

CLIMATE RESPONSE MINISTERIAL GROUP MEETING 21 SEPTEMBER 2021

Meeting Agenda Items			
Date		21 September 2021	
Main items		Agenda item 1: Emissions Reduction Plan: Initial discussion of accountability framework [Ministers only] Agenda item 2: Funding and Financing Aotearoa New Zealand's Climate Transition Out of Scope	
Date	Time	Location	Attendees
21 September 2021	8.30-9.30am	TBC	Chair: Rt Hon Jacinda Ardern, Prime Minister Deputy Chair: Hon James Shaw, Minister for Climate Change Hon. Grant Robertson – Minister of Finance; Minister of Infrastructure Hon. Nanaia Mahuta – Minister of Foreign Affairs; Local Government; Associate Māori Development Hon. Stuart Nash – Minister of Forestry; Minister for Economic Development Hon. Damien O'Connor – Minister of Agriculture; Minister for Biosecurity Hon. David Parker – Minister for the Environment Hon. Michael Wood – Minister of Transport Hon. Megan Woods – Minister of Energy and Resources; Minister for Housing Hon. Carmel Sepuloni – Minister of Social Development and Employment Hon. Poto Williams - Minister of Building and Construction Hon. Willie Jackson – Minister for Māori Development
#	Time	Agenda Item	Recommendations
1	8.30am-8.45am	Lead Speaker: Minister Shaw Emissions Reduction Plan: Initial discussion of accountability framework [Ministers only]	
	This item will: <ul style="list-style-type: none"> Provide recommendations on the accountability, governance and monitoring arrangements needed to support the implementation of the ERP <p>Supporting Documents: <i>Slide pack: Accountability and the ERP – CRMG slides for 21 September</i></p>	Emissions Reduction Plan <ol style="list-style-type: none"> Note that Cabinet: <ul style="list-style-type: none"> Noted the development of the Emissions Reduction Plan discussion document highlighted the need for further policy interventions in order to ensure the final Emissions Reduction Plan is on the path to achieving the proposed first emissions budget; Directed agencies to further develop and finalise the proposed policies that are included in the discussion document, and undertake further work on new policy interventions so that the final Emissions Reduction Plan outlines how each sector is on the path to achieving the proposed first emissions budget 	

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- o Invited the Climate Response Ministerial Group to consider the process for developing further policy options for inclusion in the final Emissions Reduction Plan
 - o Directed the Climate Chief Executives Board to oversee the policy work for the Emissions Reduction Plan and prepare, for the September CRMG, a proposal that will enable final policy decisions for the Emissions Reduction Plan in 2021 (CAB-21-MIN-0372 refers)
2. **Note** the proposal developed by the Climate Chief Executives Board to oversee the policy work for the Emissions Reduction Plan
 3. **Agree** to establish sub-targets for each sector covered by the Emissions Reduction Plan (transport; energy, industry and buildings; waste and fluorinated gases; agriculture; and forestry and carbon sinks)
 4. s 9(2)(g)(i) [redacted];
 5. **Direct** Chief executives to prepare and report back on the policies that will meet each of those targets no later than December 2021;
 6. **Agree** to develop specific Ministerial and departmental accountability for implementing sector chapters in the plan, and a schedule setting out a lead Minister and department for each action in the plan
 7. **Agree** to establish and operate a robust and transparent monitoring system that will assess progress at the economy, sector and policy level
 8. **Agree** Climate Response Ministers Group to oversee the implementation of the Emissions Reduction Plan
 9. **Agree** to recommend the formalisation of the Climate Change Chief Executives Group as an Interdepartmental Executive Board under the Public Service Act 2020 to Cabinet in order to provide for a stronger role and

		<p>accountability in respect of the government-wide implementation of the plan. This will include collective accountability for implementation of the plan as a whole, including joint advice on "overs and unders" across the sub-targets</p> <p>10. Agree to the Climate Change Chief Executives Group to be bolstered through establishment of a dedicated cross-agency secretariat, located at MfE.</p>
2	8.45am–9.10am	<p>Lead Speaker: Minister Robertson Funding and Financing Aotearoa New Zealand's Climate Transition</p>
	<p>This item will:</p> <ul style="list-style-type: none"> - Provide a verbal update on the decision to establish a Climate Emergency Response Fund (CERF) and decisions still to be taken 	<p>Funding and financing the climate transition</p> <p>1. Note the establishment of the Climate Emergency Response Fund, focused on mitigation in B22</p>
3	9.10am-9.30am	<p>Out of Scope</p> <p>Out of Scope</p>
	<p>This item will:</p> <ul style="list-style-type: none"> - Out of Scope <p>Out of Scope</p>	<p>Out of Scope</p>

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CLIMATE RESPONSE MINISTERS GROUP MEETING: MINUTES AND RECOMMENDATIONS

Tuesday 21 September 2021, 8.30 – 9.30am

Chair: Rt Hon Jacinda Ardern, Prime Minister

Deputy Chair: Hon James Shaw, Minister of Climate Change

Hon Grant Robertson – Minister of Finance; Minister of Infrastructure

Hon Megan Woods – Minister of Energy and Resources; Minister for Housing

Hon David Parker – Minister for the Environment

Hon Damien O’Connor – Minister of Agriculture; Minister for Biosecurity

Hon Nanaia Mahuta – Minister of Foreign Affairs; Local Government; Associate Māori Development

Hon Michael Wood – Minister of Transport

Hon Stuart Nash – Minister of Forestry; Minister for Economic Development

Hon Poto Williams – Minister of Building and Construction

Hon Carmel Sepuloni – Minister of Social Development and Employment

Hon Willie Jackson – Minister for Māori Development

Out of Scope

[Redacted text block]

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- [Redacted list item]
- [Redacted list item]
- [Redacted list item]
- [Redacted list item]

Item 2: Funding and financing the climate transition

Ministers discussed the need to structure funding for the climate transition in a way that reflects the long term commitment that is required. Discussion canvassed the parameters of

the CERF, a multi-year fund for emissions reductions initiatives, including the quantum of funds, the scope of the CERF, and the investment horizon needed in order to provide investment certainty.

Ministers noted a number of outstanding questions regarding the scale of the Fund and the timing of decisions. § 9(2)(f)(iv)

§ 9(2)(f)(iv)

. The “high bar” for declining the Climate Change Commission’s recommendations was noted, and as such, Ministers noted that it would be important to ensure that all recommendations that required new funding were included in the Budget process going forward

§ 9(2)(g)(i)

It was noted that the scale of the climate challenge would require private investment, and that success would be impossible if the Government was the only funder.

§ 9(2)(f)(iv)

The Climate Response Ministers:

1. **Noted** the establishment of the Climate Emergency Response Fund, focused on mitigation in B22

Item 3: Emissions reduction plan: Initial discussion of accountability fame [Ministers only]

The Climate Response Ministers:

1. **Noted** that Cabinet:
 - Noted the development of the Emissions Reduction Plan discussion document highlighted the need for further policy interventions in order to ensure the final Emissions Reduction Plan is on the path to achieving the proposed first emissions budget;
 - Directed agencies to further develop and finalise the proposed policies that are included in the discussion document, and undertake further work on new policy interventions so that the final Emissions Reduction Plan outlines how each sector is on the path to achieving the proposed first emissions budget
 - Invited the Climate Response Ministerial Group to consider the process for developing further policy options for inclusion in the final Emissions Reduction Plan

- Directed the Climate Chief Executives Board to oversee the policy work for the Emissions Reduction Plan and prepare, for the September CRMG, a proposal that will enable final policy decisions for the Emissions Reduction Plan in 2021(CAB-21-MIN-0372 refers)
2. **Noted** the proposal developed by the Climate Chief Executives Board to oversee the policy work for the Emissions Reduction Plan
 3. **Agreed** to establish sub-targets for each sector covered by the Emissions Reduction Plan (transport; energy, industry and buildings; waste and fluorinated gases; agriculture; and forestry and carbon sinks)
 4. s 9(2)(g)(i)
 5. **Directed** Ministers and their Departments to prepare and report back on the policy options that will meet each of those targets no later than December 2021;
 6. **Agreed** to develop specific Ministerial and departmental accountability for implementing sector chapters in the plan, and a schedule setting out a lead Minister and department for each action in the plan
 7. **Agreed** to establish and operate a robust and transparent monitoring system that will assess progress at the economy, sector and policy level
 8. **Agreed** Climate Response Ministers Group to oversee the implementation of the Emissions Reduction Plan
 9. **Noted** the need for a stronger coordination and monitoring to across the Climate work programme
 10. **Invited** DPMC and The Treasury, in consultation with MFE, to further develop the purpose and function of a dedicated cross-agency secretariat and provide advice on the options for the secretariat's location, for the October CRMG meeting.

ENDS

Agenda item 1:

Accountability for implementation of the Emissions Reduction Plan

This paper provides recommendations to CRMG Ministers on:

- Additional accountability for progress against the ERP
- A monitoring and evaluation system
- Ministerial oversight of the ERP
- How officials are organised to carry out and support implementation

Implementing the Emissions Reduction Plan will be an ongoing challenge

Over the long term, successful implementation of the Emissions Reduction Plan (plan) to achieve emissions budgets and the 2050 targets will require:

- Strong and effective accountability for the actions and outcomes in the plan across Ministers and departments
- Clear, effective and efficient governance to drive implementation of the plan
- Timely, transparent and robust monitoring and evaluation, to underpin strong accountability and good governance
- A mechanism to deliver cross-government work.

Critical elements of the accountability system need to be agreed alongside the body of the plan this year

- A fully functioning accountability, governance and monitoring system will take time to develop and put in place
- There are critical elements of this system we need to establish when we agree the plan later this year
- The remainder of the slides provide detail on those critical elements

Accountability can be bolstered by nominating responsible Ministers and departments in the plan

- The Climate Change Response Act 2002 places an obligation on the Climate Change Minister to ensure that emissions budgets are set on time, emissions reduction plans are published, and emissions budgets are met.
- The majority of the actions in the plan will sit in other Ministerial portfolios.
- I propose we bolster accountability in the plan by:
 - Agreeing sub-targets for each sector covered by the plan (transport; energy, industry and buildings; waste and fluorinated gases; agriculture; and forestry and carbon sinks)
 - Assigning a responsible Minister and department for each sector chapter and sub-target in the plan, recognising that Ministers are decision-makers on policy
 - Making Climate Change Chief Executives collectively accountable for delivery of the plan as a whole, including joint advice on "overs and unders" across the sub-targets
 - Assigning a responsible Minister and department to each individual action in the plan, through a schedule to the plan. This will ensure that those actions which fall outside the sector chapters also have accountabilities assigned.

Monitoring and evaluation is needed to help us understand and actively manage progress against the plan

Reporting level	Needs to answer the question	Key reporting information (what the public and policy makers need from reports)
Economy-wide	<ul style="list-style-type: none"> Are we on track to meet our targets? Is the emissions reduction plan effective? 	<ul style="list-style-type: none"> Projected emissions based on committed policy Target trajectory (emissions budgets, NDC - excluding progress on international offsets) Estimate of fiscal cost, if a shortfall is projected
Sector	<ul style="list-style-type: none"> How are different sectors of the economy tracking? Are they below or above where we need to be? 	<ul style="list-style-type: none"> Emissions per sector (current and projected, compared to target trajectory) Key outcomes (eg. proportion of EVs on the road, proportion of industrial heat from coal, contribution of low emissions industry to GDP)
Policy	<ul style="list-style-type: none"> Are policy packages and individual policies effective? Can they be improved to be more effective? Following implementation, have they represented value for money? Are there alternatives that could be more effective and/or lower cost? 	<ul style="list-style-type: none"> Dependent on individual policies and packages, but a mix of: <ul style="list-style-type: none"> Uptake of policy Direct impact on emissions, and indirect impact on drivers of emissions Cost and value for money, including contribution to climate resilience and equitable transition objectives, and wider well-being co-benefits

The reporting system will be refined through detailed design. This reporting will be needed on a six-monthly basis to support management and decision making on the plan. It will be timed to ensure it can inform budget decisions, sequenced to avoid duplication across reports, and fit with the Climate Commission's reporting cycle

The full monitoring and evaluation system will take time to set up across government

- The monitoring and evaluation system proposed here will require new arrangements and resourcing across government, including with Statistics New Zealand
- New resourcing will support elements including improved modelling and scenario analysis
- I propose we:
 - Agree to establish and operate a robust and transparent monitoring system that will assess progress at the economy, sector and policy level, and inform public reports
- The system could be established following the publication of the plan
- New funding will be sought through Budget 22.

Strong governance and management of the plan is required

- Governance and management will be needed at the Ministerial and departmental level
- I propose that we seek Cabinet agreement for the Climate Change Response Ministers to oversee implementation of the plan
- We will need robust advice from officials throughout the life of plan, including how and if emissions reductions should be accelerated or slowed down across sectors, and how the system as a whole is performing
- The Climate Change Chief Executives could perform this role, and I recommend this grouping is formalised as an Interdepartmental Executive Board under the Public Service Act 2020
- Formalising the board in this way would help provide additional accountability for the public service to pull as one towards the emissions budgets, and support stability in the management of New Zealand's climate change response in the long term
- New funding to establish and operate the Board will be sought through Budget 22.

Delivering work across government

- A dedicated, cross-agency secretariat will be essential to support the Climate Change Chief Executives to provide ongoing advice and oversee the monitoring and evaluation system
- The secretariat will also deliver work which cuts across the plan as a whole, and does not have a natural agency home (for example a circular economy strategy, or some work on distributional impacts)
- This secretariat could be employed by the proposed Interdepartmental Executive Board, and located at MfE
- New funding will be sought through Budget 22 to support the secretariat

Summary of recommendations

I propose we seek Cabinet agreement alongside decisions on the bulk of the plan for:

- Sub-targets for each sector covered by the plan (transport; energy, industry and buildings; waste and fluorinated gases; agriculture; and forestry and carbon sinks)
- Specific Ministerial and departmental accountability for sector chapters in the plan, and a schedule setting out a lead Minister and department for each action in the plan
- Officials to establish and operate a robust and transparent monitoring system that will assess progress at the economy, sector and policy level
- The Climate Response Ministers Group to oversee the implementation of the plan
- The formalisation of the Climate Change Chief Executives Group as an Interdepartmental Executive Board under the Public Service Act 2020 to provide for it to have a stronger role and accountability in respect of the government-wide implementation of the plan. This will include collective accountability for implementation of the plan as a whole, including joint advice on "overs and unders" across the sub-targets
- The Climate Change Chief Executives Group to be bolstered through establishment of a dedicated cross-agency secretariat, located at MfE.