of policy work will also be undergoing consultation and engagement in 2024 (e.g. on some ERP1 actions, and the Commission's advice on EB4). To minimise the burden on stakeholders and help communicate the connections between these pieces of work, we are investigating how we might conduct joined-up engagement and consultation.



Deliverability – Challenges (1)

Agencies and Ministers are facing competing priorities, and constrained resources could challenge delivery

- The timeline to publish ERP2 in early November 2024 is tight. s 9(2)(g)(i)
[Redacted]
[Redacted]
- s 9(2)(g)(i) [Redacted] During this time, Ministers are likely to be focused on implementing their 100 day plans and manifesto commitments, which may limit their capacity to engage with ERP2 policy development.
- Agencies may also face tensions over the coming months to progress the policy work needed on both ERP2 and the 100 day plans. There is a risk this will divert resources from core ERP2 policy development at a critical phase of the process and further condense timeframes.

Our plan for addressing this challenge

- We plan to align ERP2 policy analysis with work on manifesto commitments where possible. ERP2 is a vehicle to advance many of the commitments in National's Blueprint for a Better Environment, as well as commitments in the 100 day plan and coalition agreements. Integrating these pieces of work will reduce resourcing pressure and help ensure emissions reduction opportunities are embedded in work to deliver manifesto commitments.

How the CE Board can help

5. **Note** agencies will need to balance work to support delivery of 100 day plan commitments whilst developing policy for ERP2.
6. **Confirm** comfort with our plan for managing the risks associated with resource and engagement pressures.

Deliverability – Challenges (2)

In order to support an integrated approach to policy work and Ministerial engagement in 2024, agencies need to work together as an efficient cross-government system

- The condensed timeframe to seek policy direction ahead of a mid-May consultation means that Ministers will need to get up to speed on complex policy areas quickly. In particular, we will need to support Ministers to understand the cross-economy implications of decisions made in individual portfolios.

Our plan for addressing this challenge

- The cross-government system will need to organise itself to deliver coherent, joined-up policy advice quickly in the early part of 2024. This includes providing integrated advice on both economy-wide and sector-specific settings. In light of the workload pressures agencies are facing, this work needs to be sequenced and scoped carefully, including prioritising the work which will have the greatest implications for the overall plan.
- As the coordinating agency for ERP2, MfE plans to develop a detailed calendar to sequence this work, supported by clear commissioning and standard templates. This includes developing standard processes, in close consultation with agencies, on:
 - analytical approaches, for consistency in key assumptions and outputs of policy analysis
 - contents of policy advice, including the level of detail and consideration of all statutory requirements.
- MfE will prepare an operational plan to manage this cross-agency work, including identifying options for how work could be prioritised. We propose that this is governed by the Climate DCEs group, with any issues escalated to the CE Board as needed.

How the CE Board can help

- 7. Note** that MfE will prepare an operational plan to sequence this work for 2024 and develop standard processes for policy analysis, to be submitted to the Interagency Climate DCEs group by the end of 2023.
- 8. Direct** agencies to contribute to sequenced, integrated policy advice on ERP2 in alignment with the process to be coordinated by MfE.



Ministry for the
Environment
Manatū Mō Te Taiao

Role of the CE Board and next steps

We propose the following three roles for the CE Board in early 2024:

- Providing feedback and sign-off on key pieces of advice from a cross-government perspective.
 - This may require seeking the Board's feedback via round robin as we approach key deadlines. The IEB Unit will provide the Board with a forward cadence of upcoming advice as the timeline for 2024 becomes clearer. The next piece requiring sign-off will likely be the integrated advice to support initial strategic conversations with Ministers in January.
 - The Board will continue to oversee the strategic framework and pathways to 2050 workstreams and the IEB Unit will continue to commission key pieces of cross-government advice, as previously agreed.
- Managing any programme-level risks and issues requiring escalation from the climate DCEs group.
 - We propose to provide the Board with a short (ie. one page), monthly status reports on progress for ERP2.
- Mobilising political leadership.
 - The PCE report noted that s 9(2)(g)(i) [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - The Board may also choose to discuss prioritisation with Ministers as an additional mitigation if agency workloads become too pressured in 2024.

How the Board can help

9. **Agree** to the proposed role of the Board in 1) providing feedback and sign-off on key pieces of cross-government, 2) managing any programme-level risks and issues requiring escalation from the Interagency Climate DCEs group, and 3) mobilising political leadership.
10. **Note** that the Board has previously agreed to govern six areas of the plan: Strategic Framework, 2050 Pathways, Equitable Transition, Implementation, Adaptation & Resilience, and Prioritisation.
11. **Agree** that the chair s 9(2)(g)(i)