



Six-monthly report on the national adaptation and emissions reduction plans, January 2023 - June 2023

Date submitted: 31 August 2023

Tracking number: BRF-3632

Security level: Policy and Privacy, In-Confidence

MfE priority: Not urgent

Actions sought from Ministers		
Name and position	Action sought	Response by
To Rt Hon Chris HIPKINS, PRIME MINISTER, Chair of the Climate Response Ministerial Group	Agree to forward this briefing note to the Climate Response Ministerial Group	18 September 2023
CC Hon James SHAW, Minister of Climate Change	For information and feedback	N/A

Actions for Minister's office staff
If agreed, forward this briefing and <u>Appendices</u> to: Climate Response Ministerial Group Return the signed briefing to the Climate Change Chief Executives Board (CCIEB@mfe.govt.nz)

Appendices
1. Appendix 1: A3 on system-wide risks and opportunities 2. Appendix 2: Six-monthly progress report on the first national adaptation and emissions reduction plans, over the implementation period January 2023 - June 2023 3. Appendix 3: The Board's public-facing summary of progress on the first national adaptation and emissions reduction plans, for release on the Board's website

Key contacts			
Position	Name	Cell phone	First contact
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Minister comments

Six-monthly report on the national adaptation and emissions reduction plans, January 2023 - June 2023

Purpose

1. This briefing note provides key messages and recommendations from the Climate Change Chief Executives Board's second report on progress across the first emissions reduction plan (ERP1) and first report on progress across the national Adaptation Plan (NAP1). The report is attached as **Appendix 2** and covers the implementation period January 2023 – June 2023.

Key Messages

2. **The context for the NAP1 and ERP1 work programmes has changed significantly over the last six months, bringing a heightened sense of urgency on climate change action.** The severe weather events in the North Island earlier this year have challenged and influenced New Zealanders' (and agencies') understanding of climate change adaptation and mitigation and how they link.
3. **The Board considers that more urgency and greater focus on delivering the actions within NAP1 and ERP1 are needed** to ensure New Zealand is resilient to the effects of climate change and is set up to meet future emissions budgets, because:
 - a. On adaptation, there is no clear way to measure whether our current actions are sufficient to deliver the resilience needed to manage the effects of climate change. However, there is a sense among agencies and the scientific community that impacts are arriving earlier, and our actions may not be delivering fast enough.
 - b. In terms of emissions, our projections from May 2023 show we will likely meet the first emissions budget by a small margin, including due to changes in the way we measure emissions.¹ We estimate that we have used around a quarter of the first emissions budget in 2022, leaving three quarters remaining for the next three years. However, the abatement needed to achieve future budgets increases significantly.
4. While agencies report most actions as 'on track' (72 per cent for NAP1, 68 per cent for ERP1), **the picture is more concerning for progress on the most critical actions in these plans.** 35 per cent of NAP1 critical actions are reported as either amber, red, or discontinued. For the ERP this figure is 48 per cent.

¹ The May projections have not been updated for this report because the short time period since they were produced means updates are unlikely to be significant and there is limited new information to include.

5. Agencies have reported a range of reasons for delays to progress of their critical actions. They include resource and capacity constraints (including lack of funding in some cases), reprioritisation of resources (including due to the cyclone recovery work), delays to the introduction of legislation, and pending or delayed Cabinet decisions.
6. The recently announced rapid savings exercise, undertaken in July, occurred after the Board's report was finalised and may reduce the expected abatement from some ERP actions. Given the emissions budgets are legally binding, the Board considers that Ministers should in future commission its advice when considering changes to initiatives in the ERP, particularly where material. This advice would set out the estimated impacts on abatement from any changes to actions, and what might be required to 'make up' any losses to ensure the budgets are achieved. The Board will provide Ministers with a full update of emissions projections that accounts for the effect of the changes from the savings exercise and wider factors, in its next six-monthly report in February.
7. **The Board continues to recommend maintaining focus on implementing the existing actions, and managing the risks to critical actions, across both the ERP1 and NAP1.** Implementing the existing actions to their full effect will provide greater certainty of delivering our adaptation outcomes and support emissions reductions required for current and future emissions budgets.
8. A particular focus on a small number of critical actions would provide the key 'building blocks' to deliver or support substantial abatement in the future. For the ERP, these priorities are: the ETS Review; agricultural emissions pricing; transport mode-shift; the Energy Strategy and the transition to a highly renewable electricity system; partnerships to support abatement of New Zealand's largest emitters, and delivering ERP2.
9. In response to **the risks and challenges across both plans, the Board** has identified a number of actions it will take to address them, subject to any feedback from Ministers:
 - a. begin analysis to develop a potential set of indicators to assess the sufficiency of our climate adaptation response, and continue to improve our emissions reduction projections and reporting on biodiversity impacts;
 - b. commission advice from agencies on the most material actions for achieving the outcomes in NAP1 and assess whether these actions are achievable, adequately resourced, making sufficient progress, and timely enough, given the likelihood of the frequency and severity of extreme weather events increasing.
 - c. improve the quality of how agencies are giving effect to the principles of Te Tiriti o Waitangi by gathering and sharing insights from their Māori rights and interests' analysis and engagement with Treaty partners;
 - d. an additional assessment before the next six-monthly report of where the Board can 'unlock' delays to critical actions, and ensuring agencies have robust delivery plans for those actions delayed by more than six months;
 - e. develop insights into how to design policies to encourage and support the public and individuals to take action to adapt and mitigate the effects of climate change;

- f. leverage the increasing intersection of trade and climate policy in international trade and economic cooperation to drive domestic emissions reductions.
10. The Board considers that government will need to make some important choices in the coming 12 months, including landing a large number of critical policy and legislative reforms that deliver emissions reductions and build climate resilience (either directly or through supporting policy) outlined below in **Appendix 1**.
11. There are also potential opportunities that could enhance delivery, including further analysis on including non-forest land uses (e.g., grassland, wetlands) in New Zealand's Nationally Determined Contribution target accounting under the Paris Agreement.

Public reporting on progress across the ERP and NAP

12. Cabinet agreed, when establishing the Board, for it to publish monitoring reports on the plans, sub-targets, and implementation progress [CAB-22-MIN-0055.01 refers]. To fulfil this obligation, we propose to release the attached summary slide deck, at **Appendix 3**, that provides a brief update on progress, based on information from the Board's report. The Board's full report will also be proactively released with appropriate redactions after consulting with agencies.

Next steps

13. Subject to your agreement, your office will forward this briefing note and the six-monthly report to CRMG members. If you agree to the release of the public facing summary, we will work with your office to confirm timing of the release and develop questions and answers.

Recommendations

We recommend that you:

- a. **note** that the Climate Change Chief Executives Board has completed its second six-monthly report on the first national adaption and emissions reductions plans, covering the implementation period January 2023 – June 2023
- Yes | No
- b. **note** that in response to the risks and opportunities raised in this report, the Board intends to act on a number of these, as set out in Appendix 1
- Yes | No
- c. **indicate** if there are further risks or mitigations that you want the Board to consider or take, in response to the analysis in this report
- Yes | No



- d. **agree to ask** the Board to provide advice on implications for emissions budgets for future reprioritisation exercises that have impacts on the ERP

Yes | No

- e. **agree** to forward this briefing note and the six-monthly report to the members of the Climate Response Ministerial Group

Yes | No

- f. **agree** to release the attached slide pack, showing a high-level summary of progress across the ERP and NAP, on the Board's website

Yes | No

- g. **agree** to proactively release the Board's six-monthly report after consulting agencies on appropriate redactions.

Yes | No

Signatures

Lisa Daniell
Executive Director
Climate Change Chief Executives Board

31 August 2023

Rt Hon Chris HIPKINS
Chair, Climate Change Response
Ministerial Group

Date

Appendix 1: A3 on system-wide risks and opportunities, together with the Board's recommended responses

- See attached A3 -

Appendix 2: Six-monthly progress report on the first national adaptation and emissions reduction plans, over the implementation period January 2023 - June 2023

- See attached PDF -

Appendix 3: Board's public report on progress on the first national adaptation and emissions reduction plans

- See attached PDF -