

Integration and strategic opportunities during transition (Paper 1)

Meeting date: 24/02/2026	
Sponsor: Natasha Lewis, Deputy Secretary, Strategy, Stewardship and Performance	Prepared by: Jen Hutcheon, Alison Collins
Purpose of Te Pūrengi consideration Te Pūrengi has asked for advice on: 1) Opportunities for early collaboration and delivery with other agencies; 2) Functions to champion and sustain through transition; and 3) Strategic opportunities to contribute into bringing the MCERT vision to life.	
Has Te Pūrengi considered this item before? No	
Internal consultation: Yes. Simon King, OCE; Jane White, CCRE. Katherine Wilson, EMA. [Refinement of content.]	
Recommendations or Actions sought 1. Note potential opportunities for joined-up, cross-agency advice pre- and post-July: a. Key work programmes (Planning system - departmental report + implementation; Adaptation, risk reduction and resilience; Local Government reform); b. Public service accountability (Business planning; Performance plans; Briefing for the Incoming CE – as guided by and overseen by the IMO); and c. Emerging opportunities where appropriate (i.e., the Wellington wastewater inquiry and severe weather events). 2. Note the functions proposed to be championed and sustained through transition, that could be promoted by TP members (and Tier 3 leaders in time) in appropriate forums: a. Understanding the natural environment; b. Statutory spine; c. Core relationships; d. Te Tiriti obligations and relationships; e. Evidence integrity and assurance; f. Digital enablement and data foundations; and g. Resource efficiency. 3. Note that on 17 February you commissioned advice on System-level coherence for adaptation, natural hazard risk reduction and resilience, including National Flood Map 4. Provide direction on further strategic opportunities to support the transition to MCERT that may also benefit from targeted exploration: a. Climate Emissions focus and system coherence (per Te Pūrengi discussion on 11 December 2025 - 11122025/04) b. Maximizing economic development, productivity, and innovation (ECO-25-SUB-0218) c. Adaptive, performing, responsive and enabling systems (per MfE Operating Model).	

Purpose

1. As MCERT begins to form, this paper provides Te Pūrengi with a clear and constructive view of key MfE interests, early opportunities for cross-agency delivery, and areas where further exploration may be useful. Our intent is to support the work of the Integrated Management Office (IMO) by offering 'no regrets' preparation that makes their job easier. This approach helps us deliver confidently over the next four months while also setting ourselves up well for the future.

Background

2. The operating environment for MfE is becoming more complex and interconnected, with decisions in one part of the system increasingly affecting others.
3. Significant shifts are underway across planning, local government, the science system, emergency management, transport strategy and infrastructure funding. Climate considerations run through all these changes. Councils are reorganising, partnerships are evolving and mandates are being reshaped, including a reset of governance arrangements for natural hazard risk reduction.
4. In this context, the timing of when we surface emerging issues and opportunities matters. Early, system-wide consideration helps us identify patterns, dependencies and trade-offs while there is still flexibility to respond, align activity and shape high-quality advice.
5. In a merger environment, it is easy to focus on structure charts, transition plans and immediate operational decisions. These tasks are necessary, but on their own they will not unlock the value of MCERT or give people a shared direction to work toward.
6. While the IMO will design MCERT's future operating model, MfE can support this process by demonstrating our ideas, readiness and constructive leadership. This includes showing how MCERT could become greater than the sum of its parts, delivering better outcomes for cities, regions, transport systems and environmental and economic resilience.

Analysis and advice

7. This paper provides initial advice on areas we may wish to explore further, particularly where integration across functions or agencies has the potential to improve outcomes or strengthen confidence in delivery over time.
8. To this end, we seek Te Pūrengi direction on:
 - Opportunities and approaches for early collaboration and joint delivery with other agencies
 - Matters for MfE leadership to champion and promote through IMO's deliberations
 - Strategic opportunities to bring the MCERT vision to life.
9. This paper draws on TP's previous strategic discussions, and also the draft Performance Plan Key Impact Areas that you will be considering next week on 3 March 2026.

Opportunities for joined-up, cross-agency advice pre-July and shortly post-July

10. Minister Bishop has made his expectations clear that we need to deliver joined-up, cross-agency advice.
11. To meet his expectations, and to ensure improved quality of advice, we recommend taking a more deliberate 'one agency' approach on the following work:
 - a. Key work programmes: Planning system - departmental report + implementation; Adaptation, natural hazard risk reduction and resilience¹; Local Government reform.
 - b. Public service accountability: Business planning; Performance plans; Briefing for the Incoming CE (BICE) – as guided by and overseen by the IMO.
 - c. Emerging opportunities where appropriate: such as the Wellington wastewater inquiry, and severe weather events.

¹ Including the Climate Change Response (Climate Adaptation and Other System Improvements) Amendment Bill

12. If these areas are agreed with the IMO and partner agencies, we can treat them as early pilots. This will allow us to track progress, learn what works and apply those lessons to other joint work once the merger takes effect in July.
13. We consider that existing accountability and reporting products this financial year, including the Strategic Intentions, the Annual Report, Scrutiny Week preparation and the Briefing for the Incoming Minister (BIM), do not need to be fully joined up before July. However, establishing consistency in how we approach our public service accountability requirements ahead of 1 July will make delivery in late 2026 and early 2027 smoother. We would like to promote a culture of no regrets preparation to support the IMO and ease the transition.
14. Attachment 1 provides an overview of this work and why they would benefit from a coordinated, joint-agency approach.

Functions to be championed and sustained through transition

15. Having considered MfE's work programme, Strategic Intentions, and the interests of other MCERT agencies, we suggest the following functions should be supported and sustained through transition, as they will help the new ministry operate effectively from day one:
 - a. *Understanding the natural environment*: Using land, water, climate and natural hazard realities as the starting point for growth, development, infrastructure sequencing and regional viability. This helps decisions remain grounded in what is safe, possible and affordable over time.
 - b. *Statutory spine*: Maintaining the core statutory obligations that anchor trust and cross-government action, including environmental reporting, the National Monitoring System, the GHG Inventory and LUCAS. These products give the system a stable and credible evidence base.
 - c. *Core relationships*: Sustaining the trust-based relationships with councils, regional entities, science providers, infrastructure agencies and industry. These partnerships are essential for place-based decisions and are already being reshaped by local government reform.
 - d. *Te Tiriti obligations and relationships*: Upholding the Crown's Tiriti responsibilities through trusted partnerships with iwi, and recognising iwi interests in land, water and taonga. This is foundational for legitimate, durable environmental and planning decisions and for honouring Treaty settlement commitments.
 - e. *Evidence integrity and assurance*: Maintaining a clear and disciplined approach to how we commission, prioritise, assure and communicate evidence. This supports good investment decisions, strengthens Ministerial confidence and ensures advice remains safe and well-supported.
 - f. *Digital enablement and data foundations*: Working with our MCERT partners to protect and integrate shared data, standards and digital foundations. This will help preserve existing investment in the planning system transformation and reduce the risk of fragmented or inconsistent systems through transition.
 - g. *Resource efficiency*: Supporting resource efficiency as a core system lever for emissions reduction, investment stewardship and environmental risk management. This will help avoid fragmentation, delivery gaps and erosion of confidence.
16. Attachment 2 provides a table overview of these pieces of work, why they matter to both MFE and MCERT objectives. Where appropriate, Te Pūrengi members are invited to support and promote these areas in discussions with the IMO, and to keep them in view when navigating trade-offs.

Strategic opportunities

17. Recent work on digital enablement has shown the value of early preparation, where Te Pūrengi's leadership helped us anticipate needs and respond more effectively once formal Ministerial requests arrived. In Te Pūrengi's December discussions (Ref: 11122025/04), you noted the need to lift innovation, enhance the quality of strategic advice and ensure key issues are surfaced early.
18. In that same discussion, Te Pūrengi observed that the climate programme faces structural challenges, with an underperforming ETS and limited appetite for new policy measures. This

creates real risk for one of government's core delivery areas and highlights the need for clear system-level advice (Minutes: 11122025/04).

19. More recently, at the 17 February meeting, Te Pūrengi identified the need for a wider coherence view of resilience activities. This included adaptation, risk reduction and resilience, and the opportunity to position a range of initiatives in a way that supports the merger and provides clarity for the new agency. (Minutes: 17022026/04).
20. Building on this approach, we have identified several other no regrets areas where early integration and innovation could lift system impact, and where timely preparatory work would reduce strategic risk before delivery issues emerge. These areas move beyond simply combining functions and can contribute to a wider conversation about MCERT's potential to support better cities, stronger regions, and economic and environmental resilience.
21. These opportunities could inform both Ministerial and IMO consideration, and to support the incoming Chief Executive (via the BICE) and incoming Minister (via the BIM), particularly where current approaches may not be sufficient to respond to emerging system challenges. Our intention is not to get ahead of joint work. Rather, it is to ensure we have done the necessary preparation, so the transition is smoother and early delivery is more straightforward.
22. The following topics may therefore represent no-regrets strategic opportunities for targeted exploration by a small group of chief advisors:
 - a. Climate, with a focus on emissions and system coherence (per Te Pūrengi discussion on 11 December 2025 - 11122025/04)²
 - b. Maximizing economic development, productivity, and innovation (per ECO-25-SUB-0218)
 - c. Adaptive, performing, responsive and enabling systems that improve outcomes over time by enabling others across systems and moving proactively (per MfE Operating Model).
23. **Attachment 3** provides an overview of this work, the scope we propose, and why they may warrant investigation as a strategic opportunity.
24. Should Te Pūrengi confirm that further advice is sought, a small team will work these up, and report back on recommended actions, including input in the future BIM (as per Recommendation 3).

Attachments:

Attachment 1 — Opportunities for joined-up, cross-agency advice pre- and post-July

Attachment 2 — Work to be championed and sustained through transition

Attachment 3 — Strategic opportunities for exploration

² NB The Parliamentary Commissioner for the Environment is intending to table a report on "The Future of the NZ ETS" in Parliament mid-2026.

Attachment 1 — Opportunities for joined-up, cross-agency advice pre-July

Table 1: Opportunities for joined-up, cross-agency advice pre-July	
Key work programmes	
Planning system - departmental report + implementation	A more joined-up approach will help us support the planning system transformation, which is intended as a whole-of-system change, not a single-agency reform. A shared effort will make it easier to prepare a coherent Departmental Report, support early implementation decisions that are well-sequenced and consistent, and give councils, iwi, Ministers and Parliament confidence that the new system will work as intended from day one. Working together will also help ensure readiness of key partners, such as local government, and support the delivery of national instruments, digital enablement, performance expectations (including Treaty settlements) and risk management. This is an area where early preparation is likely to make the transition smoother.
LG reform	Local government will remain a critical delivery partner for the current Resource Management system, the new planning system and other statutory responsibilities such as environmental reporting. There is an opportunity, both through and ahead of the merger, to support a shared understanding of how roles and responsibilities come together across MCERT agencies and ensure that joint interests are recognised early. Helping to build a more coherent picture now should reduce uncertainty for councils and ease later implementation.
Adaptation, natural hazard risk reduction and resilience	MCERT provides a rare opportunity to bring adaptation, risk reduction and resilience together as a coherent system, supported by decision-ready evidence. A shared approach will also be needed as the Climate Change Response (Climate Adaptation and Other System Improvements) Amendment Bill moves across transport, infrastructure efficiency and investment settings. We can help by framing these changes as a coherent package rather than MfE-only reforms. Past experience shows that early system alignment makes later Ministerial engagement and implementation considerably easier.
Public service accountabilities	
Business planning	From 1 July 2026, a combined business plan will guide how MCERT delivers and reports. A joined-up approach to business planning would give greater visibility across work programmes and help identify efficiencies. Ahead of this process, we will need guidance from the IMO on which workstreams should remain separate and which might be combined. Initial thinking by the IMO is likely to focus on organisational structure and allocation of responsibilities across new or merged teams. Our early preparation is intended to support, not pre-empt, this work.
Performance plans	Each agency is currently preparing its Performance Plan for the June deadline. Draft Key Impact Areas will come to Te Pūrengi on 3 March, before going to Ministers. We expect Ministers will want to see joined-up advice. Early testing of the KIAs shows strong commonality across agencies' Strategic Intentions, which suggests there is value in exploring alignment. Our role is to help the IMO by providing early clarity where it is useful.
Other emerging opportunities	
Wellington wastewater inquiry	Given shared interests and high levels of public and political scrutiny, it may be sensible for MfE and DIA to partner on this inquiry (if needed). A coordinated approach may help manage risks and ensure consistent communication.
Briefing for the Incoming CE (BICE)	While the IMO will lead the development of the BICE, contributions from across agencies will be needed. Early preparatory work of the kind outlined in this paper will help ensure MCERT is ready to provide coherent, high-quality advice to the new CE.

Table 3: Opportunities for joined-up, cross-agency advice shortly post-July	
Strategic Intentions	The new ministry will need to prepare an MCERT Strategic Intentions document in late 2026 for tabling in early 2027, so that the 2027 Annual Report reflects the new agency's priorities. The process of developing Strategic Intentions is also a helpful opportunity to bring staff together and build a shared view of the new agency and its focus. Preparing early will make the transition smoother for those involved.
Annual Report	All agencies will be required to publish a 2025/26 Annual Report, typically in October, linked to their current Strategic Intentions. There may be value in exploring a combined approach rather than four separate reports, as there is already a high level of commonality across the Strategic Intentions documents. Some separate responses may still be needed, but a joined-up approach could reduce duplication and support consistency.
Scrutiny week preparation	Will need to deliver as MCERT by early December (expected date).
BIM	Will need to deliver as MCERT by mid-November (expected date).

Attachment 2 — Work to be supported and sustained through transition

Table 2: Work to be supported and sustained through transition		
The Work	Why it is core to MCERT:	What must be protected:
Understanding the natural environment <i>Using land, water, climate and hazard realities as the starting point for growth, development, infrastructure sequencing and regional viability.</i>	- These environmental signals determine where New Zealand can grow safely and affordably. - When used early, they reduce long-term liabilities and avoid placing communities or infrastructure in harm's way. - This shifts conversations from “constraints” to opportunity and resilience.	- The narrative that environment and development are inseparable, not competing domains. - The natural environment is a valuable asset, critical to the country's economic success and the safety of its people. - Limits, data and monitoring systems that allow MCERT to articulate risk and opportunity at place.
Statutory spine <i>The core statutory obligations that anchor trust, resilience and cross-government action, including Environmental reporting; National Monitoring System; GHG Inventory; LUCAS (Land Use and Carbon Analysis System); CCRA obligations (e.g. targets, budgets, ERPs and NAPs).</i>	- These obligations define how NZ understands long-term change, emerging risks and fiscal liabilities. - They anchor public trust and cross-government action. - Without them, MCERT cannot provide Ministers with defensible, explainable advice.	- Treating the statutory spine as stewardship platform, not compliance. - Maintaining continuity and quality through transition (a major delivery risk Te Pūrengi must oversee).
Core relationships <i>Non-negotiable, trust-based relationships with councils, regional entities, science providers, infrastructure agencies and industry. These relationships are already being reshaped by local government reform and changing delivery models.</i>	- MCERT cannot deliver planning, resilience, environmental or climate outcomes without strong council partnerships, especially as councils reorganise and mandates shift. - These relationships provide the trusted data, local context, access to critical datasets and social licence that make decisions implementable on the ground.	- The working norms, trust structures and data partnerships that enable high-quality decisions. - A clear view of which relationships are mission-critical for delivery and system performance. - A strategy for maintaining these relationships through disruption such as merger and reform.
Te Tiriti obligations and relationships <i>Upholding the Crown's Tiriti responsibilities and trusted partnerships with iwi, and recognising iwi relationships with land, water, and taonga as a foundation for legitimate, durable environmental and planning decisions, including the delivery of Treaty settlement commitments.</i>	- In December, Te Pūrengi affirmed the Crown–Māori relationship as an ongoing strategic priority — this must remain stable through disruption. - The Crown is committed to upholding Treaty settlements through the transition to the new planning system. MCERT will inherit a significant number of Treaty settlement commitments that must be stewarded through transition and reform. - MCERT must ensure Post Settlement Governance Entities and Māori group redress is appropriately recognised in legislation, national instruments, and guidance, and that decision-makers are supported with clear, consistent direction.	- Continuity of Crown–Māori relationships and trust - Capability to uphold Treaty obligations and commitments - Clear stewardship of Treaty-consistent system settings
Evidence integrity and assurance <i>How we commission, prioritise, assure and communicate evidence, so we invest in the right things and give Ministers safe, trusted advice.</i>	- Limited budget means we must focus evidence investment where it delivers the greatest system value and leverage science, councils and industry investment. - If evidence integrity slips, MCERT loses trust, influence and credibility with Ministers, councils, the courts and the public.	- Clear prioritisation of what evidence matters most. - Transparent, repeatable methods and models that can withstand challenge. - Stewardship of sovereign datasets as national decision infrastructure.
Digital enablement and data foundations <i>Shared data, standards, and digital foundations, relying on coordinated stewardship with system partners to protect existing and planned investment for the planning system transformation and avoid fragmented or inconsistent systems through transition.</i>	- Digital and data enablement gives decision-makers access to the same clear, reliable information, supporting consistent and defensible. - Shared data, standards, and digital foundations ensure investment builds a single coherent system, not a patchwork of disconnected solutions. - Strong digital and data capability supports system-level monitoring and course correction, enabling proactive stewardship that generates trust and social licence.	- Data standards, core datasets, and interoperability - Coordinated stewardship of digital and data investment - Capability and governance that underpin trusted decisions
Resource efficiency <i>A core system lever for emissions reduction, investment stewardship, and environmental risk management that must avoid fragmentation, delivery failure, and erosion of Ministerial confidence.</i>	- Waste and resource efficiency underpins emissions reduction, environmental risk management, and stewardship of levy-funded investment. - It requires stable policy direction, coherent system leadership, and system confidence, given market scrutiny. - Fragmentation or loss of capability during transition would increase the risk of delivery failure and erode Ministerial confidence, with long-term consequences for system performance.	- Waste policy settings, legislation, and national direction - Levy-funded investment stewardship and delivery pipelines - Capability and relationships that underpin emissions and waste outcomes <i>Can work more closely with DIA on common interests post-July</i>

Attachment 3 — Strategic opportunities for exploration

Table 4: Strategic opportunities for exploration		
Strategic opportunity	Why this is an opportunity	What we can explore
System-level coherence for adaptation, risk reduction and resilience (already agreed by Te Pūrengi)	- Multiple reforms are underway across resource management, the science system and risk financing. These reforms will shape mandates, capability and data access for years to come. There is value in supporting the IMO and partner agencies to think ahead, so these changes align rather than diverge. - MCERT has a rare opportunity to bring adaptation, natural hazard risk reduction and resilience together as a coherent system. Some work is already underway, and early alignment across environment, development, climate risk and infrastructure will help the new agency operate more smoothly and give Ministers and delivery partners greater confidence.	- A single MCERT-wide resilience narrative that connects hazards, climate risk, infrastructure, insurance pressures and fiscal risk in a way people can use. - Practical ways to support alignment across the major reforms, building on work already in progress, so the system develops as one rather than as separate tracks. - How evidence, including national hazard datasets, can best underpin the system so that decisions are timely, consistent and well supported.
Climate programme – Emissions focus and system coherence	- Te Pūrengi noted in December (Ref: 11122025/04) that the climate programme faces structural challenges, creating real risk for one of government's core delivery areas. - MCERT's formation provides an opportunity to actively advise on how to lift ambition for mitigation measures or risk the emissions focus becoming further diluted, unless it is intentionally embedded in policy settings, governance structures and institutional design. - With MCERT bringing together CEs currently involved in the CCIEB, there is both risk and opportunity at a time when Ministers and the incoming CE will be looking for credible, stable, system-level emissions advice. - This will also help balance the different parts of the climate programme as adaptation lifts in prominence.	- How to ensure system-wide coherence for emissions reduction across all MCERT portfolios (planning, transport, housing, water, infrastructure). - Options to future-proof legislative and institutional arrangements so climate responsibilities remain clear, durable and not vulnerable to dilution in the new agency. For example, how Ministers will retain clear lines of accountability for emissions advice and whether climate mitigation needs a clear separation of roles in the new agency (policy, delivery, monitoring). - Ways to strengthen advice, delivery models and accountability so that Ministers receive joined-up, confident, internationally credible emissions advice. - Whether MCERT should develop a unified emissions narrative (like the ERP) that supports alignment across HUD, MoT, DIA and MfE.
Maximizing economic development, productivity, and innovation	- With new planning legislation and a stronger focus on adaptation and resilience, there is an opportunity to apply its combined powers more deliberately to lift productivity, economic development and innovation—one of the core reasons for establishing the new agency (per ECO-25-SUB-0218). - Across planning, environment, climate and resource recovery, we can better leverage our tools (and that of partner agencies) to strengthen New Zealand's international competitiveness and investment appeal. - This includes a more active role in shaping settlement patterns, housing outcomes and regional growth through spatial planning; identifying the comparative advantages of cities and regions, including clusters of economic infrastructure; and prioritising high-return urban, infrastructure and supply-chain investments that drive national productivity. - We could also support innovation precincts, economic clusters, logistics hubs and clean-energy zones that generate agglomeration benefits, higher-value employment and sustained economic growth. - These are core approaches taken through Regional Deals overseas, which leveraged here could deliver the “greater than the sum of the parts” advantages of MCERT.	- Where we could potentially influence economic development and productivity outcomes across our remit, and where leveraging the broader reach of MCERT functions. - Where planning, climate, environmental and resource-recovery levers could be applied more deliberately to support productivity, economic development and innovation. - How a national-level view of regional and city comparative advantage could inform planning and investment approaches that maximise national economic outcomes. - How planning and infrastructure settings could better enable: - innovation-led activity, including innovation precincts, economic clusters, logistics hubs and clean-energy zones that deliver agglomeration benefits and higher-value employment. - urban, infrastructure and supply-chain investments to generate wider regional and national productivity gains over time. - How our combined data, modelling and spatial capability could support evidence-led economic development, and more productive use of land and infrastructure.
Adaptive, performing, responsive and enabling systems	- An adaptive management approach enables MCERT to support growth and resilience by acting early, managing trade-offs explicitly, and maintaining confidence before problems escalate. - This shifts the Ministry from responding to failure to actively monitoring outcomes and feedback, working with partners to keep systems on track as conditions change and embedding systems that adapt rather than degrade over time. - It moves beyond reporting trends to presenting clear “so what” options, prioritised by impact and Ministerial interest, so decisions are taken while there is still genuine choice. - It involves working collaboratively with councils, iwi, regulators and agencies to diagnose root causes and apply the right mix of levers—guidance, capability lift, investment or regulatory change. - Shortening the feedback loop between settings and outcomes allows earlier course-correction, maintaining public trust, market confidence and system credibility at lower cost than repairing failure.	- How current monitoring, reporting and stewardship capabilities are operating today, and where they provide a foundation for a more adaptive and responsive approach. - What practical options exist to improve feedback loops (including monitoring, reporting and foresight) so they better inform timely intervention, rather than retrospective action. - How feedback from councils, iwi, regulators and system users is currently received and acted on, and where there may be scope to test more enabling, place-based approaches. - What it would mean in practice to extend MfE's established regulatory and policy role toward providing earlier system insight and decision-ready choices, alongside its existing responsiveness to Ministerial direction.