

## Climate Change Chief Executives Board Meeting

	Last meeting	Current meeting	Next meeting
<b>Date</b>	<b>08 Feb 2023</b>	<b>22 Feb 2023</b>	<b>29 Mar 2023</b>
<b>Main items</b>	<ul style="list-style-type: none"> <li>• CERF Advice</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Board only discussion:</b> PSC response and discussions/reflections from Board members on Smol and Bestwick interviews</li> <li>• <b>Board's Monitoring and Reporting:</b> First 6 monthly ERP Progress report</li> <li>• <b>Adaptation priorities</b></li> <li>• <b>For noting:</b> ETS Review update; Response to Smol review on ERP1; ERP2 options for engagement with private sector (SBC/CLC)</li> </ul>	<ul style="list-style-type: none"> <li>• Board Risk framework and upcoming work programme</li> <li>• Deep Dive: Transport mode shift &amp; Freight and Supply Chain Resilience</li> <li>• Deep Dive: Nature-based solutions</li> <li>• Discussions with Aotearoa Circle or EDS on NBS (TBC)</li> <li>• <i>Note: 3-hour Board strategy session to discuss purpose and priority focus for year ahead scheduled for 5 April</i></li> </ul>

## Agenda

Date	Time	Location	Attendees
22 Feb 2023	10.30am to 12.00pm	Meeting Room 2.03, 8 Willis Street; Microsoft Teams (Teams link provided in invite)	<p><b>Attendees:</b> Vicky Robertson (MfE) (Chair), Carolyn Tremain (MBIE), Audrey Sonerson (MOT), Caralee McLiesh (Treasury), Ray Smith (MPI), Penny Nelson (DOC), Aaron Martin (Crown Law)</p> <p><b>Attendees for item 3:</b> Paul James (DIA), Dave Gawn (NEMA), Dave Samuels (TPK)</p> <p><b>Apologies:</b> None received</p> <p><b>In support of the meeting:</b> Lisa Daniell, Chris Nees, Rachel Church (Climate IEB Unit)</p> <p><b>Agency attendees:</b> Katherine Wilson (MfE)</p>
#	Time	Agenda item	Recommended actions
1.	15 mins 10.30am	Board only discussion: Appropriate Minister priorities; PSC response and discussions/reflections from Board members on Smol and Bestwick interviews	
		Reflections from Board discussions with David Smol and Jenn Bestwick and upcoming Board strategy session	
2.	5 mins 10.45am	Meeting administration	
2.1		Minutes of previous meeting, 13 December 2022	<b>2.1 Approve</b>
2.2		Actions register	<b>2.2 Note</b>
2.3		Formal approval of Vice Chair, Dr Caralee McLiesh	<b>2.3 Approve</b>
3.	50 mins 10.50am	The Board's Monitoring and Reporting: First 6 monthly ERP Progress report Lead speaker: Chris Nees (Climate IEB)	
		<ul style="list-style-type: none"> <li>• The Board Secretariat has prepared the first six-monthly report (the Report) on how the Government's first emissions reduction plan (ERP1) is tracking.</li> <li>• The Report is for the Climate Response Ministerial Group and is part of the Board's Monitoring and Reporting role.</li> <li>• A Briefing Note accompanies the Report and makes recommendations to CRMG on what to prioritise, over the next six months to manage risks to the programme.</li> </ul>	<p><b>3.1 Discuss and endorse</b> the first six-monthly report and briefing note to CRMG on how the Government's first emissions reduction plan is progressing and recommendations to address key risks.</p> <p><b>3.2 Discuss</b> the approach to providing advice on addressing the impacts from the removal of the Sustainable Biofuels Obligation (SBO).</p>

	<ul style="list-style-type: none"> <li>The recent Cabinet decision on the Sustainable Biofuels Obligation creates new challenges for sufficiency of the plan, with advice and options to Ministers now required.</li> </ul> <p><i>Paper 1: Cover note</i></p> <p><a href="#"><i>Paper 2: Briefing (BRF-2754, 24 February 2023) entitled, Climate Response Ministerial Group: First six-monthly progress report on the Government's emissions reduction plan</i></a></p> <p><a href="#"><i>Paper 3: Emissions Reduction Plan – Six-Monthly Report from the Climate Change Chief Executives Board, February 2023</i></a></p> <p><i>Paper 4: Deloitte testing of Six-monthly CCEB reporting review</i></p> <p><i>Key discussion questions:</i></p> <p>The report highlights the challenge of ambitious emissions budgets, agencies working at capacity and the loss of abatement opportunities given the focus on managing cost of living impacts:</p> <ul style="list-style-type: none"> <li>Does the advice enable a free and frank discussion with Ministers about how to meet the challenges of ambitious emissions budgets, delivery risks, and cost of living decisions that make abatement more challenging?</li> <li>Does the Board consider the 'additional abatement options' advice should be put to Ministers to indicate the nature of the challenge?</li> <li>Do the findings in the report align with the Board's understanding of the progress and challenges with delivering the ERP? Any surprises?</li> <li>Does the Board support the recommendations in the Briefing Note as mitigations to the identified risks? What about the strategic opportunities?</li> <li>Does the Board support engaging MBIE to ensure agencies have early access to key principles and frameworks from the Equitable Transitions Strategy?</li> </ul>	
<p>4.</p>	<p>15 mins 11.40am</p>	<p><b>Adaptation priorities</b> Lead speaker: Katherine Wilson (MfE)</p>
	<ul style="list-style-type: none"> <li>The Board has asked for advice on draft adaptation priority focus areas for quarterly reporting.</li> <li>The national state of emergency announced on 14 February changes the operating context of focus on adaptation.</li> <li>Even with this new context we consider the recommended 4 adaptation priority focus areas are the right areas of governance focus for the Board.</li> <li>Review and provide feedback on draft adaptation priority focus areas.</li> <li>Once the priorities are agreed by the Board:             <ul style="list-style-type: none"> <li>lead and contributing agencies for each priority focus area will be confirmed</li> <li>desired outcomes and policy issues for each priority focus area will be defined.</li> </ul> </li> </ul> <p><i>Paper 5: Draft adaptation priority focus areas for reporting to the Climate Change Chief Executives Board</i></p>	<p><b>4.1 Endorse</b> the recommended draft adaptation priority focus areas for quarterly reporting to the Board (Table 1).</p> <p><b>4.2 Note</b> additional recommendations in paper to support the Board's leadership and co-ordination across Government (page 3).</p> <p><b>4.3 Note</b> the advice commissioned by DCEs and the IEB Secretariat on:</p> <ul style="list-style-type: none"> <li>4.3.1 the status of existing actions needed to support these 4 priority focus areas</li> <li>4.3.2 Whether their existing scope, focus or timeframes need to be accelerated or altered given the changed context</li> <li>4.3.3 any implications of these recommendations on other NAP actions</li> <li>4.3.4 Whether there are any remaining gaps which would require further action, not currently included in the NAP.</li> </ul>

**Classification**

	<p><i>Key discussion questions:</i></p> <ul style="list-style-type: none"> <li>• Does the Board support the recommended draft adaptation priority focus areas?</li> <li>• Are all relevant agencies identified? Who should lead each priority focus area?</li> <li>• What priority areas need reconsideration in the current context?</li> </ul>	
<b>5.</b>	<b>5 mins 11.55am</b>	<b>Any other business / Noting papers</b>
5.1	ETS Review update	5.1 <b>Note</b> the verbal update.
5.2	Response to Smol review on ERP1	5.2 <b>Note</b> the Smol review on ERP1 will be provided to PCE, and a summary update to the Board on the response will be circulated with the minutes for this meeting.
5.3	ERP2 options for engagement with private sector <i>Paper 6: Proposal to establish Climate Business Advisory Group</i>	5.3 <b>Note and endorse</b> this paper.













## Minutes of the Climate Change Chief Executives Board

APPROVED, circulated 19 December 2022

<b>Date and time:</b>	Tuesday 13 December; 1.00pm-2.30pm
<b>Location:</b>	Online on Teams
<b>Attendees:</b>	Vicky Robertson (MfE), Carolyn Tremain (MBIE), Audrey Sonerson (MOT), Caralee McLiesh (Treasury), Ray Smith (MPI), Penny Nelson (DOC), Aaron Martin (Crown Law), Ruth Isaac (delegate for Penny Nelson, DOC)  In support: IEB Secretariat: Lisa Daniell, Chris Nees, Ewan Delany, Lewis Stevens, Sylvia Frean, Kate Miller (item 2); MfE: Janine Smith, Anne Haira, Craig Salmon (item 4); Consultant: David Smol (item 4a).
<b>Apologies:</b>	Penny Nelson (DOC)

Item	Supporting papers	Lead speaker	Actions
<b>1. Introduction and context</b>	<i>Verbal update</i>	Vicky Roberston	
<ul style="list-style-type: none"> <li>The Chair and Board members welcomed Audrey Sonerson, the new Secretary for Transport, to the Board.</li> </ul>			<b>Secretariat</b> to note Audrey Sonerson replaces Bryn
<p><b>1.1</b> Board members noted the nomination to appoint Caralee McLiesh as Vice Chair of the Climate IEB, as per the requirements of the Terms of Reference and Operating Procedures to have a formally approved Vice Chair.</p> <p><b>1.2</b> Caralee McLiesh noted when it comes to discussions on the Budget, she will need to step aside given her role as Treasury Secretary.</p>			<b>Board members</b> to advise any further nominations for Vice Chair by 23 December, otherwise Caralee is appointed. <b>Secretariat</b> to note potential conflict of interest when discussions on budget advice arises.
<b>2. Six-monthly prototype report and proposed approach to Adaptive Management</b>	<i>Paper 1: Six-monthly prototype report; Paper 2: Adaptive Management December Board Pack</i>	Lisa Daniell	
<ul style="list-style-type: none"> <li>The Board discussed the 6-monthly prototype report, which is due with CRMG in February 2023. The Secretariat noted that development of the prototype included DCEs.</li> </ul>			
<b>2.1</b> Endorsed the approach and structure of the 6-monthly report.			
<b>2.2</b> Provided directional feedback on the prototype and intended content of the 6-monthly report, requesting that:			<b>Secretariat</b> to review how to describe and show unfunded actions,

<ul style="list-style-type: none"> <li>a) consideration be given to actions with a red RAG status as these may be because of ministers' decisions not to fund, rather than an action of the Board</li> <li>b) biodiversity impacts be included when the data is available in future iterations of the report</li> <li>c) to the extent possible, emphasise impact on outcomes – e.g., abatement and the impacts of private sector action be reflected in the report.</li> </ul>	<p>private sector actions, total abatement projections against sectors and overall.</p> <p><b>Secretariat</b> to note in report that biodiversity impacts where data is available will be included in next 6-monthly report.</p>	
<p><b>2.3 Noted broad risks in relation to assumptions about behavioural change to achieve targets, as well as challenges with the sequencing of work on native afforestation in relation to support for nurseries, NPS PF, and the ETS review.</b></p>	<p><b>Secretariat</b> to update risks register and provide advice on mitigation for next Board meeting.</p>	
<ul style="list-style-type: none"> <li>• The Board discussed the proposed two-tiered approach to Adaptive Management. The Secretariat noted that DCEs were comfortable with the approach.</li> </ul>		
<p><b>2.4 Endorsed the two-tiered approach to Adaptive Management.</b></p>		
<p><b>2.5 Endorsed the approach of agencies providing early sight on emerging risks and that this is a culture change as much as anything</b></p>	<p><b>Secretariat</b> to encourage agencies to report emerging risks early on (following this direction/endorsement from Board).</p>	
<p><b>2.6 Recommended tightening of criteria to show:</b></p> <ul style="list-style-type: none"> <li>a) where the variance might impact other actions</li> <li>b) where interagency coordination is required</li> <li>c) significant public issues or communications risks</li> <li>d) likelihood variance would change</li> <li>e) criticality of variance.</li> </ul> <p><b>2.7 Recommended the Secretariat work with Aaron Martin (Crown Law) to understand and reflect the legal perspective of identifying risks.</b></p> <p><b>2.8 Recommended there be a distinction made between broad visibility of risks and raising actions needed to the Board.</b></p>	<p><b>Secretariat</b> to amend criteria in adaptive management approach and apply in upcoming advice to the Board.</p> <p><b>Secretariat</b> to meet with Aaron Martin.</p>	
<p><b>3. Climate Economic and Fiscal update</b></p>	<p><i>Verbal update</i></p>	<p>Caralee McLiesh</p>
<ul style="list-style-type: none"> <li>• The Board discussed the key points from the Treasury and Ministry for the Environment-led Climate Economic and Fiscal Update (CEFU), due to be published in mid-February 2023, and risks and opportunities that may arise from publication.</li> </ul>		
<p><b>3.1 Noted that this will be the government's publication on the fiscal implications of meeting our updated NDC1 under the Paris Agreement.</b></p> <p><b>3.2 Noted that the CEFU is the first of its kind in New Zealand and will likely create discussion.</b></p> <p><b>3.3 Noted the Board is not being asked to provide substantial feedback on the content.</b></p> <p><b>3.4 Noted the Board will receive a final draft of the report early in the new year.</b></p>	<p><b>MfE and Treasury</b> to circulate the final draft when available</p>	

<b>4. Update on workstreams for the strategic approach to the policy mix for ERP2</b>	<i>Paper 3: Update on workstreams for the strategic approach to ERP2</i>	Craig Salmon	
<ul style="list-style-type: none"> <li>The Board discussed the insights emerging from the strategic work into the role that different policy instruments can play to support New Zealand achieve its emissions reductions goals.</li> </ul>			
<b>4.1</b> Noted that the work is in progress, and that the final report back will be in March 2023, before the Climate Change Commission gives its advice to the Government in April 2023.			
<b>4.2</b> Agreed that the paper was on the right track.			
<b>4.3</b> Recommended the Project team engage with agencies to get feedback, as a next step.			<b>Project team</b> to engage with agencies and seek feedback on this work in the new year
<b>4.4</b> Recommended that David Smol look at the paper (peer review) before it goes to the Board in March 2023.			<b>Project team</b> to connect with David Smol ahead of final product delivery
<b>4a. Update on ERP1 review</b>	<i>Paper 4a: Lessons learned from ERP1</i>	David Smol	
<ul style="list-style-type: none"> <li>The Board noted David Smol's findings from his review of the process of producing the ERP1.</li> </ul>			-
<b>4.5</b> Noted that the Parliamentary Commissioner for the Environment (PCE) is undertaking a review of the ERP1 and that David Smol's report will need to be shared with the PCE.			<b>Secretariat</b> to send David Smol's report, when finalised, to PCE.
<b>4.6</b> Agreed that a much more top-down approach/plan is needed for ERP2, with a focus on what policies will have the biggest impacts and where there are key dependencies.			
<b>4.7</b> Recommended that the recommendations from David Smol's review be reflected in the ERP2 strategy piece.			<b>Board</b> to provide feedback on David's recommendations by 23 December, otherwise endorsed. <b>Project Team</b> leading the ERP2 strategy work to demonstrate where David Smol's recommendations have been taken into account in the strategy, due with the Board in early 2023.
<b>5. CERF advice for February 2023 and update on CERF monitoring results for the first financial quarter (2022/23)</b>	<i>Verbal update</i>	Caralee McLiesh	
<ul style="list-style-type: none"> <li>The Board noted the Minister of Finance's request for the Board to tighten its prioritisation of what should be considered for Budget 2023.</li> </ul>			
<b>5.1</b> Noted that the Board has received a letter from the Prime Minister and the Minister of Finance on their expectations.			

5.2 Noted that these expectations include a need for a genuinely strategic collective view on which high-value investments for abatement and adaption are critical to keep ERP an NAP on track.		
5.3 Agreed that sequencing is a big factor and needs to be considered when prioritising actions and understanding what will have the biggest impact across the system.		
5.4 Agreed there needs to be an understanding of what the conditions that need to be in place for each 'action' to be successful, such as risks from assumptions about behavioural change.		
5.5 Agreed to bring a draft paper on advice to MOF to the Board in early 2023 for review before sending to MOF end of February, noting to circulate to and discuss with DCEs beforehand.		Secretariat to organise one-off Board meeting in early February 2023 to discuss draft CERF advice.
5a. Update on CERF monitoring results for the first financial quarter (2022/23)	Verbal update	Caralee McLeish
<ul style="list-style-type: none"> <li>The Board noted findings of the CERF monitoring results for the first quarter, noting that agencies with just 6% spent to date.</li> </ul>		
5.6 Noted that tracking against annual forecasts does not necessarily reflect agency plans for timing of spend.		
5.7 Agreed that spending will need be on track by end of year.		
6. Nature based Solutions	Verbal update	Ruth Isaac
<ul style="list-style-type: none"> <li>The Board noted Nature based Solutions current work programme.</li> </ul>		
6.1 Noted that NbS is an untapped opportunity and that key barriers to NbS include lack of investment and funding.		
6.2 Agreed that NbS can be highly cost effective to address emissions reductions and adaptation simultaneously.		
7. AOB and papers for noting	<i>Paper 4: Draft Strategic intent for feedback by round robin</i> <i>Paper 5: Climate IEB Secretariat 'Corporate Health Dashboard';</i> <i>Paper 6: CE Board forward agenda;</i> <i>Paper 7: Cabinet paper – implementing the emissions reduction and national adaptation plans</i>	Vicky Robertson
7.1 The Chair asked the Secretariat to provide advice on how the Board can engage with the Māori Climate Platform		<p>Secretariat to work with the Māori Climate Platform and provide advice to the Board in February 2023.</p> <p>Board to provide feedback on SOI by 23 December.</p>
7.2 The Chair asked the Secretariat to connect to Aotearoa Circle and potential engagement with Board		Secretariat to initiate discussion with Aotearoa Circle.

## Decisions and actions from previous meeting

**To note:** Only two Board members and one approved delegate were formally present for parts of the November meeting. This means there was no quorum, and so no official business of the Board could be considered transacted, including no approved minutes or decisions. The Secretariat requires decisions of this meeting be subject to formal agreement by Board members via email.

Ref.	Decisions/actions from [10 <sup>th</sup> August] meeting	Lead	Due date/ Status
1.3	<p><b>Introduction and context including upcoming advice and review of Board success measures</b></p> <p>Provided comment on the Board's forward agenda, in particular noting it would be useful for the Board to:</p> <ul style="list-style-type: none"> <li>a. have risk register on the forward agenda to get a sense of how things are tracking overall</li> <li>b. receive a regular update on key strategic levers and risks, as a possible standing item.</li> </ul>	Secretariat	Working with Chair to consider standing item on key strategic levers and risks, and to develop approach for risk reporting to the Board.
2.2	<p><b>Adaptation and cost-sharing framework</b></p> <p>Endorsed paper 3, noting that the recommendations for CRMG should retain flexibility for options to be further developed with more nuance in future.</p>	MfE	To provide updated paper for CRMG meeting on 29 November.
2.3	<p>Discussed areas for further work in future iterations of this advice, including:</p> <ul style="list-style-type: none"> <li>a. a more nuanced account of who pays, when and how</li> <li>b. incorporation of specific figures, prices, and statistics to illustrate the scale of the issue</li> <li>c. consideration that a one-model-fits-all approach may not be appropriate</li> <li>d. more strongly linking to broader wellbeing outcomes related to adaptation, e.g., social and cultural wellbeing</li> <li>e. stronger focus on the role of the individual as well as central and local government</li> <li>f. including international evidence around adaptation risks.</li> </ul>	MfE	To incorporate this feedback in future iterations of its advice.
4.6	<p><b>Climate Innovation Platforms</b></p> <p><b>Agreed</b> that Climate CEs will take further decisions regarding Platform governance if Cabinet agrees to the fundamental governance structure and approach. (Subject to email confirmation from Board members.)</p>	MBIE	Adjust papers and recirculate given lack of Board meeting quorum, Board members to feedback and/or endorse paper via round robin ahead of CRMG - <b>Completed</b>
4.7	<p>Agree that the Independent Panel should report into the Board in the first instance, rather than to CRMG. (Subject to email confirmation from Board members.)</p>		

## Board Cover Paper to support discussion:

### Item 2: Six-monthly progress report on the first emissions reduction plan

<b>Papers</b>	<ol style="list-style-type: none"> <li>1. Briefing note: Climate Response Ministerial Group: First six-monthly progress report on the Government’s emissions reduction plan</li> <li>2. First Six-Monthly Progress Report on the first ERP</li> <li>3. Advice on abatement options (late paper to be circulated)</li> </ol>
<b>Lead (s)</b>	Chris Nees (Climate IEB Unit)
<b>Purpose (Dual)</b>	<p>To provide the Board with an overview of implementation progress across the first six months of the first emissions budget period.</p> <p>To get feedback on the Board’s first six-monthly report and associated advice before it is provided to the PM and CRMG.</p>
<b>Context</b>	The reports represent the IEB Unit’s advice to the Board after working closely with agencies to develop them.
<b>Action Required</b>	<p><b>Endorse/provide feedback on:</b></p> <ul style="list-style-type: none"> <li>• the key findings of the report and the recommendations in the briefing note, with particular attention given to: <ul style="list-style-type: none"> <li>○ the key messages and recommendations, including strategic challenges and progress at a glance (the Briefing Note, paragraphs 1 to 10).</li> <li>○ programme risks and opportunities (the Report, page 13 to 18)</li> <li>○ tracking progress on Emissions Budgets (the Report, page 9 and 10)</li> </ul> </li> <li>• draft advice on additional abatement options.</li> </ul>
<b>Key strategic/critical/sensitive issues to consider or discuss</b>	<p>Does the advice enable a free and frank discussion with Ministers about the challenge of achieving ambitious emissions budgets, managing delivery risks, and the impact of cost of living decisions that reduce abatement?</p> <p>Does the Board consider the ‘additional abatement options’ advice should be put to Ministers to indicate the nature of the challenge? Note no ‘easy options’ have been identified.</p> <p>Do the findings in the report align with the Board’s understanding of the progress and challenges with delivering the ERP? Any surprises?</p> <p>Does the Board support the recommendations in the Briefing Note as mitigations to the identified risks? What about the strategic opportunities?</p> <p>Does the Board support engaging MBIE to ensure agencies have early access to key principles and frameworks from the Equitable Transitions Strategy?</p>
<b>Confidence assessment of agency reporting</b>	<p>We commissioned Deloitte to run a light-touch confidence assessment of agency progress reporting across ten initiatives. The review tested methodologies used by agencies, considering consistency, and what improvements could be made.</p> <p>No major red flags were raised but Deloitte has made a number of recommendations to improve subsequent reports, which the Unit supports and will pick up in future.</p>

# Draft adaptation priority focus areas for reporting to the Climate Change Chief Executives Board

## Context

1. The national state of emergency announced on 14 February elevates the need for the Board's consideration of adaptation action.
2. The recent events are an indicator of permanent changes in weather patterns. More frequent and intense storm and heavy rainfall events have been consistently projected by climate scientists. Climate projections informed the first National Climate Change Risk Assessment, released in 2020. The Risk Assessment identified significant risks as a result of these projections and New Zealand's exposure and vulnerability to them, including to communities and infrastructure.
3. Co-ordinated and decisive action is needed to respond to these risks. The National Adaptation Plan (NAP), published in August 2022 sets out the actions needed to adapt to a changing climate and build resilience.
4. The Climate Change Chief Executives Board (the Board)'s remit is being formally expanded to include adaptation from April 2023. Its role is to:
  - a. provide oversight of the Government's response to climate change
  - b. coordinate the implementation of cross-agency actions and strategies in the emissions reduction plan (ERP) and national adaptation plan (NAP).
5. The Board are also responsible for:
  - a. Monitoring:
    - implementation of actions (based on data from individual agency input)
    - effectiveness/impacts/sufficiency of actions (based on data from individual agency input).
  - b. Reporting on:
    - overall implementation of the NAP (starting from mid-2023)
    - sufficiency of actions to address risks identified in the National Climate Change Risk Assessment (NCCRA), biennially.
6. There are nine ERP priority focus areas. These were directed by the previous Prime Minister. Their purpose is to facilitate discussion with the Climate Response Ministers Group (CRMG) on:
  - a. critical decisions before Ministers, which may impact on implementation and/or emissions targets
  - b. top policy issues for a 'deeper dive' at future meetings
  - c. cross-cutting opportunities and threats
  - d. adaptive management opportunities and actions.
7. The Board has asked for advice on adaptation priority focus areas. In light of recent events, there is an urgent need to consider which NAP actions should be accelerated or refocused to drive a more climate resilient recovery.

## Purpose

8. Adaptation priority focus areas will support the Board's leadership of adaptation action and the co-ordination of resources across government. Strong leadership to direct New Zealand's adaptation action was one of four supporting functions recommended by the Climate Change Adaptation Technical Working Group (CCATWG).
9. This document sets out the updated draft adaptation priority focus areas. Feedback from agencies and Directors has been incorporated. Feedback highlighted the need:
  - a. for clearer articulation of the criteria from which the priorities have been defined, and need for those criteria to be consistent with NAP critical actions
  - b. to consider how NAP critical actions address the risk identified as most urgent in the National Climate Change Risk Assessment (NCCRA)
  - c. to avoid duplication of governance.

## Criteria for adaptation priority focus areas

10. In defining adaptation priority focus areas, the following criteria were considered:
  - a. consistency with critical actions defined in the NAP
  - b. inclusion of NAP actions which address NCCRA risks rated with an urgency rating of 90 or above<sup>1</sup>
  - c. benefit from coordination across Government as it requires action across multiple government agencies and/or has benefit to multiple agencies.
11. We also:
  - a. considered whether there were existing cross-government governance arrangements (including monitoring and reporting)
  - b. acknowledge that how the government works with Māori is a critically thematic priority for the Board. However, to avoid duplication, Māori climate action has not been included as one of the adaptation priority focus areas.

## Recommended adaptation priority focus areas

12. Table 1 summarises the recommended adaptation priority focus areas for reporting to the Board.
13. Once the priorities are agreed by the Board:
  - a. lead and contributing agencies for each priority focus area will be confirmed
  - b. desired outcomes and policy issues for each priority focus area will be defined.
14. Once agreed by the Board, regular reporting on the priority focus areas, alongside those for the ERP, will be developed by the Secretariat at a frequency to be determined by the Prime Minister/Climate Response Minister Group.

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<sup>1</sup> There are many critical actions in the NAP. Not all could be prioritised, so consideration was given to NCCRA risks which were rated as most urgent (90+ urgency rating). This captures 3 risks: E1, B1 and B2.



Table 1: Recommended adaptation priority focus areas

Priority Focus area	Criteria met to support inclusion	Examples of Relevant NAP actions	Relevant agencies
Access to the right data and information to take adaptation action	<ul style="list-style-type: none"> <li>Consistent with NAP critical actions.</li> <li>Benefits multiple agencies and will require coordination.</li> </ul>	Action 3.1: Provide access to the latest climate projections data (2022-24)	MfE NIWA Toka Tū Ake EQC
		Action 3.2: Design and develop risk and resilience and climate adaptation information portals (2022-26)	
Managed retreat	<ul style="list-style-type: none"> <li>Consistent with NAP critical actions.</li> <li>Addresses NCCRA risk E1.<sup>2</sup></li> <li>Priority benefits multiple agencies and will require coordination.</li> </ul>	Action 5.1: Pass legislation to support managed retreat	MfE, TPK, MPP
Flood resilient built environment and communities	<ul style="list-style-type: none"> <li>Consistent with NAP critical actions.</li> <li>Addresses NCCRA risks E1, B2.<sup>3</sup></li> <li>Benefits multiple agencies and will require coordination.</li> </ul>	Action 5.3: Complete case study to explore co-investment for flood resilience	DIA HUD MBIE
		Action 5.7: Reduce and manage the impacts of climate hazards on homes and buildings	
Strategic infrastructure	<ul style="list-style-type: none"> <li>Consistent with NAP critical actions.</li> <li>Addresses NCCRA risks E1, B1,<sup>4</sup> B2.</li> <li>Benefits multiple agencies and will benefit from coordination.</li> </ul>	Action 5.6: Scope a resilience standard or code for infrastructure	Te Waihanga Waka Kotahi, TSY, MOT, MBIE, HUD, DPMC
		Action 8.1: Develop and implement the Waka Kotahi Climate Adaptation Plan	

### Additional recommendations

15. To support the Board's leadership and co-ordination of resources across government we also recommend they:

- a. **Integrate adaptation within ERP priority focus areas** where actions have adaptation application. Examples include actions relating to nature-based solutions, energy, and transport.
- b. **Consider how best to provide assurance whether good adaptation outcomes are being achieved through large reform programmes with pre-existing governance mechanisms** ie. RM reform, Three Waters, Emergency Management System reforms.
- c. **Consider the opportunity to build climate resilience and lead by example** embed climate-related risk management within their own organisations

<sup>2</sup> E1 refers to Economy 1 - risks to governments from economic costs associated with lost productivity, disaster relief expenditure and unfunded contingent liabilities due to extreme events and ongoing, gradual changes.

<sup>3</sup> B2 refers to Built environment 2 - risks to buildings due to extreme weather events, drought, increased fire weather and ongoing sea-level rise.

<sup>4</sup> B1 refers to Built environment 1 - risks to potable water supplies (availability and quality) due to changes in rainfall, temperature, drought, extreme weather events and ongoing sea-level rise.

## Recommendations

16. The Board is being asked to:

- a. **Endorse** the recommended draft adaptation priority focus areas for quarterly reporting to the Board (Table 1).
- b. **Note** additional recommendations in paper to support the Board's leadership and co-ordination across Government (page 3).
- c. **Note** DCEs and the IEB Secretariat have commissioned advice on: [tbc pending DCE discussion 16 Feb]
  - The status of existing actions needed to support these 4 priority focus areas
  - Whether their existing scope, focus and timeframes need to be accelerated or altered for given their changed context
  - Any implications of these recommendations on other NAP actions
  - Whether there are any remaining gaps which would require further action, not currently included in the NAP

17. Once the priorities are agreed by the Board:

- a. lead and contributing agencies for each priority focus area will be confirmed
- b. desired outcomes and policy issues for each priority focus area will be defined.



# Memo

**To:** Climate Change Chief Executives      **File ref:** [ECM-547756131-147034](#)

**From:** Janine Smith, Deputy Secretary, Natural and Built System and Climate Change Mitigation

**Date:** 15 February 2023

**CC:** Hemi Smiler, Director Climate Mitigation

**Re:** Proposal to establish Climate Business Advisory Group

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## Purpose

To seek the Board's endorsement to establish a Climate Business Advisory Group. The Advisory Group will have a broad climate focus (adaptation and mitigation).

## Background

The Ministry for the Environment and the Sustainable Business Council have been discussing how to make the next 'step change' in collaboration between business and the Government. There is an existing foundation of collaboration on which to build, via the Climate Leaders Coalition and SBC (an MoU agreed in 2021).

Collaboration aims to ensure that policy advice to decision makers is well informed by business ideas, and well tested. This collaboration provides certainty for business, and ultimately enables business to play a leadership role on climate action.

There is an immediate need to collaborate on implementation of the first emissions reduction plan, and to get ahead of development of the second emissions reduction plan.

This will be a Ministry-appointed group. The next steps in this work are for SBC and MfE to develop Terms of Reference (draft available) and identify potential members. We will aim to convene a first meeting in March/April to keep up momentum.

## Recommendations / Actions

1. Endorse that the Sustainable Business Council and the Ministry for the Environment will establish a Climate Business Advisory Group, with an initial pilot on ERPs 1&2
2. Agree that the Advisory Group will be Co-Chaired by the Ministry (CE or Dep Sec - level) and SBC (Mike Burrell).

# Climate Business Advisory Group

Deeper collaboration between business and  
government to achieve New Zealand's climate goals



Ministry for the  
**Environment**  
*Manatū Mō Te Taiao*



# Opportunity to work more closely with business

Climate Leaders Coalition (CLC) in New Zealand makes up 60% of domestic emissions and one third of the economy

1. We are proposing to establish a business advisory group with a broad climate focus (mitigation, adaptation, possibly climate disclosures).
2. With establishment of Māori Climate Platform underway, business engagement is a logical next priority. (Other key stakeholders include local government.)
3. **It is important to have a business view on the practical implementation of the plans and strategies we are developing - not only test early but able to consider a partnership approach to economic strategy before drafting the plans.**
4. Current positive relationships via CLC and Sustainable Business Council gives a platform to deepen work together (MfE has signed CLC 2022 Statement of Ambition, MoU with SBC agreed in 2021).

# Advisory Group Concept

An Advisory Group should focus on system-wide issues

## Objectives

### General Objectives:

1. Business to contribute focused ideas and solutions to government, particularly those that need government partnership to enable (either cross-sectoral or sectoral).
2. Government to test policy thinking with business to ensure it is fit-for-purpose.
3. Mutual accountability for implementation (i.e. is government doing what it said it would, are businesses taking action?)
4. Creating more certainty for business and investors around climate policy.

### Specific Objectives:

1. Support the government's implementation of ERP1 (particularly in areas relevant to the business).
2. Business input into the development of ERP2 (business to contribute ideas to government at economy and sector levels, particularly where government partnership is needed).
3. ETS and Adaptation.

# Advisory Group Concept

Potential membership and interactions

## **Membership**

1. MfE-appointed group
2. MfE and CLC to Co-Chair
3. Six to twelve individuals – Goldilocks Zone
4. Bring in representatives from SMEs and consumers
5. Membership can evolve over time based on focus.

## **Potential meetings tempo**

1. Meet approximately every six weeks
2. Quarterly with the officials' group and Climate CEs
3. Desire to interface with Climate Ministers.

# Keys ways of working

## **Business consider these to be critical factors**

1. Group is advisory to the government, the group doesn't have to achieve a consensus view.
2. Secretariat required by government - both in terms of administration, and a conduit into agencies doing the policy work. Would like to commission work.
3. Must connect into ERP1 implementation process, and ERP2 development process.
4. Officials need to provide regular feedback on how contributions are being addressed / taken forward.

## **Other groupings and stakeholders**

1. Would not replace existing engagement by agencies (eg energy, transport). We will define how the Advisory Group connects in with agency-run groups.
2. Does not replace other engagement/consultation (eg Aotearoa Circle, Major Electricity Users Group).



# ERP 1& 2 pilot

We will start with an initial pilot on ERP1 &2. Priorities for a pilot will be developed as a next step.

## ERP Priorities – to be confirmed

1. An illustrative list of policy topics includes:
  - Energy transition (renewables and hydrogen)
  - ETS and carbon pricing
  - EVs: charging infrastructure and commercial EV uptake
  - Process heat
  - Sequestration and forestry
  - Sustainable aviation.
2. There are some other ideas that could be progressed as critical enablers:
  - Vision 2050 and pathways
  - Consumer engagement/behaviour change.

# Indicative timeline

Proposing a “fast start” in March/April in order to get momentum

February/March	Confirm co-chairs and members
March/April	Convene first meeting under draft terms of reference
April/May	Second meeting –  Confirm terms of reference, priorities**
May/July	Meetings continue
August	Evaluate pilot.

\*\*Contracts, Conflict of Interest Declarations and Non-Disclosure Agreements in place by April meeting.