



## Adaptation framework – Next steps for select committee inquiry and independent reference group

Date submitted: 22 April 2024

Tracking number: BRF-4537

Security level: Policy and Privacy

MfE priority: Urgent

Actions sought from Ministers		
Name and position	Action sought	Response by
To Hon Simon WATTS Minister of Climate Change	Send attached letters to the Environment Committee and Finance and Expenditure Committee.  Lodge the notice of motion once responses are received from the committees.	24 April

Actions for Minister's office staff
Return the signed briefing to the Ministry for the Environment ( <a href="mailto:ministerials@mfe.govt.nz">ministerials@mfe.govt.nz</a> ).

Appendices and attachments
1. Draft Notice of Motion 2. Draft letter to Environment Committee 3. Draft letter to Finance and Expenditure Committee

Key contacts at Ministry for the Environment			
Position	Name	Cell phone	First contact
Principal Author	Hannah Steans	027 224 8522	
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General Manager	Katherine Wilson	021 146 3122	✓

Minister's comments

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## Key messages

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1. Cabinet has agreed for you to lodge a notice of motion with the House to instruct the Finance and Expenditure Committee (FEC) to initiate an inquiry into adaptation.
2. The notice of motion is a key procedural step given the current Environment Committee inquiry into climate adaptation. A 'transfer' of an inquiry between select committees is not a procedure that is known to have occurred before.
3. The draft notice in motion (attached) has been updated to reflect discussions between Ministry for the Environment (MfE) officials and the Office of the Clerk. This includes the removal of a mandatory interim report in July given that the FEC may not have substantial content to report based on a 6-week period of public engagement beginning in May.
4. The Office of the Clerk also emphasised the importance of support from the committees for your proposed approach ahead of lodging the notice of motion. This support will be key to building consensus and will also enable the motion to include the Terms of Reference (ToR) for the new inquiry. If the motion does not include the ToR, then the FEC may take two or more weeks developing and agreeing their own ToR. This would lose time as well as lose one of your main mechanisms for influencing the direction of the inquiry.
5. To gain support from the committees, the Office of the Clerk recommended you send letters to each committee, explaining the change in approach to the inquiry. Letters which they can then discuss as a full committee at one of their meetings will be more effective than solely engaging with the committee Chairs. Draft letters to the committees are attached.
6. If the committees receive the letters before 29 April, they can consider the letters at their meetings that week. If they provide their responses in time, you could lodge the motion for debate in the House the week of 6 May. Given select committees do not meet during recess weeks, this would mean the FEC could have its first meeting on the inquiry on Tuesday 21 May (pending their workload with regard to the Budget).
7. At the first FEC meeting, we can expect the committee to confirm the ToR for the inquiry and most likely call for submissions. Both of those matters would typically be discussed as a committee, rather than being decided by the Chair outside of a regular meeting time.
8. The FEC may wish to receive the initial briefing on the inquiry at its first meeting, or at the next subsequent meeting. The initial briefing is the mechanism for introducing a select committee to the topic at hand. You can present an initial oral briefing on the inquiry, which would be open to the public. This is optional, but we recommend you take the opportunity to speak directly with the Committee and provide further public messaging on the inquiry. Officials can support you with this by providing slides or talking points. Officials will also provide a written initial briefing to the FEC and will talk

the committee through it during a closed session (this is normal practice for inquiry and bill processes).

9. The content of the notice of motion (attached) and the initial briefing(s) are the only opportunities available to directly influence the direction of the inquiry.
10. We are also working on finalising the MfE-led Independent Reference Group, including seeking nominations from the Local Government Steering Group on a local government representative for the Group.

## Recommendations

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We recommend that you:

a. **note** the Office of the Clerk holds expertise on select committee inquiries and has made several recommendations, which are reflected in this briefing and its appendices

b. **agree** to the draft notice of motion content (Appendix 1)

Yes | No

c. **agree** to send the attached letter to the Environment Committee (Appendix 2)

Yes | No

d. **agree** to send the attached letter to the Finance and Expenditure Committee (Appendix 3)

Yes | No

e. **agree** to provide a public initial briefing to the Finance and Expenditure Committee inquiry into adaptation

Yes | No

f. **note** that the Independent Reference Group is now in the process of being appointed by the Ministry for the Environment (MfE) and will meet over a parallel timeframe to the select committee, to provide a separate stream of advice to MfE

## Signatures

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Katherine Wilson

General Manager – Adaptation

**Environmental Management and Adaptation**

22 April 2024

Hon Simon WATTS

**Minister of Climate Change**

**Date**

# Adaptation framework – Next steps for select committee inquiry and independent reference group

## Purpose

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1. This briefing provides you with information on next steps for the select committee inquiry and the Independent Reference Group.
2. It also seeks your agreement to send letters to the Chairs of the Environment and Finance and Expenditure Committees.

## Background

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3. On 15 April, Cabinet approved progression of the adaptation framework and lodgement of a motion in the House to instruct the Finance and Expenditure Committee (FEC) to initiate an inquiry into adaptation [CAB-24-MIN-0121].
4. Following Ministerial consultation on the draft Cabinet paper, you confirmed your preference was for the independent reference group to be appointed by the Ministry for the Environment (MfE) rather than Ministerially appointed.

### *Environment Committee inquiry into climate adaptation*

5. The Environment Committee inquiry into climate adaptation was reconfirmed in December 2023 following the election. The Environment Committee's work on this inquiry is currently paused due to capacity constraints.
6. The Environment Committee received 147 submissions during their public consultation from August-November 2023. Officials remain in support of the Environment Committee by analysing these submissions and drafting a summary of their content.

## Analysis and advice

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### Finance and Expenditure Committee inquiry into adaptation

#### Notice of motion

7. An earlier draft of the notice of motion was appended to the recent Cabinet paper [CAB-24-MIN-0121]. An updated draft is attached as Appendix 1, revised following detailed advice from the Office of the Clerk (OOC).

#### *Change in approach to reports from the inquiry*

8. The OOC has advised that the FEC will have a busy impending workload due to Budget scrutiny.

9. Given the updated ToR, it is reasonable to expect that the FEC will call for supplementary submissions from submitters to the Environment Committee inquiry as well as new submissions from the public.
10. The FEC may choose to have the submission period open during the period in which they are scrutinising the Budget, with the majority of oral hearings taking place after the submission period closes. This means it is likely that the FEC would not have gained insights from submissions until
11. In order to give the FEC the flexibility to progress the inquiry and best support building consensus, we propose removing the requirement for the FEC to provide an interim report in July in the notice of motion. The removal of this requirement does not preclude the FEC from providing an interim report if it wishes.
12. The main driver for requiring an interim report was to have an output from the FEC on which advice to Cabinet could be based, in July. If desired, it will be possible to provide Cabinet (or the Climate Priorities Ministerial Group, if more appropriate) an update around that time without having an interim report from the FEC.
13. The removal of a mandatory interim report also makes it more viable to have an earlier deadline for the final report, which in turn makes Cabinet decisions in October feasible. As such, the draft notice of motion now states the final report of the inquiry is due on 5 September, rather than the end of September.
14. The draft notice of motion also no longer instructs the Environment Committee to cease their inquiry into climate adaptation. The OOC has advised it would be inappropriate (and set a concerning precedent) if the House voted to terminate a select committee's self-initiated inquiry. Instead, the OOC suggested the Committee should conclude their inquiry by providing a 'nil-report' to the House. The draft letter to the Environment Committee (appendix 2) suggests this approach. A nil-report would contain no recommendations and therefore would not require an official Government response.

#### ***Next steps for the motion***

15. We are working with your office on logistics to take the motion forward, including consideration of cross-party consultation on your proposed approach to developing an adaptation framework ahead of lodging the motion in the House.
16. The OOC strongly recommends a formal approach to securing support from the two affected select committees, through an exchange of letters before the notice of motion is lodged. This would also enable the motion to include the Terms of Reference (ToR) for the new inquiry. If the motion does not include the ToR, the FEC may require two or more sitting weeks to develop and agree their own ToR. If the FEC sets their own ToR, the start of the inquiry will be delayed and more importantly, you would lose one of your main mechanisms for influencing the direction of the inquiry.
17. A draft letter to the Chair of the Environment Committee is attached as Appendix 2 and sets out:
  - i your intention for an FEC inquiry, including that the FEC will consider the submissions to the Environment Committee inquiry
  - ii a request that they conclude their inquiry

- iii the suggestion of a short final report without recommendations.
- 18. A draft letter to the Chair of the FEC is attached as Appendix 3, outlining your intention for an FEC inquiry and the draft ToR, including that the FEC will consider submissions made to the Environment Committee.
- 19. We recommend the letters are sent before 29 April so that the committees can consider the letters and their responses at their meetings that week. Once their responses are received, the motion can be placed on the Order Paper. The Business Committee can then determine whether and how much debate there will be on the motion. You may wish to recommend there is a short debate, to provide each party with an opportunity to publicly express their support for a cross-party approach to adaptation.
- 20. Once the inquiry commences, we expect the FEC will write to those who submitted on the Environment Committee inquiry to explain the circumstances of the new approach and invite supplementary submissions on the new ToR. We anticipate they will also invite new submissions from the public and hold oral hearings. The FEC will set the timetable for the submission period and any hearings.

### **Initial briefing**

- 21. An initial briefing to the committee is the first advice officials provide to a select committee when supporting an inquiry or bill process.
- 22. The purpose of the initial briefing is to provide introductory material to support the committee's understanding of the issue they are considering.
- 23. Officials will provide the FEC with both a written briefing and presentation.
- 24. You also have the option of your own initial briefing to the FEC. This would be less formal than the briefing from officials (eg, a verbal presentation only) and be open to the public. The oral briefing is one of your main opportunities to influence the direction of the inquiry, alongside the notice of motion.
- 25. We can support you to draft your presentation and/or talking points should you wish to take up this opportunity.
- 26. The presentation by officials would likely follow your briefing (if you choose to do so) and will be closed to the public. We will send you all material that we intend to send to the FEC (both our initial briefing and our response to any requests from the FEC) under the no surprises approach.

### ***Proposed structure of our initial briefing***

- 27. At a high level, our initial briefing will set out the following elements:
  - i definition of adaptation
  - ii scope of adaptation framework
  - iii description of workstreams and status quo analysis
  - iv attach the draft Summary of Submissions from the Environment Committee inquiry into climate adaptation



- v summarise any material from these submissions relevant to the FEC inquiry ToR
- vi append or highlight any other relevant background material.

## Independent Reference Group

28. As discussed with you on 8 April 2024, the Independent Reference Group (the Group) is now proceeding as an MfE-appointed group.
29. The purpose of the Group is to support MfE's policy process and advice to you. The Group will test ideas and provide insight regarding policy development for the adaptation framework, specifically in relation to sectors directly impacted by climate change, including Treaty partners, banking, insurance and local government.
30. We are progressing with appointing 5-6 members to the Group, from the pool of nominees we had previously advised you on. We will be seeking one member to be nominated by the Local Government Steering Group, to ensure there is a local government representative. The group will be appointed for 8 months in the first instance, and we will work with the Chair once appointed on the forward schedule.
31. MfE will provide papers to the Group for comment and discussion. You will have an opportunity to meet with the Group from time to time. The Group will mostly meet online with some in person meetings. We also expect they will contribute advice by email and support broader workshop sessions with wider groups of stakeholders.

## Next steps

32. Table 1 below outlines next steps for the inquiry and independent reference group. Note that after the initial briefing(s), it is up to the FEC to decide how often officials appear as advisors at their meetings, along with any other timetabling matters (such as calling for submissions or conducting oral hearings). Therefore, these steps are not set out below.

Table 1: Next steps for inquiry and independent reference group	
<i>Element</i>	<i>Proposed timing</i>
Send letter to Environment Committee and FEC Chairs	Before Monday 29 April
Response from committees	Week of 29 April
Lodge notice of motion; motion in the House Environment Committee tables nil-report in the House	Week of 6 May ( <i>if responses received in time</i> )
Recess	Week of 13 May
FEC first inquiry meeting, initial briefing(s) presented	21 May ( <i>at the earliest</i> )
First meeting of the independent reference group	Mid-May
Final Report of the FEC tabled in the House	5 September