



Climate Change
CHIEF EXECUTIVES BOARD

[IN CONFIDENCE]

Climate Change Chief Executives Board

Meeting papers

Wednesday 3 April 2024

1:15–3:00pm

[IN CONFIDENCE]



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

AGENDA

Wednesday 3 April 2024, 1:15-3:00pm
Online via MS Teams

Attendees	James Palmer (Chair, MfE), Audrey Sonerson (MoT), Caralee McLiesh (TSY), Dave Gawn (NEMA), Penny Nelson (DoC), Paul James (DIA), Aaron Martin (CL), Victoria Hallum (MFAT), Mel Porter (MBIE delegate), Julie Collins (MPI delegate)
External attendees	<p>Item 4 - Adrian Orr, Governor and Simone Robbers, Assistant Governor/GM Strategy, Governance and Sustainability (Reserve Bank of New Zealand)</p> <p>Item 5 - Members of the Climate Business Advisory Group: Mike Burrell (Sustainable Business Council), Simon Tucker (Fonterra), Abbie Bull (Z Energy), Sarah Holden (Oxygen), Kiri Hannifin (Air New Zealand), Lucie Drummond (Mercury), Stuart Dickson (Powerco)</p> <p><i>In support:</i> David Ross, James Walker</p>
In support	Nadeine Dommissie, Sam Buckle (MfE), Lisa Daniell, Jane White, Amy Tisdall, Rachael Church (Climate IEB Unit)
Apologies	Carolyn Tremain (MBIE), Ray Smith (MPI)

Previous meeting: 13 March	Current meeting: 3 April	Next meeting: 30 April
<ul style="list-style-type: none"> • CPMG preparation for initial meeting - update on agenda and papers, comments or review on quarterly progress report 	<ul style="list-style-type: none"> • s 9(2)(f)(iv) • RBNZ engagement • CBAG engagement 	<ul style="list-style-type: none"> • ERP2 update • Adaptation framework update • Climate Data Initiative update

Meeting open / karakia tīmatanga

#	Time	Item	Recommended actions
1	15 mins 1315-1330	<p>Welcome / context sharing updates / CPMG debrief Lead: Chair / Lisa Daniell (Climate IEB Unit)</p> <p>Key points:</p> <ul style="list-style-type: none"> - CPMG met on 25 March with discussion focused on the draft NDC cabinet paper - The attached paper plays back the key points from the CPMG discussion, the actions required and feedback from the Board. - s 9(2)(f)(iv) - - 	<ul style="list-style-type: none"> a. s 9(2)(f)(iv) b. c.
2		<p>Meeting administration Lead: Chair / Lisa Daniell (IEB Unit)</p> <ul style="list-style-type: none"> - Minutes of previous meetings, held on 28 February, 13 March <p>Supporting papers:</p> <p>2.1 Minutes of previous meeting, 28 February 2024</p> <p>2.2 Minutes of previous meeting, 13 March 2024</p>	<ul style="list-style-type: none"> - Approve the minutes of the previous meetings

External engagement			
3	30 mins 1330-1400	<p>Reserve Bank of New Zealand</p> <p>Adrian Orr and Simone Robbers will discuss the Reserve Bank's climate change strategic priorities, the Bank's recent climate stress test work, and intersections with banking and financing the climate response.</p>	
4	60 mins 1400-1500	<p>Climate Business Advisory Group</p> <p>The Climate Business Advisory Group will provide an update on work currently underway, and the group's intention moving forward (20 mins).</p> <p>Followed by discussion with the Board (40 mins) will focus on 2-3 suggested core actions to focus on, and specific opportunities for private and public sector alignment on these actions in 2024.</p> <p><i>Supporting paper:</i> 4.1 <i>Strategic drivers for climate action</i></p>	
Meeting close / karakia whakamutunga			



Climate Change Chief Executives Board

MEETING MINUTES

Wednesday 28 February 2024, 10:00-11:30am

Room 2.04 at MfE Offices, 8 Willis Street, Wellington / Online via MS Teams

Attendees	James Palmer, Chair (MfE), Audrey Sonerson (MoT), Carolyn Tremain (MBIE), Dave Gawn (NEMA), Paul James (DIA), Ray Smith (MPI), Aaron Martin (CL), Victoria Hallum (MFAT)
In support	Charlotte Denny (MPI), Vicki Plater (Tsy), Sam Buckle, Stephen Goodman, Katherine Wilson (MfE), Lisa Daniell, Chris Nees, Jane White Rachael Church (Climate IEB Unit)
Apologies	Caralee McLiesh (Tsy), Penny Nelson (DoC)

Chair's opening comments / karakia tīmatanga

General Board governance matters

#	Item	Actions
1	<p>Welcome / context sharing updates Lead: Chair / All</p> <p>The Chair opened the meeting and acknowledged delegates attending for absent Chief Executives. With more international focus from the new government, MFAT has been invited to attend Board meetings - the Chair welcomed Victoria Hallum to the meeting.</p> <p>It was noted that the Minister of Climate Change would be having his first bilateral meeting with the Prime Minister later in the day.</p>	
2	<p>Initial CPMG meeting (March) Lead: Chair / Lisa Daniell (Climate IEB Unit)</p> <p>The first CPMG meeting will likely be held in late March. This meeting will discuss the purpose of the group, terms of reference, and provide an overview of the climate change architecture, including domestic and international mitigation and adaptation, and legal obligations.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> Sequencing will be important, given ministerial priorities are still being clarified and some agencies have resource constraints. s 9(2)(f)(iv) There are tight timeframes for key pieces of work, which will require ministerial decision making in the near future. s 9(2)(g)(i) Ministers will have an opportunity to see ERP2 modelling in the second CPMG meeting. A Board meeting will be scheduled prior to the initial CPMG meeting. An important conversation at the first CPMG meeting will be the government's objectives for ETS pricing <p>The Board:</p> <p>2.1 provided feedback on the proposed purpose, functions, and priorities of the Climate Priorities Ministerial Group (CPMG);</p> <p>2.2 discussed the proposed approach to the initial establishment meeting (as outlined in paragraph 8 of the paper), particularly any insights on Ministers' understanding of the framework for climate change in New Zealand and the broader climate programme, alongside economic priorities;</p> <p>2.3 agreed to the proposed draft framework for quarterly reporting to CPMG on milestones and progress across the climate work programme.</p>	

<p>3</p>	<p>Board's role and focus for 2024 Lead: Chair / Lisa Daniell (Climate IEB Unit)</p> <p>The paper sets out proposed objectives and functions for the Board, to support delivery of the government's climate priorities. It focuses on cross-cutting areas of work. International mitigation is included given this is a priority for the government.</p> <p>The Board's feedback is sought on the proposed objectives and functions, and whether any other issues need to be included.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • Strategic clarity of what is being focused on is an area for the Board to contribute to, s 9(2)(g)(i) • Ensuring Ministers are well sighted on the biggest policy decisions needing to be made, where they intersect portfolios; framing around the nature of these decisions and where they are at in the process of decision making. • More focus is needed on an adaptation framework, including the legislative framework. • s 9(2)(f)(iv) <p>The Board:</p> <p>3.1 noted the proposed objectives and functions that the Board needs to deliver in 2024 and provided feedback on the proposed areas;</p> <p>3.2 agreed that decision-making needs to be streamlined between the Board, Climate Deputy Chief Executives Group, and Interagency Climate Directors Group to ensure that decisions are made by the most appropriate group.</p>	<p>Decision-making is to be streamlined between the Board, DCEs, and Directors to avoid decisions being cascaded. Lead: Climate IEB Unit</p>
<p>Climate mitigation</p>		
<p>4</p>	<p>ERP2 update, including update on CCC advice Lead: Sam Buckle / Stephen Goodman (MfE)</p> <p>DCEs discussed this item at their meeting on 27 February. Greater clarity is needed on how much to prioritise a net zero strategy ahead of or alongside ERP2, and the upcoming quadrilateral is a key opportunity to do so (Ministers Willis, Brown, McClay and Watts).</p> <p>The paper regarding the Climate Change Commission's recommendations was provided to DCEs for awareness, given its importance, s 9(2)(g)(i)</p> <p>DCEs were comfortable with where the discussion landed but expressed concerns around the proposed timeframes for a Net Zero Strategy and ERP deliverables.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • It would be helpful to clarify the scope and timing of a Net Zero Strategy with Ministers as soon as possible. <p>The Board:</p> <p>4.1 noted the implications of a net zero strategy for agencies' forward work planning;</p> <p>4.3 noted that agencies will need to continue to work with focus towards preparing a discussion document for ERP2 consultation to commence at the end of May.</p>	
<p>Climate adaptation</p>		
<p>5</p>	<p>Adaptation framework work programme Lead: Katherine Wilson (MfE)</p> <p>It is likely that an ad hoc select committee will be established, to allow more time for the Cabinet process and give agencies additional time to work through core objectives and questions.</p>	

	<p>The Board had previously asked for an indication of issues where Ministers will need to make difficult decisions. Paragraph 14 of the paper highlights key challenging issues and the Board's feedback is sought on whether any other challenges should be included.</p> <p>DCEs discussed this item on 27 February and noted the importance of sequencing; there was particular focus on paragraph 14(b) and (c) in regard to the appropriate balance.</p> <p>Discussion points:</p> <ul style="list-style-type: none"> • The adaptation of natural ecosystems due to changing climate is out of scope of the adaptation framework. The natural environment is within scope. Built environment sits within infrastructure and would come through the adaptation plan rather than the adaptation framework. • Scope of the adaptation framework is a key aspect to highlight in the first Cabinet paper. • A range of boundary issues need to be explored through policy development, with focus largely on the residential environment. • Non-climate induced natural hazards (e.g. earthquakes) are not included in the scope of the proposed framework. • MfE and Treasury are working on a core objective in the adaptation framework around effectively functioning insurance markets. • The Chair noted the Board would value the opportunity to see the most consequential policy issues and options being put forward, given the impact on a range of different policy issues. <p>The Board:</p> <p>5.1 noted the draft objectives for the climate adaptation framework (outlined in Appendix 3 of the paper) will be further developed with agencies;</p> <p>5.2 noted that direction from Climate DCEs or the Board may be needed to support ministerial decision making on cross-cutting issues.</p>	
Chair's closing comments / karakia whakamutunga		
	<p>The Chair noted that due to time constraints the report back on potential adaptation indicators (agenda item 6) would be deferred to a subsequent meeting.</p> <p>The meeting closed at 11:35am.</p> <p>Next meeting date: Wednesday 13 March 2024</p>	

Climate Change Chief Executives Board MEETING MINUTES

Wednesday 13 March 2024, 3:30-4:30pm
Room 2.05 at MfE Offices, 8 Willis Street, Wellington / 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), Victoria Hallum (MFAT)
In support	Charlotte Denny (MPI delegate), Nadeine Dommissie, Sam Buckle (MfE), Lisa Daniell, Chris Nees, Jane White, Rachael Church (Climate IEB Unit)
Apologies	

#	Item	Actions
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Chair's opening comments / karakia tīmatanga

1	<p>Welcome / context sharing Lead: Chair</p> <p>The Chair welcomed meeting attendees and noted that the engagement with the Climate Business Advisory Group had been deferred to 3 April.</p> <p>The Minister of Climate Change (MCC) has met with the Prime Minister to discuss the climate portfolio. The meeting included discussion on the Climate Priorities Ministerial Group (CPMG), the ETS, and the NDC.</p> <p>CPMG will be chaired by the MCC and the Prime Minister will be invited to attend the first meeting to set the scene and outline expectations for the group.</p> <p>s 9(2)(f)(iv)</p>	
2	<p>CPMG preparation for initial meeting – update on agenda and papers, comments, or review on quarterly progress report Lead: Chair / Lisa Daniell (Climate IEB Unit)</p> <p>The Board discussed the proposed agenda for the first CPMG meeting on 25 March. Feedback included the following key points:</p> <ul style="list-style-type: none"> • s 9(2)(f)(iv) • • • • • New Zealand needs to report to the UN this year on progress made against NDC1 s 9(2)(f)(iv) 	<p>The Climate IEB Unit will circulate information provided to the Minister of Climate Change s 9(2)(f)(iv)</p>

	<ul style="list-style-type: none"> • A short update on the Board’s latest quarterly report will be provided to CPMG, which includes a section on the new government’s priorities. The Climate IEB Unit is preparing a 1-2 page summary of key messages, with the final quarterly report to be provided to the Minister of Climate Change. • On the emissions projections and how those are described, ensure it is clear there is still heavy lifting to do for EB2 and through ERP2, and significant uncertainty in the numbers given time passed since July '23 and assumptions at that time. • The quarterly report narrative assumes a continuously rising ETS price – also need to clarify what underpins aspects of that modelling in the projections. • The government has to respond on ERP2 by December. • Cabinet decisions on NDC2 will be needed by February 2025. <p>The Board:</p> <p>2.1 noted the draft agenda for the first CPMG meeting on 25 March 2024;</p> <p>2.2 agreed that the quarterly progress report should be summarised for CPMG to allow discussion to focus on priority matters (NDC);</p> <p>2.2 noted that additional feedback on the draft CPMG agenda is welcome by email to the Climate IEB Unit.</p>	<p>Quarterly progress report to be summarised for CPMG consideration Lead: Climate IEB Unit – completed summary to CPMG; more fulsome report to be updated and circulated separately to MCC.</p>
<p>Chair’s closing comments / karakia whakamutunga</p>		
	<p>The Chair acknowledged the challenges with agency consultation occurring alongside ministerial consultation on some of the draft Cabinet papers.</p> <p>The Chair noted the value in having as many Board members as possible attend CPMG on 25 March.</p> <p>The meeting closed at 4:31pm.</p> <p>Next meeting: Wednesday 3 April 2024 (focus on external engagements)</p>	

Businesses are responding to economic and customer drivers, beyond government direction:

- Market access,
- Capital / investor
- Consumer / Customer
- Legal
- Access to talent

Businesses have completed transition plans (or will do so) and are on a pathway to 2030 and 2050.

- This is very different to ERP1 (in-built momentum)

These transition plans identify significant physical and climate risks for the sectors/economy but also lay out fundamental pathways for transition, which the Government can draw upon.

- Risks (physical, transitional, financial stability)
- Pathways emerging in dairy, energy etc

There are economic opportunities (or costs) for the economy:

- Opps: Productivity, co-benefits, premiums for low carbon products
- Costs: Cost of inaction, late / rapid decarbonisation, capital, insurance etc

Businesses want to partner with Government:

- Setting ambition and certainty of direction
- Removing regulatory barriers
- Catalysing private sector investment, including through co-investment
- Engaging NZers