



Climate Change Chief Executives Board

**Meeting papers
Tuesday 21 November 2023**

1.30–2.00pm



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 21 November 2023, 1.30–2.00pm

Online via MS Teams

Attendees	James Palmer (Chair, MfE), Caralee McLiesh (Tsy), Carolyn Tremain (MBIE), Penny Nelson (DoC), Ray Smith (MPI), Siobhan Routledge (MoT delegate)		
Invited	Jo Hendy, Chief Executive, Climate Change Commission		
In support	Lisa Daniell, Chris Nees, Rachael Church (IEB Unit)		
Agency attendees	Victoria Hallum (MFAT)		
Apologies	Audrey Sonerson (MoT), Dave Gawn (NEMA), Paul James (DIA), Aaron Martin (CL)		
Previous meeting: 25 October 2023		Current meeting: 21 November 2023	Next meeting: 5 December 2023
<ul style="list-style-type: none"> Context sharing Approach to the Board's advice to incoming government 		<ul style="list-style-type: none"> External engagement: Jo Hendy, Chief Executive, Climate Change Commission <p>Round robin papers (to be circulated under separate cover):</p> <ul style="list-style-type: none"> Updated emissions projections and sufficiency assessment (in 12-05 pack, pt.2) Updated advice on CCRA (in pack 10-25) 	<ul style="list-style-type: none"> Context sharing Collective advice on incoming government priorities Update on adaptation work programme for the Board ERP2 progress update Approach to third monitoring and reporting progress report (for noting)
#	Time	Item	Recommended actions
Chair's opening comments / karakia tīmatanga			
1.0	1300-1330	<p>External engagement: Jo Hendy, Chief Executive, Climate Change Commission</p> <p>The Climate Change Commission's final ERP2 advice is scheduled to be delivered to the Minister of Climate Change on 22 November. Jo will discuss consultation themes and recommendations for government on direction for the next ERP.</p> <p>Supporting paper:</p> <p>1.1 <i>Aotearoa New Zealand's second Emissions Reduction Plan: Topics ahead of discussion with the Climate Change Commission*</i>.</p> <p>*May 2023 paper recirculated as a summary of the contents of the Commission's draft ERP2 advice (pre-consultation) and its key recommendations.</p> <p>Suggested discussion points:</p> <ul style="list-style-type: none"> Any key areas of change in the Commission's final advice (compared to draft advice), or areas where there was significant divergence of views expressed through consultation? Are there any adjustments the Commission has made in light of any of the incoming government's indicated priorities? 	<p>Note the update provided by the Climate Change Commission</p>
2.0	-	<p>Meeting Administration</p> <p>Supporting papers:</p> <p>2.1 <i>Minutes of the previous meeting, 25 October 2023</i></p> <p>2.2 <i>Indicative forward calendar</i></p>	<p>Approve the minutes of the previous meeting</p> <p>Note the indicative forward calendar</p>
Chair's closing comments / karakia whakamutunga			



Aotearoa New Zealand's second emissions reduction plan: discussion with the Climate Change Commission

Climate Change Chief Executives Board

[From May 2023 Board paper - Summary of the contents of the Commission's draft ERP2 advice (pre-consultation) and its key recommendations.]

Executive summary

On 26 April 2023, the Climate Change Commission (Commission) released its draft advice for the second emissions reduction plan (ERP2). To support the Board's meeting with the Commission in May, agencies identified six suggested system-wide themes (see below). The Commission then consulted and is shortly producing its final advice on ERP2 (late November).

- **Empowering Māori:** We need to improve our understanding of (a) their potential of iwi/hapū to drive emission reduction and/or increase resilience, and (b) the funding and levers they require to increase this contribution.
- **Committing to levels of gross emissions:** Committing to a specific level of gross emissions could have a range of benefits (eg, save long-term costs, improve ability to maintain net zero post-2050), but could also reduce flexibility in how we meet our emissions budgets. The intent and implications of these recommendations need to be carefully considered, as well as their interplay with sector sub-targets and the upcoming 2050 target review.
- **Forestry and link to the NZ ETS:** Decisions on the level of gross emissions within each emissions budget are likely to have significant implications for the design and operation of the NZ ETS. It is important to note that the NZ ETS review is currently exploring options to drive greater gross emissions reductions in the NZ ETS, while continuing to support removals. These include options that would separate incentives for reductions and removals.
- **Energy and transport:** Reducing emissions in these sectors is critical if we are to meet the second and third emissions budgets. In both sectors, ERP2 needs to include actions to reduce emissions in the short-term (EB2) and enable significant reductions in longer-term (EB3 and beyond).
- **Better integration with adaptation:** We will actively consider the importance of integrating adaptation and mitigation actions as ERP2 progresses.
- **Managing the impacts of a rising carbon price.** The Commission has stressed that the Government needs to consider the distributional implications of a rising carbon price. Possible options include the introduction of a carbon dividend and/or changes to the benefit system.

This material does not cover all the points raised in the Commission's draft advice. Instead, it is focused on the areas that are likely to have the greatest system-wide implications.

Purpose and context

Purpose

The Board is meeting with the Climate Change Commission (Commission) to discuss its advice for the second emissions reduction plan (ERP2).

To support your discussion, this slide pack provides:

- Points around six key system-wide considerations identified from the Commission's **draft** advice.
- Supplementary questions.

Context

- On 26 April 2023, the Commission released its draft advice on the policy direction for ERP2.
- The Commission has undertaken consultation to inform its final advice for ERP2 (due by 31 December 2023).
- The second emissions reduction plan must be published by 31 December 2024. In preparing this plan – and the policies and strategies it contains – the Government must consider the Commission's recommendations.

What is the Commission's draft advice?

In its draft advice for ERP2, the Commission has:

- Stressed the importance of iwi/Māori leadership and the exercise of rangatiratanga under Te Tiriti, through direct funding to mandated tribal entities and greater targeted funding for Ture Whenua Māori entities (rec 4).
- Proposed more funding and prioritisation of mātauranga Māori, particularly at local level, and for iwi/Māori to drive the creation and integration of their mātauranga into climate policy (rec 5).
- Specified that funding could be for both mitigation and adaptation purposes, depending on tribal priorities.

What are our initial thoughts?

- This meeting is an opportunity for the Board to clarify the intent of the Commission's recommendations and their possible implications.
- Both recommendations point to the Crown divesting significantly more resources directly to iwi/hapū over the long-term and creating the right institutional architecture to enable this.
- The Commission stresses the huge potential of tribal entities to develop and deliver climate action. [s 9\(2\)\(f\)\(iv\)](#)

What could you ask?

1. What does the Commission suggest for Government to do in order to give effect to its recommendations (4 and 5) in practice?
2. If Government divests funding directly to tribal entities, does the Commission consider that there is a role for Government to ensure the spending has some alignment with our national emissions reduction targets and tracking?
3. Does the Commission have any thoughts on the quantum of funding that would make a material difference to iwi/hapū and Māori landowners?

Indicative levels of gross emissions

What is the Commission’s draft advice?

In its draft advice for ERP2, the Commission has strengthened its call to focus on gross emissions. More specifically, it proposes that the Government:

- Commits to a specific level of gross emissions for the second and third emissions budgets (EB2 and EB3 respectively) no less ambitious than 362 Mt CO₂e and 322 Mt CO₂e respectively and ensure that its policy choices align with delivering this outcome (rec 1).
- Communicates indicative levels of gross emissions and CO₂ removals from forestry out to 2050 and beyond to guide policy development (rec 2).
- Makes the emissions pricing system (particularly the NZ ETS) consistent with delivering the specific levels of gross emissions for the second and third emissions budgets (see above), and with the 2050 net zero target (rec 3).

What are our initial thoughts?

- s 9(2)(g)(i)
[Redacted text]
- [Redacted text]
- [Redacted text]

What could you ask?

1. The Commission is required to review the 2050 target and provide the Government with advice on any amendments by the end of 2024. How does recommendation 2 interact with this existing process?
2. How would the Commission see the commitment to specific levels of gross emissions interacting with the emissions budgets and demonstration pathway?

What is the Commission's draft advice?

The Commission's draft advice proposes that the Government:

- Set and implement integrated objectives for the forestry sector, in a way which gives effect to the principles te Tiriti, including the need to clarify both the volume and type (exotic/native) of forests that the Government wishes to see (rec 15).

What are our initial thoughts?

- This is closely linked with the Commission's proposed recommendation to adjust the NZ ETS to separate the incentives for gross reductions and for forestry-based removals in a way that sets up a system to provide stable incentives for removals from forestry out to and beyond 2050 (rec 3).
- Officials from the Ministry for the Environment and the Ministry of Primary Industries agree that integrated objectives for the role of forests are required. A Carbon Removals Strategy will, in part, contribute to recommendation 15. However, other work will be needed to fully address the recommendations. This will complement other actions that are currently being progressed as part of ERP1, including proposals to redesign the permanent forestry category in the NZ ETS and a broader review of the NZ ETS.

What could you ask?

1. What does the Commission see as the high-level policy questions that would be addressed by an integrated set of objectives?
2. What is the Commission's rationale for the balance of native and exotic planting in its demonstration pathway? How did it weigh up the relative costs and benefits (including co-benefits) of native and exotics?
3. In the Commission's view, what would a Treaty-compliant process that balances forestry sector participants, landowners and mana whenua look like? Noting that these actors may have different objectives and priorities.

What is the Commission's draft advice?

The Commission suggests that the biggest emissions reductions must be in energy generation and process heat in EB2, and in transport in EB3. These sectors need a short-term focus on actions to reduce emissions during EB2, while also laying the foundations for more significant reductions in EB3.

The Commission's draft advice contains several proposed recommendations for energy and transport, including proposals that the Government:

- Prioritise and accelerate renewable electricity generation build and ensure electricity distribution networks can support growth and variability of demand and supply (rec 13).
- Pursue more widespread process heat decarbonisation and establish mechanisms to decarbonise other industrial sectors and processes (rec 14).
- Simplify planning and increase funding of integrated transport networks that optimise public and active transport. For major population centres, the Government could also complete cycleway networks by 2030 and take steps to complete rapid transport networks by 2035 (rec 16).

What are our initial thoughts?

Increased renewable electricity generation is fundamental to driving decarbonisation of our homes and the energy, transport and industrial sectors

Energy –

- s 9(2)(g)(i)
- Many barriers require progress on electricity market measures.

Transport –

- While rapid projects are important, we also need to focus on improving the use of public transport services (typically quicker and cheaper).
- It may be more appropriate to deliver frequent public transport networks in smaller cities by 2035 (eg, Hamilton and Tauranga).

What could you ask?

1. What is the likelihood of achieving the proposed transport recommendations, given the infrastructure constraints the sector faces?
2. What are the key enablers needed in ERP2 to enable the large transport emission reductions in EB3?
3. What does the Commission see as the priority action for Government to give effect to the transport and energy recommendations?

What is the Commission’s draft advice?

The Commission's draft advice highlights the need to consider adaptation as part of the emissions reduction plan. This includes its proposed recommendations to:

- Expand the scope of the Equitable Transitions strategy to include adaptation (rec 6).
- Set and implement integrated objectives for the role of forests with respect to emissions mitigation and adaptation (rec 15).

What are our initial thoughts?

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

What could you ask?

1. In addition to the Equitable Transition Strategy, what other areas or sectors does the Commission see as a priority for Government to better integrate adaptation and mitigation?

Managing the impacts of a rising carbon price

What is the Commission's draft advice?

- The draft advice contains stronger language on the need to consider the regressive implications of a *rising carbon price* and suggests that changes to the wider welfare system or a 'carbon dividend' may be required to enable a just transition.

What are our initial thoughts?

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

What could you ask?

1. What does the Commission see as the relative merits of a universal carbon dividend versus more targeted support?



Ministry for the
Environment
Manatū Mō Te Taiao

Appendix:

Proposed (draft) recommendations for the second emissions reduction plan

The Commission's proposed recommendations for ERP2 (draft)

Recommendation 1

Commit to a specific level of gross emissions for the second and third emissions budgets (EB2 and EB3 respectively) no less ambitious than 362 Mt CO₂e and 322 Mt CO₂e respectively and ensure that its policy choices align with delivering this outcome.

Recommendation 2

communicate indicative levels of gross emissions and carbon dioxide removals from forestry out to 2050 and beyond to guide policy development.

Recommendation 3

Make the emissions pricing system consistent with delivering the specific levels of gross emissions for the second and third emissions budgets, and with the 2050 net zero target, by:

- a. implementing an amended NZ ETS that separates the incentives for gross emissions reductions from those applying to forestry
- b. developing an approach that can provide durable incentives for net carbon dioxide removals by forests through to and beyond 2050.

Recommendation 4

Accelerate Iwi/Māori emissions reductions in conjunction with climate change adaptation initiatives, by exploring and implementing a mechanism to allocate resourcing direct to Iwi and increase funding to Māori landowners (Te Ture Whenua entities).

Recommendation 5

Ensure Iwi/Māori can drive the integration of mātauranga Māori into policy design, development, and implementation at central and local government level, by delivering sufficient resources to Iwi/hapū.

Recommendation 6

Enable a fair, inclusive, and equitable transition for New Zealanders by expanding the scope of the Equitable Transitions Strategy to include compounding impacts of climate change and adaptation as well as mitigation

Recommendation 7

Make use of existing mechanisms to manage impacts of climate policies in the interim, rather than delaying climate action.

Recommendation 8

Enhance advisory and extension services to farmers to enable them to respond to pricing and accelerate the adoption of emissions-efficient practices, appropriate land-use diversification, and emerging technologies to reduce gross emissions. These services could be co-designed and implemented in partnership with industry and Iwi/Māori.

Recommendation 9

Advance the agricultural emissions pricing system to:

- a. enable recognition of a broader range of emissions-reducing practices and technologies, and
- b. incentivise gross emissions reductions in line with the 2050 target.

Recommendation 10

Implement an integrated planning system that builds urban areas upward and mixes uses while incrementally reducing climate risks.

The Commission's proposed recommendations for ERP2 (draft)

Recommendation 11

Incentivise comprehensive retrofits to deliver healthy, resilient, low-emissions buildings.

Recommendation 12

Prohibit the new installation of fossil gas in buildings where there are affordable and technically viable low emissions alternatives in order to safeguard consumers from the costs of locking in new fossil gas infrastructure.

Recommendation 13

Prioritise and accelerate renewable electricity generation build and ensure electricity distribution networks can support growth and variability of demand and supply.

Recommendation 14

Pursue more widespread process heat decarbonisation and establish mechanisms for other industrial sectors and processes to decarbonise.

Recommendation 15

Set and implement integrated objectives for the role of forests with respect to emissions mitigation and adaptation, while giving effect to the principles of te Tiriti o Waitangi/the Treaty of Waitangi.

Recommendation 16

Simplify planning and increase funding of integrated transport networks that optimise public and active transport. For major population centres, the Government could also complete cycleway networks by 2030 and take steps to complete rapid transport networks by 2035.

Recommendation 17

Rapidly resolve the barriers to scaling up vehicle charging infrastructure.

Recommendation 18

Develop incentives to accelerate the uptake of zero emission commercial vehicles, including vans, utes and trucks.

Recommendation 19

- a. Apply regulatory and policy instruments to achieve the optimal use and efficiency of landfill gas capture systems and technologies at all landfills.
- b. Improve the accuracy and transparency of landfill gas capture data by reviewing and strengthening relevant regulatory and policy tools.



Climate Change Chief Executives Board

Meeting Minutes

Wednesday 25 October 2023, 11.00am – 12.00pm

Online via MS Teams

Attendees	James Palmer (Chair, MfE), Audrey Sonerson (MoT), Carolyn Tremain (MBIE), Paul James (DIA), Ray Smith (MPI), Aaron Martin (CL)	
In support	Lisa Daniell, Chris Nees, Amy Tisdall, Rachael Church (IEB Unit)	
Agency attendees	Anne Haira, Hemi Smiler, Stephen Goodman, Jemima Jamieson (MfE), Matt Maguire (Tsy)	
Apologies	Caralee McLiesh (Tsy), Penny Nelson (DoC), Dave Gawn (NEMA)	
Item		Action
Karakia timatanga		
1	<p>Open session: context sharing and new government priorities</p> <p>The Chair opened the meeting and noted the apologies received.</p>	
2	<p>Approach to the Board's advice to incoming government</p> <p>Lead: Climate IEB</p> <p>(a) IEB BIM</p> <p>Background: The IEB Unit has updated the BIM to include feedback from the Board and agencies, and what is known about the incoming government's priorities. The updated BIM will be recirculated to the Board and interagency directors.</p> <p>The Board agreed that the logos of Board members' agencies will be included at the front of the BIM, to represent the agencies collective, and that the Chair would sign the BIM on the Board's behalf, to facilitate prompt submission of the BIM.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • Ensure language used is neutral, through the lens of a new government. • The BIM provides an opportunity to outline: <ul style="list-style-type: none"> ○ the Board's architecture, including the coordination across agencies that enables a consolidated view of whether 2050 goals can be met; ○ that there are costs to agencies of working together, but greater costs if agencies are not coordinated and providing joined up advice on tradeoffs and the extent to which the government can deliver on its ambitions; ○ that the Board has very specific action plans which it oversees and drives across government. <p>(b) Stage 2 advice</p> <p>Background: This advice provides an overview of the emissions reduction plan (ERP) and the emissions budgets framework and includes legal advice on the requirements of the Climate Change Response Act (CCRA). The stage 2 advice has been tested with interagency directors and DCEs.</p>	<p>IEB Unit to circulate an updated version of the BIM. Logos of member agencies to be added to the front of the BIM and Chair to sign out final version on behalf of the Board.</p> <p>Lead: IEB Unit</p> <p>An updated version of the draft stage 2 advice will be circulated to the Board before sign-out by the Chair.</p> <p>Lead: IEB Unit</p>

The Board's feedback is requested on:

- s 9(2)(g)(i) [REDACTED]
- the neutral framing of the CCRA and its requirements for delivery of emissions budgets, s 9(2)(g)(i) [REDACTED]

Discussion points:

- Ensure language has minimal jargon.
- s 9(2)(g)(i) [REDACTED]
- More emphasis is needed on the challenge of sufficiency initiatives, including possible risks with portfolio level could have an impact on climate goals.
- The advice needs to outline that the climate response will have broad impacts on the economy, and effective communication with the public will help to build understanding and action.
- New Zealand's position relative to the multi-lateral, United Nations climate architecture and international trade environment should be included, including comparison with key trading partners.
- Advice should be clear about the scrutiny and litigation risk associated with any decisions made.

(c) Stage 3 advice

Background:

The stage 3 advice focuses on supporting the government to deliver its climate priorities, as outlined in the National Party's *100-day Action Plan* and *Blueprint for a Better Environment*.

Collective advice is being prepared to take to a group of climate Ministers if there is an opportunity, setting out how the Board plans to support the government to achieve its climate priorities. There are 4-5 common themes across the government's plans; collective advice will look across portfolios and outline trade-offs to consider within the different policies. The IEB Unit will work with agencies on the framing of this advice.

Discussion points:

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

IEB Unit to work with agencies on collective advice on the key themes in the National Party's *Blueprint for a Better Environment*, setting out decisions needed, key timeframes, tradeoffs, and cross-portfolio issues.

Lead: IEB Unit (with agencies)

The Board:

- 2.1 **Noted** that the IEB Unit will circulate an updated version of the draft BIM and stage 2 advice to the Board and agencies, showing tracked changes incorporating the Board's feedback.
- 2.2 **Agreed** that the Chair of the Board will sign out the BIM on behalf of Board members.
- 2.3 **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.

3	<p>Meeting administration</p> <p>Lead: Chair</p> <p>The Board:</p> <p>3.1 Approved the minutes of the previous meetings held on 17 August 2023 and 30 August 2023.</p>	
4	<p>Closing comments</p> <p>The Chair asked the IEB Unit to convey the Board's thanks to interagency Climate DCEs and Directors groups for the preparatory work on the advice to the incoming government.</p> <p>The meeting closed at 12.01pm.</p>	
Karakia whakamutunga		



Indicative Forward Calendar

Climate Change Chief Executives Board

MEETING DATE: Tuesday 5 December, 1.00 – 3.00pm

Indicative item focus	Purpose of item	Critical dates	Lead agency
Context sharing / ministerial priorities		-	All
Update on adaptation work programme for the Board, including review of NAP critical actions and adaptation indicators	Board agreed to commission analysis to develop a potential set of adaptation indicators to explore the 'sufficiency' of New Zealand's adaptation response, to consider including in the next six-monthly report.	DCEs for review/ feedback: 28 November	IEB Unit
Collective advice on incoming government priorities	To set out how we are collectively delivering on the incoming government's priorities, across portfolios	DCEs for review/ feedback: 28 November	IEB Unit / MfE (with agencies)
ERP2 progress update	An overview of progress, challenges to the programme and proposed 2024 timelines.	DCEs for review/ feedback: 28 November	MfE / IEB Unit
Noting papers:			
3 rd M&R report approach	Update Board on proposed approach to developing the 3 rd M+R progress report, including confirming with new Ministers their reporting requirements (draft briefing note to Ministers outlining the proposed reporting approach).	DCEs endorsed Commissioning approach: 15 November	IEB Unit
CCIEB Quarterly Dashboard	Corporate health dashboard update for CCIEB Unit		IEB Unit

External engagements to be arranged in 2024

Organisation	Frequency	Status
Business Advisory Group / Sustainable Business Council	Biannual	Scheduled for early 2024
LGNZ	Annual	
Māori Climate Platform / Oho Mauri Trust	Annual	
Adrian Orr, Reserve Bank Governor	Annual	Scheduled for early 2024
Climate Change Commission	Regular	31 May 2023; 21 November 2023
Aotearoa Circle	Annual	
International experts / thought leaders		Sir Jonathon Porritt - 1 August 2023 Andrew Caseley, EECA – 30 August 2023

Other external engagement to be arranged / TBC

Indicative item focus	Purpose overview
Engagement session: Local Government	Board and LGNZ representatives to meet and discuss upcoming priorities
Engagement session: Community Leaders	Board to hear from community leaders of areas effected by extreme weather events in North Island earlier this year
Engagement session: Māori and iwi partner / NICF	Board to hear about ongoing priorities for Māori partners across mitigation and adaptation.
Aotearoa Circle	Potential to share insights from the TNFD masterclasses with public and private sector