



Governance options for climate change work programme

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	Action sought:	Response by:
To Hon James Shaw, Minister of Climate Change	Read before meeting with your officials	Tuesday 17 November

Actions for Minister's Office Staff	Forward this report to Minister Nash Return the signed report to MfE.
Number of appendices and attachments 1	Titles of appendices and attachments (ie separate attached documents): 1. Appendix 1 - Governance options for the climate change work programme

Ministry for the Environment

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Governance options for climate change work programme

Key Messages

1. This briefing provides advice to include recommendations to address governance arrangements for climate change in the draft Cabinet paper – *Leading the way: Establishing a Carbon Neutral Government Programme*. This paper seeks agreement to aim for carbon neutrality across the organisations in the Carbon Neutral Government Programme (CNGP) by 2025, and to publicly announce commitments to work towards that aspiration on 1 December 2020 as set out in the executive summary.
2. Existing governance arrangements for climate change are unlikely to be suitable to deliver on the substantial work programmes underway in the climate change portfolio over the next two years. Concerted effort will be required across Government to deliver a whole-of-government response.
3. This briefing outlines the main options that can be considered for governance and the key decisions that will be required before a recommendation can be made. It also provides advice on interim arrangements.
4. Initial advice to support the development of the attached Cabinet paper advised that a Ministerial group chaired by the Minister of Climate Change to govern progress on this work, could also be responsible for coordinating the Government's wider response to climate change. We advise that the Cabinet paper should include a recommendation to establish such a group and have included a recommendation to this effect in the draft Cabinet paper.
5. Due to the need for further analysis of governance options, we advise that the Cabinet paper should also include a recommendation to report back to Cabinet on governance issues in the first quarter of 2021.

Existing governance arrangements will not be suitable to deliver a whole-of-government response to climate change

6. We need to give consideration to the governance arrangements that will be needed in order to deliver a whole-of-government response on climate change, across a broad range of policy work and public sector agencies. These arrangements should be designed to support effective and coordinated decision-making on the government's response to climate change.
7. There is a substantial work programme already underway in the climate change portfolio and the work to establish a Carbon Neutral Government Programme will add to this. The Government's wider response to climate change includes:
 - a. establishing a Carbon Neutral Government Programme and meeting commitments in the Climate Action Plan
 - b. responding to advice from the Climate Change Commission and making decisions on New Zealand's first emissions budgets during 2021
 - c. developing and delivering the first Emissions Reduction Plan (ERP) required under the 2019 amendments to the Climate Change Response Act 2002, by December 2021
 - d. developing and delivering on the National Adaptation Plan (NAP) to respond to the National Climate Change Risk Assessment published mid-2019, by August 2022
 - e. taking decisions on how to approach adaptation to climate change within the resource management system reform

f. Developing approaches to funding and financing climate action.

8. There are several existing governance arrangements relating to climate change in place, including:

- a. Climate Change Chief Executives board – led by MfE¹
- b. The Community Resilience Ministers Group² – led by the Minister of Local Government and focusing on community resilience to natural hazards and climate change impacts
- c. The Climate Change Commission – established under the Climate Change Response Act 2002.

9. These existing governance arrangements are unlikely to be sufficient to successfully deliver the climate change work programme and therefore will need to be reconsidered or expanded. Not only is the scale of work required across the next two years significant but it affects a wide range of departments and Ministers.

If new options are needed, there are a few key alternatives to consider

10. In the longer term there are a range of options available to deliver on the work programme.

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¹ Comprising Climate Change CEs of MfE, MBIE, MPI, MoT, Tsy, MFAT, EECA, Sustainability CEs of DoC, LINZ, DIA, TPK and, as an observer, the Climate Change Commission

² Comprising the Minister of Local Government, the Minister of Finance, the Minister for Climate Change, the Minister for Civil Defence, the Minister for Land Information New Zealand, the Minister for Commerce and Consumer Affairs, the Minister for the Community and Voluntary Sector and the Minister Responsible for the Earthquake Commission.

There are key questions to address before deciding to establish a new governance option

15. There are overlaps between the groups of Ministers responsible for each of the pieces of work within the climate work programme. In addition each piece of work also involves a wider group of Ministers and agencies with interests in specific matters.
16. Achieving the right balance of leadership and capability for the climate change work programme governance will require us to consider the:

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[REDACTED]

We recommend a Cabinet report back to propose an option or options after further analysis and engagement

18. Further analysis of the most appropriate options is required to ensure that we take the best first step towards good governance in this area. Due to the scale and timing of the work, governance arrangements may evolve over time. This points to a need to keep flexibility in the arrangements
19. We will include our Treaty partners in discussions on the governance options for climate change, working through our existing relationships. We will also work with Departments to determine preferred options.
20. In the Cabinet paper *Leading the way: Establishing a Carbon Neutral Government Programme* we recommend that you include a report back to Cabinet in the first quarter of 2021, on detailed proposals for governance arrangements to support the implementation of CNGP emissions reductions commitments as part of the government's wider response to climate change.
21. Cabinet previously invited the Minister for Climate Change to report back in December 2020 on how the management of climate change risks should be governed, including accountability for delivery of actions in the National Adaptation Plan. We suggest this report back be incorporated in the proposed report back on governance for the wider climate change work programme.
22. In the interim, we also recommend that the Cabinet paper includes a recommendation to establish a Ministerial group until final governance arrangements are agreed. We suggest that this group should be chaired by the Minister for Climate Change and could include the

following Ministers:

- Minister for Economic and Regional Development
- Minister of Finance
- Minister of Energy and Resources
- Minister for the Public Service
- Minister for the Environment
- Minister of Building and Construction
- Minister of Transport.

23. The existing Climate Change Chief Executives Board continues to hold departmental governance responsibility for coordinated work on the government's response to climate change. The Board's responsibility already includes implementing the commitments in the Climate Action Plan. Specific arrangements should be put in place to coordinate and govern the implementation of the CNGP emissions reductions commitments as outlined in the Cabinet paper

Recommendations

24. We recommend that you:

- a. **Note** this briefing provides advice to include recommendations to address governance arrangements for climate change in the draft Cabinet paper – *Leading the way: Establishing a Carbon Neutral Government Programme*.
- b. **Note** that to be successful in delivering a whole-of-government response to climate change over the next two years, existing governance arrangements are unlikely to be suitable and will need to be updated and potentially expanded.
- c. **Note** that there are a range of options to consider and further analysis is required before deciding to establish a new governance option for climate change.
- d. **Note** that the Carbon Neutral Government Programme is a new, as yet unfunded initiative and is likely to impact budget requirements for the lead agency or agencies that end up with the responsibility for this.
- e. **Agree** to include a recommendation in the Cabinet paper to report back to Cabinet in March 2021 on detailed proposals for governance arrangements to support the implementation of CNGP emissions reductions commitments as part of the government's wider response to climate change.

Yes/No

- f. **Agree** to include the existing adaptation report back for December 2020 on how the management of climate change risks should be governed, including accountability for delivery of actions in the National Adaptation Plan, in the report back on governance arrangements as above.

Yes/No

- g. **Agree** to include a recommendation in the Cabinet paper that, in the interim, a Ministerial group should be established until final governance arrangements are agreed. This group should be chaired by the Minister for Climate Change and include the following Ministers:

- Minister for Economic and Regional Development
- Minister of Finance
- Minister of Energy and Resources
- Minister for the Public Service
- Minister for the Environment
- Minister of Building and Construction
- Minister of Transport.

Yes/No

- h. **Agree** that in the interim, existing Climate Change Chief Executives Board continues to hold departmental governance responsibility for coordinated work on the government's response to climate change, and that specific arrangements should be put in place to coordinate and govern the implementation of the CNGP emissions reductions commitments, as outlined in the Cabinet paper.

Yes/No

- i. **Agree** that this briefing and appendices will be released proactively on the Ministry for the Environment's website following the policy announcement on 1 December 2020.

Yes/No

Signature



Matthew Cowie
Director
Climate Change

Date 13/11/2020

Hon James Shaw
Minister of Climate Change

Date

Appendix 1 - Governance options for the climate change work programme

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