



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
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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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Commitments to recognising and rewarding the restoration of wetlands and planting native forests are included across the coalition parties manifesto commitments. Restoring these eco-systems has the potential to deliver significant carbon abatement in the short and long term while supporting climate resilience, biodiversity and freshwater outcomes, however often the climate benefit it not the key driver for the action to improve biodiversity or freshwater quality. 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

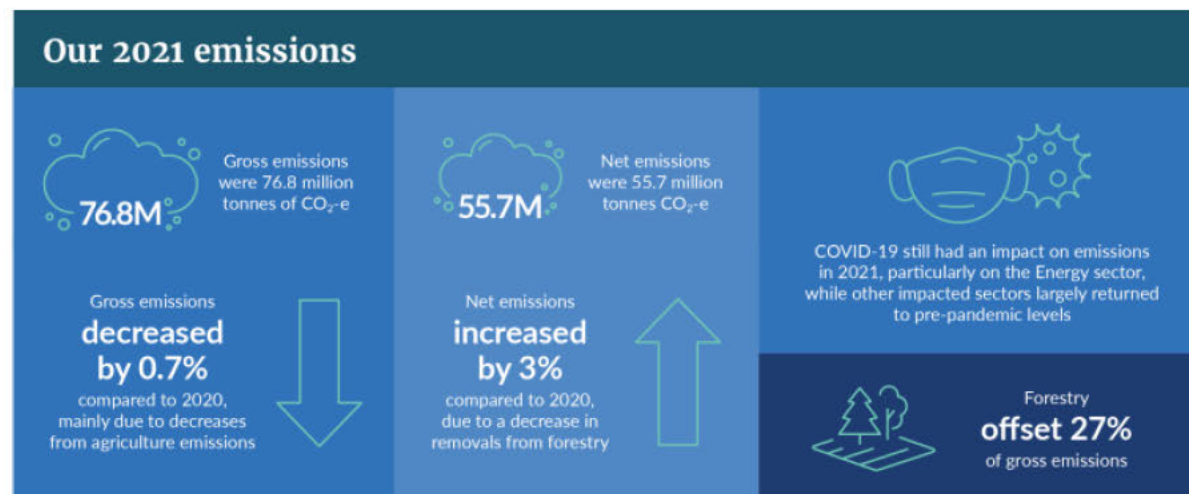
Key messages for delivering this priority area

- 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.

§ 9(2)(f)(iv)

The approach to delivering domestic emissions reductions will need to be consistent with international standards and obligations.

- 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. § 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.