



Climate IEB - Agenda

1 August 2023, 2.00-3.30pm

Room 2.05 Moe-te-ra, MfE Offices, 8 Willis Street Wellington

Attendees	James Palmer (Chair, MfE), Audrey Sonerson (MoT), Carolyn Tremain (MBIE), Dave Gawn (NEMA), Paul James (DIA), Penny Nelson (DoC), Ray Smith (MPI), Caralee McLiesh (TSY), Aaron Martin (CL),
In support	Lisa Daniell, Chris Nees (CCIEB Unit)
Agency attendees for relevant items	Janine Smith, Anne Haira, Katherine Wilson (MfE), Monique Cornish, Barbara Tebbs (Te Waihanga delegate, Items 2-4)
Apologies	

Previous meeting: 30 June 23	Current meeting: 1 August	Next meeting: 17 August
<ul style="list-style-type: none"> Board context ERP2 strategic approach Options to address the distributional impacts of emissions pricing <p>Adaptation:</p> <ul style="list-style-type: none"> Flood resilient built environment and communities Direction of Climate Change Adaptation Bill <p>Noting papers:</p> <ul style="list-style-type: none"> CCEIB corporate health dashboard; meeting administration 	<ul style="list-style-type: none"> Engagement with Sir Jonathan Porritt, Green Futures UK; and Co-founder of Aotearoa Circle <p>Adaptation focus:</p> <ul style="list-style-type: none"> NAP priority focus area: Access to the right data and information to take adaptation action NAP priority focus area: Strategic infrastructure <p>Mitigation focus:</p> <ul style="list-style-type: none"> Adaptive management approach <p>Noting papers for any email feedback:</p> <ul style="list-style-type: none"> Updated Statement of Intention Board's draft annual report 	<ul style="list-style-type: none"> Draft six-monthly ERP and NAP progress report – key messages Strategic discussion on Board priorities and ambition (draft BIM outline and long-term strategic narrative on climate policy to be provided in advance)

#	Time	Item	Recommendations
Karakia timatanga / Chair's opening comments			
1	2 mins 1400 - 1402	Opening, introductions	
2	35 mins 1402 - 1435	<p>Engagement with Sir Jonathan Porritt, Green Futures UK and Co-founder Aotearoa Circle Lead: James Palmer, Sir Jonathon Porritt</p> <p>As part of the Board's stakeholder engagement programme, this item provides an opportunity for engagement with Sir Jonathon on global developments and priorities for climate progress – across mitigation and adaptation.</p> <p><i>Paper 2.1: Sir Jonathon Porritt bio</i></p>	
Adaptation priority focus updates			
3	15 mins 1435-1450	<p>NAP priority focus area: Access to the right data and information to take adaptation action Lead: Katherine Wilson (MfE)</p> <p>To present a short update on this NAP priority focus area to the Board and discuss some of the themes emerging for first report</p> <p>Key points:</p> <ul style="list-style-type: none"> Key milestones have been progressed in this priority focus area, but reporting raises questions of whether implementation may be too slow, even if on track 	<p>3.1 Note agencies have provided a summary of the access to data priority area to the IEB Unit</p> <p>3.2 Discuss key themes that are emerging</p> <p>3.3 Note you will get a further opportunity to make decisions on all priority areas later in August as part of six-monthly report endorsement, and in September strategy session</p>

		<ul style="list-style-type: none"> Data is a system-wide challenge, and we need to be more effective at connecting, improving access, avoiding duplication and investment in quality data systems There is a clear gap in access and communication of adaptation information due to MfE's Climate Action Hub not receiving full funding this year Key system changes such as resource management reform and building system changes rely on up-to-date data and information being available <p><i>Paper:</i> 3.1 National Adaptation Plan priority focus area 1: Access to the right data and information to take adaptation action</p>	
4	20 mins 1450 - 1410	<p>NAP priority focus area: Strategic infrastructure Lead: Monique Cornish (Te Waihangā delegate)</p> <p>To present a short introductory update on NAP priority focus area to the Board</p> <p>Key points:</p> <ul style="list-style-type: none"> There is tension between short-term recovery and long-term resilience actions Progress of broader government programmes are key to delivering on the objectives of the NAP for infrastructure, which creates risks and opportunities Investment priorities and funding and financing remain key constraints to resilience projects in the public and private sector <p><i>Paper:</i> 4.1 National Adaptation Plan priority focus area 4 - Strategic infrastructure</p>	<p>4.1 Note the update provided.</p> <p>4.2 Note you will get a further opportunity to make decisions on all priority areas later in August as part of six-monthly report endorsement, and in September strategy session</p>
Mitigation focus			
5	20mins 1410-1430	<p>Adaptive management approach Leads: Lisa Daniell, Kate Miller (Climate IEB Unit)</p> <p>This item seeks endorsement of the adaptive management approach for managing ERP and NAP.</p> <p>Key points:</p> <ul style="list-style-type: none"> Adaptive management is central to the Board's role for both NAP and ERP. Adaptive management refers to the system's capacity to actively explore possibilities, continuously learn and to change approach as opportunities and risks arise. Extreme weather events, delivery constraints & delays, and cost-of-living pressures in the first year of delivery have proven the need for an adaptive approach. The IEB Unit has identified three key components to enable the Board's adaptive management role; a shared long-term vision, striving to building optionality over time, and foresight and scanning intelligence. These seek to build the maturity of our approach now and through development of ERP2. <p><i>Paper 5.1: Adaptive Management Tier II – Board August 2023</i></p>	<p>5.1 Endorse the three components of best practice adaptive management; a long-term vision, building optionality, and better intelligence.</p> <p>5.2 Note CRMG has been asked to endorse the development of 2050 scenarios for ERP2.</p> <p>5.3 Endorse the 2050 scenarios commissioning to include adaptation and feed into a wider range of strategic advice.</p> <p>5.4 Note MfE/MBIE/IEB Unit recently commissioned work on emerging technologies for climate mitigation, which has identified several system settings that are slowing the uptake of emerging climate solutions. MBIE/MfE/IEB Unit will work together to ensure that this is used to inform ERP2 policy advice.</p> <p>9(2)(f)(iv)</p>

			5.7 Endorse the IEB Unit working with DCEs Group and agencies to operationalise adaptive management, including to ensure scanning and foresight methods are increasingly incorporated into reporting and advice.
Any other business / noting papers			
6	2 mins	<p>Noting papers for Board visibility:</p> <ul style="list-style-type: none"> - CERF Investment Planning (from IEB Unit and endorsed by Climate DCEs) - CCIEB annual report - CCIEB statement of intent <p>CERF: A proposed investment framework has been developed through the CERF investment planning workstream which includes:</p> <ul style="list-style-type: none"> • minimum requirements for Government investment in climate • guiding criteria supporting agency development of initiatives • strategic intent and investment objectives for Budget '24 to support agency initiatives <p>9(2)(f)(iv)</p> <p>MFE Annual report is due to be published and the Board's annual report will be an appendix, rather requiring a separate document. The Board's statement of intention is also being updated to include adaptation.</p> <p><i>Papers:</i></p> <p>6.1 <i>CERF Investment Planning</i></p> <p>6.2 <i>The Board's updated strategic intentions (draft)</i></p> <p>6.3 <i>The Board's annual report (draft)</i></p>	<p>6.1 Note the papers provided</p> <p>6.2 Provide any feedback via email on drafts of updated statement of intention and annual report</p>
		<p>Meeting administration</p> <p>Lead: Chair / Lisa Daniell (CCIEB Unit)</p> <p><i>Papers:</i></p> <p>6.4 <i>Draft minutes of previous meeting 29 June 2023</i></p> <p>6.5 <i>Actions register</i></p> <p>6.6 <i>Indicative forward agenda</i></p>	<p>6.3 Approve the minutes of the previous meeting</p> <p>6.4 Note the updated actions register</p> <p>6.5 Review the indicative forward agenda – noting upcoming strategy sessions</p>

Sir Jonathon Porritt

2nd Baronet, CBE

Environmentalism, Sustainability Campaigner & Writer



Background:

Born in London, Jonathon Porritt is most renowned as a British environmentalist, writer and sustainability advocate. His story is intertwined with Aotearoa New Zealand. Jonathon's father was the Whanganui-born 11th Governor-general of New Zealand, Colonel Arthur Porritt.

Early Life and Education:

Jonathon Porritt grew up with a passion for nature and the environment. He attended Eton College and later studied Modern Languages at Magdalen College, Oxford University. During his college years, he developed a keen interest in environmental issues, which eventually shaped his career path.

Career and Environmental Activism:

Porritt's environmental activism began in the 1970s when he co-founded the UK ecology pressure group called "The Ecology Party" (now known as the Green Party.) His involvement in politics and environmental advocacy helped raise awareness about pressing environmental issues in the UK.

Throughout the 1980s and 1990s, Jonathon Porritt became a prominent voice for sustainability and ecological conservation. In 1996 he co-founded the sustainability charity "Forum for the Future", as the organisations Director, he played a pivotal role in advocating for Corporate sustainability and environmental stewardship. Since then, Forum has grown into one of the world's leading sustainability organisations with offices in the UK, US, India and Southeast Asia. He has chaired the UK Governments Sustainable Development Commission and is a patron and advisor to many other similar organisations. In 2019, with the late Sir Rob Fenwick and Vicky Robertson, he founded Aotearoa Circle.

Jonathon Porritt is a sought-after speaker and has participated in numerous international conferences, seminars and forums focussed on sustainability and environmental issues.

Writing and Publications:

Porritt is a prolific writer and has authored several influential books on environmental and sustainability matters. His books have gained widespread recognition for their insightful analysis of environmental challenges and potential solutions. Some of his notable works include.

1. Save the Earth: Campaign for the Environment (1991)
2. Seeing Green: The politics of Ecology Explained (1984)
3. Capitalism as if the World Matters (2007)
4. The World We Made: Alex Mckay's Story from 2050 (2013)
5. Hope in Hell: A decade to confront the climate emergency (2020)



CLIMATE CHANGE INTERDEPARTMENTAL EXECUTIVE BOARD

COVERSHEET: Item 3

To	Climate Change Chief Executives Board			
Meeting date	1 August 2023			
Agenda item name	3.1 NAP priority focus area: Access to the right data and information to take adaptation action			
Item lead	Katherine Wilson			
Lead agency	MfE			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	To present a short update on this NAP priority focus area to the Board			
Key focus areas	<ul style="list-style-type: none"> • Key milestones have been progressed in this priority focus area, but reporting raises questions of whether implementation may be too slow, even if on track • Data is a system-wide challenge, and we need to be more effective at connecting, improving access, avoiding duplication and investment in quality data systems • There is a clear gap in access and communication of adaptation information due to MfE's Climate Action Hub not receiving full funding this year • Key system changes such as resource management reform and building system changes rely on up-to-date data and information being available 			
Recommendations	<ul style="list-style-type: none"> • Note agencies have provided a summary of the access to data priority area to the IEB Unit • Discuss some of the key themes coming through • Note you will get a further opportunity to make decisions on all priority areas later in August as part of six-monthly report endorsement, and in September strategy session 			
Has the Board previously considered this item, if so, when?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Has this item been considered/endorsed by Climate DCEs?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Will this item be going to CRMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	
Relevant Cabinet decisions and dates	This paper will form part of the Board's 2nd six-monthly report progress on the NAP and the ERP and will be presented to CRMG no later than 31 August, subject to approval by the Board.			
Comments				

National Adaptation Plan priority focus area 1: Access to the right data and information to take adaptation action

CONTEXT

Access to the right data and information is critical to improving risk-informed decision making and increasing adaptation action at all levels. New Zealanders must be able to assess the exposure and vulnerability of their homes, businesses and communities to current and future climate hazards, and take adaptation action where necessary.

The North Island 2023 floods and cyclone (NI SWE) presented us with challenges and opportunities, highlighting the need and urgency for adaptation action. However, resource and funding have been shifted to recovery teams

Objective

We will work together to ensure that data, information, tools and guidance about climate risks and adaptation solutions are accessible to all New Zealanders. This will enable risk-informed decision-making at every level.

Significant milestones

Funding has been provided to progress some critical data actions. Work to provide access to the latest climate projections data, to develop our climate data infrastructure, and to develop 3D coastal mapping is underway.

Climate change adaptation actions are progressing in line with NAP timelines. Our guidance development is progressing, ie, DAPP, socio-economic scenarios, local government, and assessing risk and impact on physical assets guidance are tracking well.

Methodology is being scoped to risk assess public buildings, the Data Investment Plan project has been endorsed by Cabinet, climate

Challenges and risks

Collecting, managing and sharing data is challenging and expensive. We already collect data and have access to information, but we need to be more effective at connecting. Data is often duplicated, it's not always easy to access, and there are variations in the way information is managed.

There is a gap in access to climate adaptation information. The climate adaptation information portal did not receive funding. The portal would help tackle data and information gaps. There is opportunity here to provide a home for climate change adaptation-related data, that is publicly accessible and can be used for local, regional and national action. Rescoping the approach is being undertaken as a first step to address this critical gap, but additional funding is still needed.

NAP implementation may be too slow. Climate impacts are being felt sooner than anticipated, creating pressure to progress on all fronts at the same time and competing funding needs

ADDITIONAL COMMENTARY, OPPORTUNITIES AND ACTIONS

We can learn from the NI SWE recovery. Data has been essential to the effectiveness of our recovery efforts. We have received more requests and have made decisions at pace. We can use this experience to ensure the right data and information are accessible to support decision-making in the future.

Better data is needed to increase equity. Progressing actions in this priority focus area will provide data and information on social risks and support the assessment of climate vulnerability. This will include the exposure and sensitivity of disproportionately affected groups such as Māori, Pacific peoples, and people living in isolated/ rural areas.

More community engagement and socialisation of climate risk is timely. With public attention on climate change after the NI SWE, we have an opportunity to use existing actions to increase community engagement in understanding climate risk. This could be progressed through NAP action 3.4 Raise awareness of climate hazards and how to prepare.

Our work has dependencies:

Effective implementation of key system changes ie, Resource Management reforms and Climate Change Adaptation Bill relies on up-to-date climate risk information being available to councils.



CLIMATE CHANGE CHIEF EXECUTIVES BOARD

COVERSHEET: Item 4

To	Climate Change Chief Executives Board			
Meeting date	1 August 2023			
Agenda item name	4.1 NAP Focus Priority Area: Strategic Infrastructure			
Item lead	Monique Cornish and Barbara Tebbs			
Lead agency	Te Waihangā (in collaboration with 18 other government agencies)			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Reason for Board's consideration	<p>This is one of the four NAP priority focus areas which will be highlighted in the upcoming six-monthly report.</p> <p>The paper provides an overview of the strategic context of this priority focus area, and identifies key milestones, risks and opportunities for creating resilience and building adaptive capacity across Aotearoa New Zealand's infrastructure system.</p> <p>Introducing adaptation priority focus areas ensures the Board has the relevant background and information to move towards an adaptation-focused strategy session in September.</p>			
Key focus areas	Visibility of interdependencies, gaps, risks, and opportunities across governments' work programme to support the Board in its governance task.			
Recommendations	<ul style="list-style-type: none"> • Note key messages presented in this paper • Note that achieving the objective for this priority focus area is dependent on the outcomes of broader government work programmes and reforms, as well as the actions in the NAP. 			
Has the Board previously considered this item, if so, when?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
	This is one of four adaptation priority focus areas agreed by the Board earlier this year, but has not been discussed by the Board in detail.			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	19 July 2023
	DCEs noted that further detail about risks and opportunities, and potential policy choices to respond, may be required to support adaptive management. DCEs also noted that we will need to be clear about the roles and levers for the private and the public sectors (acknowledging that these may be different).			
Will this item be going to CRMG or Cabinet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	
	This paper will form part of the Board's 2nd six-monthly report progress on the NAP and the ERP and will be presented to CRMG no later than 31 August, subject to approval by the Board.			
Relevant Cabinet decisions and dates				
Comments	Te Waihangā is the lead for this focus area but has been working closely with NAP infrastructure action-owners, and agencies who are leading broader government work programmes that have the potential to influence infrastructure resilience and build adaptive capacity.			

NAP priority focus area 4: Strategic infrastructure

CONTEXT

Climate change will affect every aspect of the infrastructure system. The severe weather events this summer demonstrated the vulnerability of our assets to climate change, and the cascading impact of outages due to the (increasing) interdependencies between infrastructures.

There is the opportunity to characterise risks and vulnerabilities, and to begin to build resilience and adaptive capacity now. However, infrastructure risk assessments are undertaken variably; there is limited ability and willingness to pay for resilience in advance of disruption; and current regulatory frameworks are siloed. This means that government has limited ability to understand cumulative risk, contingent liability, or the impact of resilience initiatives.

This focus area provides a unique forum for all agencies (currently 18) who have a role in infrastructure resilience to provide a collective view of progress, challenges, and potential future actions to support the objectives of the NAP. While the Infrastructure Chapter of the NAP focussed on horizontal infrastructure¹ this focus area takes a wider view of infrastructure, consistent with the definition of Critical Infrastructure in the Emergency Management Bill², noting that all infrastructure – publicly and privately held – is in scope.

Objective

The objective for this focus area is to *ensure that government creates the right environment (including though funding & financing and regulation) to ensure the infrastructure value chain (including asset owners, operators, planners, investors and funders) adequately incorporates risk and resilience into decision-making.*

Progress (milestones)

NAP critical action 8.1, **Waka Kotahi Adaptation Plan, Tiro Rangi** was successfully launched in December 2022.

He Whakakaupapa mō Te Hanganga o Aotearoa, The Infrastructure Action Plan, confirmed a programme of work to **enhance the resilience of New Zealand's critical infrastructure**. This was not included in the NAP due to the timing of the decision, but is a significant step towards delivering the objectives of the NAP, and provides a potential legislative mechanism to give effect to a **resilience standard or code** scoped by Te Waihanga (NAP critical action 5.8).

The **Emergency Management Bill** was introduced into the house on 7 June and proposes strengthening the duties and obligations of Critical Infrastructures, supporting the objectives of the NAP for infrastructure.

Challenges and risks

Ensuring resilience is integrated into **investment & planning decisions**, and that appropriate **funding & financing** are available, remain key barriers to infrastructure adaptation action.

There is **significant reliance on broader government programmes**. The work by the Urban Growth Agenda, including on funding & financing, will be important to progressing resilience actions in the built environment.

Significant reform programmes include the work to enhance the resilience of New Zealand's critical infrastructure, the review of the Emergency Management System, **Resource Management (RM) reform, and Affordable Water reform**. Affordable Water reform has progressed slower than anticipated, and the new RM system is not expected to be fully operational for 7 to 10 years, which means that interim direction, such as the National Policy Statement - Natural Hazards Decision Making, will become increasingly important, and it is **critical that infrastructure is adequately considered in this work**.

ADDITIONAL COMMENTARY, OPPORTUNITIES AND ACTIONS

There is **tension between the response to recent severe weather events, and longer-term resilience actions**. There is a risk that recovery actions could send the wrong signals in terms of how and when to adapt, as well as divert resources away from longer-term resilience, to shorter-term recovery. It will be important to ensure investment decisions are underpinned by robust analysis, and where the Crown is a proposed investor, it should seek to balance short-term and long-term risks. Creating the right incentives for resilience planning and investment requires a shared understanding of the respective role of the public and private sector. Central government will need to be clear about when it will provide support, financial or otherwise, to asset owners.

¹ Horizontal infrastructure includes transport infrastructure (road and rail networks, ports and airports); three-waters infrastructure; flood mitigation infrastructure (such as seawalls and stopbanks); energy infrastructure (including generation and distribution); and telecommunications infrastructure.

² See Part 1, section 5, [Emergency Management Bill 225-1 \(2023\)](#), [Government Bill – New Zealand Legislation](#)



CLIMATE CHANGE INTERDEPARTMENTAL EXECUTIVE BOARD

COVERSHEET: Item 5

To	Climate Change Chief Executives Board				
Meeting date	1 August 2023				
Agenda item name	Adaptive management approach				
Item lead	Lisa Daniell, Kate Miller				
Lead agency	Climate IEB Unit				
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Supporting paper	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Reason for Board's consideration	<p>Adaptive management is central to the Board's role for both NAP and ERP, and has proven crucial in the first year of ERP and NAP delivery.</p> <p>This paper presents three key adaptive management components the Board can adopt that build on the advice in December 2022 where the Board approved a two-tier approach to adaptive management (including recommendations to undertake adaptive management 'Tier I' – minor changes to existing ERP actions).</p>				
Key focus areas	<ul style="list-style-type: none"> We need to ensure we have agile and responsive systems, governance and policy processes that can seize and implement new and evolving solutions to address climate change. NZ is currently delivering its first ERP and NAP to meet this challenge. While the plans are ambitious, we have already experienced the lack of agility or optionality when needing to change course, or course correct during the first ERP/EB1 period. The first year of delivery has shown the need for the Board's AM role; extreme weather events, delivery constraints and delays, cost-of-living pressures meaning some initiatives are not being pursued, and downgraded policy impact projections. But providing advice on alternative options or approaches has been challenging without contingency readily available to us. This paper outlines the Board's adaptive management 'Tier II' approach - managing major changes to ERP and NAP during its progress. This work has identified three components as crucial to enabling adaptive management: a shared long-term vision; striving to building in optionality to the plans over time (acknowledging that this has been and will likely continue to be challenging); and foresight & scanning intelligence. The IEB Unit seeks your views on the three components and the recommended actions in this paper as the first step in building the maturity of your approach. This includes the opportunity to better integrate adaptive management into the development of the second emissions reduction plan. 				
Recommendations	<ul style="list-style-type: none"> Endorse the three components of best practice adaptive management to embed into the work of the Board: a shared long-term vision, building optionality, and foresight & scanning intelligence. Note CRMG has been asked to endorse the development of 2050 scenarios for ERP2 and the IEB Unit is developing the commissioning, on behalf of the Board. Endorse the 2050 scenarios commissioning to include adaptation and feed into a wider range of strategic advice including; climate investment strategy, NDC strategy, and modelling & monitoring improvements programme. 				

	<ul style="list-style-type: none"> • Note MfE, MBIE and the IEB Unit have recently jointly commissioned work on emerging technologies for climate mitigation, which has identified several system settings that are slowing the uptake of emerging climate solutions and impeding optionality in the medium-term (settings include funding & finance, regulatory & policy, and skills & labour). MBIE/MfE/IEB will work together to ensure that this is used to inform ERP2 policy advice. <p>9(2)(f)(iv)</p> <ul style="list-style-type: none"> • Endorse the IEB Unit working with DCEs Group and agencies to operationalise adaptive management, including to ensure scanning and foresight methods are increasingly incorporated into the 6-monthly reports and other strategic briefings (through convening a scanners and foresight practitioners’ network, and better utilisation of private sector relationships and insights).
--	---

Has the Board previously considered this item, if so, when?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	December 2022
	<p>In December 2022, the Board approved a two-tier approach to adaptive management. This included recommendations to undertake adaptive management ‘Tier I’ – minor changes to existing ERP actions in scope, process, accountability, and timeframes, often managed in line/by agencies.</p> <p>This paper builds on previous advice and outline the adaptive management ‘Tier II’ approach - managing major changes to ERP and NAP during its progress, such as introducing new actions, addressing cross-cutting changes to the work programme, or responding to emerging opportunities and gaps.</p>			
Has this item been considered/endorsed by Climate DCEs?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Date	19 July 2023
	<p>This deck has been tested with agencies as a part of the design process, and discussed and endorsed by the DCEs on 19 July, with DCE feedback now integrated. Key points of discussion included:</p> <ul style="list-style-type: none"> - Ensuring that we don’t overpromise when discussing building optionality given how challenging delivering (palatable) options additional to the current ERP1 set has been to date. - Acknowledgement of the need for pathways towards 2050, building optionality in those pathways, and the need to understand the long-term implications of any change decisions. - The need for a more balanced approach for adaptation and mitigation, particularly for in the building optionality and scanning & foresight intelligence sections. - Emphasis on the better utilisation of the enduring relationships agencies hold with private sector to provide intelligence and insights from diverse sources. 			
Will this item be going to CRMG or Cabinet?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Date	
Relevant Cabinet decisions and dates				



Climate Change Chief Executives Board

Adaptative management – developing a more agile approach to our climate change response

August 2023

This paper provides the next stage of advice on embedding an adaptive management approach into New Zealand's climate change response.

Adaptive management is central to the Board's role - the system's capacity to actively explore possibilities, continuously learn and to change approach as opportunities and risks arise.

Executive Summary

- **Adaptive management is central to the Board's role for both NAP and ERP.**
- Adaptive management refers to the **system's capacity to actively explore possibilities, continuously learn and to change approach as opportunities and risks arise.**
- **The first year of delivery has shown the need for the Board's adaptive management role;** extreme weather events, delivery constraints and delays, cost-of-living pressures meaning some initiatives are not being pursued, and downgraded policy impact projections.
- But **providing adaptive management advice to date has been challenging.** In February and May 2023, the Board was asked to provide advice on alternative pathways to address abatement gaps but did not recommend any viable options.
- To better enable the Board's future adaptive management role, **three components have been identified as crucial: a shared long-term vision, striving to building optionality over time** (acknowledging the current context that this has been and will likely continue to be challenging), **and foresight & scanning intelligence.**
- The IEB Unit seeks your views on the recommended actions in this paper as the **first step in building the maturity of our approach** now and through development of ERP2.

Background: This advice builds on a Board Dec 2022 paper on Adaptive Management

- Adaptive Management is central to the Board's role. The Board must advise on options to **manage variances within and between [ERP] sector sub-targets to ensure the overall emissions budgets are met** (CAB-22-MIN-0055.01) and **oversee the overall implementation of the [National Adaptation] Plan, periodically assessing its sufficiency, and advising where course corrections are needed** (CAB-22-MIN-0287).
- In December 2022, the Board approved a two-tier, principled approach to adaptive management. This included recommendations to undertake adaptive management 'Tier I' – ***minor changes to existing ERP actions*** in scope, process, accountability, and timeframes, often managed in line/by agencies.
- This paper outlines the adaptive management 'Tier II' approach - ***managing major changes to ERP and NAP during its progress***, such as introducing new actions, addressing cross-cutting changes to the work programme, or responding to emerging opportunities and gaps. This comes in the context of NZ's building maturity as we implement our first ERP and NAP.
- Successfully implementing an adaptive management approach will take time and will require a shift in how we work and develop policy. Across portfolios there is currently limited contingency within ERP1 that is politically palatable and practical to implement. To have greater flexibility in future budget periods, we need to build a longer-term view and be able to be more flexible as our delivery context adjusts.
- The IEB Unit seeks your endorsement for the recommended actions we can take now and through ERP2 that will begin to embed this approach in the short term, while supporting a longer-term shift.

We're experiencing the need for a more adaptive response to climate change in Aotearoa...

- There is **a growing urgency for greater and faster global action** to build resilience and reduce emissions in the effort to keep global warming and its impacts under 1.5C.
- The pace of global innovation and development in technology, policy and new approaches is working to respond to this urgency. As other governments move to respond to the rapidly changing climate and innovation landscape, **Aotearoa is at risk of falling behind**¹.
- For Aotearoa to stay abreast of the evolving climate crisis landscape, we need to ensure we have **agile and responsive systems, governance and policy processes** that can quickly seize and implement new and evolving solutions. The system requires agility and optionality to be built in, so that the Board have viable options to advise Ministers, and fulfil their adaptive management role.
- The first year of delivery has shown the need for the Board's adaptive management role:
 - Setting ambitious emissions budgets and a corresponding large work programme have meant **delivery delays and a constrained system** in the first year of implementation for the ERP and NAP.
 - Over-subscribed **skilled labour market, and supply chain challenges** has contributed to a slow spending run-rate for CERF initiatives and work programme delays (32.7% of the full-year baseline spent as of Q3 22/23).
 - Abatement opportunities have been stopped/paused with the increasing focus on managing the **cost-of-living pressures**
 - Agencies have **collectively downgraded expected policy impact projections for EB2 and EB3** based on the slower first year of ERP1 delivery and changes to modelling assumptions.
 - In early 2023 NZ experienced several **extreme weather events**. In response to Cyclone Gabrielle, a taskforce was established to implement the recovery response and ensure alignment to our long-term adaptation strategy (NAP). This diverted vital policy resources away from NAP1 (and ERP1) implementation.



¹ Follow-on review - Frontier Firms, 2023; New Zealand Productivity Commission

...but adaptive management has been challenging in the first year

- Experience has shown it's difficult to manage variances within a budget period:
 - In May 2023, the Board was asked to advise on options for addressing risks of shortfall. Reducing ETS auction volumes was identified but was not recommended to CRMG due in part to the lag time for abatement impacts and small potential impact.
 - In February 2023, the Board was asked to provide advice to Ministers on alternative initiatives to address the abatement gap left by the SBO but did not recommend any of the options presented.
 - In response to Cyclone Gabrielle, agencies were asked to quickly identify and agree critical NAP actions that should be advanced to support the recovery efforts (Board endorsed March 2023). As extreme weather events become more frequent, the Board will need to advise on aligning subsequent recovery efforts with long-term adaptation strategy, including considering any precedence setting.
- Several gaps have been preventing adaptive management functioning well:
 - **Long-term pathways to 2050** are missing from ERP1 and NAP1, making navigating unforeseen changes challenging – what must be done now, what alternative pathways to 2050 (and beyond) are possible, and what flow on consequences from changes to the plans are all unclear.
 - To meet our ambitious first emissions budget, all viable options were included in ERP1 and **optionality could not be built in**. New initiatives take time to develop, implement, and deliver abatement or resiliency, therefore lead in work to prepare alternative policy pathways needs to be done in advance.
 - Advice has **been triggered by historical signals or current events**, primarily through monitoring and 6-monthly reporting, rather than foresight methods. This has meant we respond to risks as they materialize **rather than anticipating risks and allowing time to prepare**.
- Given the lag in realising abatement, it is unlikely any alternative pathways explored by the Board going forward will contribute to EB1. However, the Board has a crucial adaptive management role for the remainder of EB1, specifically in managing the foundational actions in ERP1 for EB2 and EB3.

We recommend the Board’s adaptive management approach reflect the following three key components

An adaptive approach to climate change is increasingly being used internationally. Based on the IEB Unit's international and domestic engagement on best practice, these 3 components have been identified as crucial for an adaptive approach to NZ's transition.

Component	Description	Gap addressed
1. Shared long-term vision for 2050	<p>Generating a shared, long-term view on NZ’s transition to a low emissions, climate resilient & high-wage economy and society.</p> <hr/> <p>Have a set of plausible 2050 scenarios that are well integrated into data and modelling, and that is driving decisions and raising policy choices now.</p>	<p>A long-term vision of 2050^{9(2)(f)(iv)} will make navigating unforeseen changes and providing advice on alternative pathways forward easier – what must be done now, what alternative pathways to 2050 are possible, and what the flow on consequences from changes/delays to committed actions are for future resiliency and reduction efforts will be clearer.</p>
2. Build optionality	<p>We aspire to build optionality into plans, strategies, and policy pathways to enable an agile response to changes in direction and risk profiles/viability of existing actions to deliver outcomes.</p> <hr/> <p>Systems settings enable innovation and agility – generating a pipeline of future options to come online.</p>	<p>The best way to provide optionality within an emission budget is to build it into the ERP ahead of time. ^{9(2)(f)(iv)}</p> <p>^{9(2)(f)(iv)} This would reduce the lead in time required to implement new initiatives (if available) or make major changes to existing actions during the emissions budget period, including scaling up successful programmes.</p> <p>Innovation to provide technological advances is still needed for NZ to achieve our NDC, particularly in hard-to-abate areas. ^{9(2)(f)(iv)}</p>
3. Foresight & scanning intelligence	<p>Intelligence to the Board comes from diverse sources and perspectives e.g. industry, public and Māori organisations.</p> <hr/> <p>Action is triggered by early signals and foresight intelligence, alongside good implementation monitoring.</p>	<p>Overseas examples have shown intelligence about medium-term trends, threats and opportunities are essential when managing a transition through uncertainty. Many ERP and NAP agencies are already performing some form of scanning and foresight, which can be improved through better connectivity and then collated to inform strategic advice for the Board.</p>

Applying best practice adaptive management

Component	Action	Relevance to ERP2	Benefit for doing now	Who, how and when
<p>1. Shared long-term vision for 2050</p>	<p>Develop a set of plausible [socioeconomic] scenarios and policy pathways for a low-emissions, climate-resilient, & thriving 2050 Aotearoa (and beyond) in a warming world.</p> <p>Agree the actions that are bottom lines for NZ - the things we need in place in all scenarios, by 2050, 2040, and 2030.</p> <p>Develop criteria to inform when changes in course are recommended e.g. scale of risk to meeting emissions budgets, sufficiency of options available at the time, wider potential adverse impacts from the change in course, and whether minor changes to our delivery (Tier I adaptive management) would sufficiently manage the risk.</p>	<p>9(2)(f)(iv)</p>	<p>A long-term strategic direction integrated into ERP2 will support a comprehensive ERP2 with clear bottom-line actions that must be done in the next budget period.</p> <p>2050 scenarios can also inform other important policy levers, including the climate investment strategy, modelling and monitoring improvements programme, emissions budgets setting, and the NDC strategy.</p> <p>Support better integration of cross-cutting themes e.g. equitable transition strategy, and NAP/ERP implementation integration.</p>	<ul style="list-style-type: none"> Board to be accountable for the 2050 scenarios, IEB Unit to commission MfE and lead advice to the Board (and Ministers), ERP2 MfE leads analysis and coordination across agencies. Potential for a set critical questions to guide scenarios that will be used to backcast by agencies (e.g. how will NZ feed itself, how will we meet energy needs, how will people and places be connected etc.) Option to include scenarios in ERP2 public consultation Q2 2024, and to enable views from external partners and stakeholders

Applying best practice adaptive management

Component	Action	Relevance to ERP2	Benefit for doing now	Who, how and when
9(2)(f)(iv)	<p>ERP & NAP: Identify and address the barriers and challenges in the innovation system that may be slowing the adoption and upscaling of emerging climate solutions, particularly in hard-to-address areas (both adaptation and mitigation).</p>	<p>ERP2 provides an opportunity to address key system setting barriers slowing the scaling and integration of newly viable climate solutions, focusing on areas where optionality is most limited. This may include actions addressing regulatory & policy, funding & finance, skills & labour, and research & innovation.</p>	<p>Addressing system settings now will ensure the lead in time necessary for new climate solutions to be ready to scale when attention turns to more hard-to-address areas.</p>	<ul style="list-style-type: none"> • MfE, MBIE and the IEB Unit have jointly commissioned work on emerging technologies for climate mitigation. This work has identified several system settings that are slowing the uptake of emerging climate solutions and impeding optionality in the medium-term (settings include funding & finance, regulatory & policy, and skills & labour). MBIE/MfE/IEB Unit will together work to ensure that this is used to inform ERP2 policy advice.

Applying best practice adaptive management

Component	Action	Relevance to ERP2	Benefit for doing now	Who, how and when
3. Foresight & scanning intelligence	<p>Further incorporate scanning and foresight intelligence into 6-monthly reporting, information provided for CCC's NCCRA, NAP2, ERP2 and other strategic briefings to compliment implementation monitoring.</p> <p>Note: The IEB Unit currently has work underway to ensure scanning and foresight insights are incorporated in the upcoming 6 monthly report, including connecting with scanners and foresight practitioners across ERP and NAP agencies (e.g. Ara Ake, Te Puna Whakaaronui, Callaghan Innovation, and MFAT).</p>	<p>Foresight and scanning intelligence can help to ensure ERP2 is resilient to a changing delivery context and bridge the gap from publication of the plan in 2024, to EB2 2026- 2030.</p>	<p>Better scanning and foresight will inform what headwinds and tailwinds should be prepared for, areas where better opportunities might arise, and where there are unknowns/gaps in our pathway to 2030 and beyond.</p> <p>Accessing existing scanning and foresight across ERP and NAP agencies will allow us to update insights regularly without continued reliance on consultants and build capability internally.</p>	<ul style="list-style-type: none"> • IEB Unit works with the DCEs group and lead agencies to operationalise adaptive management intelligence. This will include; convening key agencies to better coordinate foresight and scanning intelligence efforts (TSY, MBIE, MFAT, MfE, Defence and MPI), identifying any gaps in current intelligence efforts across adaptation and mitigation, and exploring options to better leverage and strengthen relationships with private sector.
	<p>Continue to improve the monitoring and early signals data that feeds into the Board's 6-monthly report, to trigger any adaptive management advice to CRMG and the PM.</p>		<p>The 6-monthly report on our progress is an opportunity for the Board to proactively determine if change action is recommended. Continued improvements to the monitoring and early signals data will ensure the 6-monthly report presents a wide array of information that may trigger action, such as; monitoring delivery progress, progress against abatement targets, and unforeseen strategic disruptions e.g. inflationary pressures or supply chain disruptions.</p>	<ul style="list-style-type: none"> • The IEB Unit and MfE will continue to work with agencies to improve the monitoring and early signals data that's incorporated into the 6-monthly report, to better inform the Board's adaptive management recommendations based on the criteria identified to guide advice on change (slide 7).

Recommended actions for the Board

The IEB Unit recommends the Board:

1. **Endorse** the three components of best practice adaptive management to embed into the work of the Board: a shared long-term vision, building optionality, and foresight & scanning intelligence.
2. **Note** CRMG has been asked to endorse the development of 2050 scenarios for ERP2 and the IEB Unit is developing the commissioning, on behalf of the Board.
3. **Endorse** the 2050 scenarios commissioning to include adaptation and feed into a wider range of strategic advice including; climate investment strategy, NDC strategy, and modelling & monitoring improvements programme.
4. **Note** MfE, MBIE and the IEB Unit have recently jointly commissioned work on emerging technologies for climate mitigation, which has identified several system settings that are slowing the uptake of emerging climate solutions and impeding optionality in the medium-term (settings include funding & finance, regulatory & policy, and skills & labour). MBIE/MfE/IEB will work together to ensure that this is used to inform ERP2 policy advice.
5. ^{9(2)(f)(iv)}
- 6.
7. **Endorse** the IEB Unit working with DCEs Group and agencies to operationalise adaptive management, including to ensure scanning and foresight methods are increasingly incorporated into the 6-monthly reports and other strategic briefings (through convening a scanners and foresight practitioners network, and better utilisation of private sector relationships and insights).



CLIMATE CHANGE INTERDEPARTMENTAL EXECUTIVE BOARD

COVERSHEET: Item 6

To	Climate Change Chief Executives Board			
Meeting date	1 August 2023			
Agenda item	6. Noting papers			
Item lead	Lisa Daniell, CCIEB Unit			
Verbal update	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Support papers	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Key focus areas	<p>Noting papers for Board visibility (any comments on draft of updated statement of intent and draft annual report invited on email).</p> <p>6.1 CERF Investment Planning (endorsed by Climate DCEs) 6.2 The Board's updated strategic intentions (draft – updated to include adaptation) 6.3 The Board's annual report (draft)</p> <p>6.1 CERF Investment Planning: This paper and its recommendations has been developed by the CCIEB Unit, working across agencies, and was endorsed by DCEs (with final feedback incorporated).</p> <p>A proposed investment framework has been developed through the CERF investment planning workstream which includes:</p> <ul style="list-style-type: none"> • minimum requirements for Government investment in climate • guiding criteria supporting agency development of initiatives • strategic intent and investment objectives for Budget '24 to support agency initiatives <p>Next steps for this work are:</p> <ul style="list-style-type: none"> • CCIEB unit canvassing agencies on early indication of demand for Budget '24 (update to Climate DCEs in Sept). • Preparing advice on investment objectives to inform the Budget Strategy. CCIEB Unit will work with Treasury to determine the best way to integrate the framework into the Budget Strategy process, and the timing of this (pre or post-election). • Further development of the investment framework to support assessment and prioritisation of bids following agency submission. • Building an investment pipeline, as the information base develops for mitigation and adaptation. Including a report back to MOF and MCC on progress towards the strategic investment pipeline in December (as indicated in recent ERP2 scoping paper provided to CRMG.) <p>6.2 The Board's updated strategic intentions (draft) - updated to include adaptation</p> <p>6.3 The Board's annual report (in draft) will be published as an appendix to MfE's annual report, rather requiring a separate document.</p>			
Draft minutes for approval (and actions and forward agenda for noting)	<p>Minutes of the previous meeting held on 29 June 2023 are attached for approval, together with the updated actions register for noting, and updated indicative forward calendar for review and any comment (via email). Note several upcoming Board strategy sessions planned.</p> <p>6.4 Draft minutes of previous meeting 29 June 2023 6.5 Actions register 6.6 Indicative forward agenda</p>			



Climate Change Chief Executives Board CERF Investment Planning

July 2023

Purpose

Why are we doing this?

- This work responds to the Board's recommendation earlier this year to Ministers to develop advice on managing a climate funding pipeline – with the aim of improving planning and prioritisation, addressing dependencies and reducing wasted effort.
- Budget '23 saw a largely bottom-up approach to CERF bids with limited opportunity for early coordination between agencies. It was challenging to advise on the sufficiency of proposed initiatives due to limited information provided by agencies, resulting in advice that was too broad and not focused enough.

What are we trying to achieve?

- A more coherent view of the system wide government investment required to finance Aotearoa's climate response.
- A proactive approach to CERF investment to identify the most critical initiatives requiring funding given the constraints on revenue and the wider pressures on the CERF. This will equip the Board to have early conversations with Ministers, give Ministers the ability to steer CERF initiative development early, and increase their confidence to invest.
- 9(2)(f)(iv)

How have we approached this?

- The CERF is one component of funding the climate system. 9(2)(f)(iv)
- 9(2)(f)(iv)
- We anticipate the need for much tighter prioritisation for Budget 2024 early in the process given the current fiscal environment and constrained CERF revenue. Therefore, we have focused on developing an early view on recommendations for the upcoming Budget strategy to enable informed conversations with Ministers later this year, specifically about priorities for the CERF.

Climate Emergency Response Fund context and challenges

The CERF cannot fund the entire climate response...

- The Climate Emergency Response Fund (CERF) was established to support transformational investments on climate-related initiatives distinct to, and which might otherwise be overlooked, or not prioritised through, the main Budget process. Its scope includes both mitigation and adaptation initiatives.
- The fund is too small to invest in all that is needed to achieve the wide-reaching work programmes and tough sub-sector targets that respond to the climate crisis. Ultimately, a more stable funding solution is needed for the climate response.
- The CERF has previously been sized proportionally to the forecast cash proceeds from the New Zealand Emissions Trading Scheme (NZ ETS) over a four-year rolling forecast. However, it is not bound by this parameter, Ministers could choose to change the size and direct additional or less funding to the CERF if this was what was required.

...and there is increasing pressure and demand on the CERF

- We see increasing demand in a number of different areas which will place competing demands on the CERF, and enforces the requirement for clearer top-down prioritisation to inform initiative development for Budget '24:
 - Agencies' climate-related work programmes are increasingly reaching the delivery stage and coming to the point of seeking investment, and key ERP1 strategies are reaching the point of implementation.
 - There are indications of areas of large investment required to deliver ERP2, and we are aware of affordability challenges in the transport sector.
 - There is a risk that funding for longer term and foundational adaptation initiatives is reprioritised for post-event resilience, as the frequency of severe weather events increases.
 - Discussions are underway on a potential climate dividend which may impact CERF availability, and more widely the need to fund climate election commitments from an incoming Government.
- We are entering a period of fiscal constraint, alongside a constrained CERF fund, which has been recently topped up with \$1.9B in borrowings due to a drop in NZ ETS cash proceed forecasts from the half-year economic and fiscal update.
- Given these challenges we need to be able to advise Ministers on which investments are most critical to progress the Government's response to the climate crisis. This means understanding the long-term investment priorities and the sequencing or prioritisation of initiatives each budget round.

Developing a more coordinated and deliberate approach to climate investment in government

We propose a proactive approach to climate investment be split into three stages

Stage 1: Set direction for development of B24 priorities for the CERF

- Establish initial stage gate to guide climate-focused investment.
- Development of investment framework (including objectives, minimum criteria to justify investment, and guiding criteria for agencies) to support Budget '24 and inform Budget Strategy and guidance.
- Timeframe: pre-election so we are ready to provide advice to Ministers.

Stage 2: Assessment of B24 CERF package

- Develop assessment and prioritisation criteria for bids as second stage gate to help develop a recommended CERF package, and wider climate bid priorities to test through main budget.
- Timeframe: post-election with understanding of available funding, incoming government priorities, and any constraints on funds available in B24.

9(2)(f)(iv)



Focused on but not limited to the CERF.
 Discussion with agencies is providing insights into wider climate investment needs.



9(2)(f)(iv)

We recommend prioritising four areas for investment framework through Budget 24

Initiatives will need to align with the strategic intent, and support one or more of the below investment objectives.

- These have been developed in collaboration with agency stakeholders, and informed by multiple products including an interdependency mapping exercise to identify key links between strategies and actions in the ERP and NAP, and the recent draft advice from He Pou a Rangī.
- This does not exclude the possibility of agencies developing bids outside of investment objectives or from applying for CERF funding outside of a collective process. However they will not be prioritised as part of the Board recommended CERF package.

Strategic Intent for B24	Continue to set foundations for the climate system, and invest strategically to unlock opportunities.			
Investment Objectives	Implement key strategies or actions identified in the ERP & NAP that have demonstrable impact in the <u>near term</u> .	Early investment in <u>long term</u> initiatives with path dependencies that if work is not begun early, it constrains options in the future.	Investment provides multiple benefits, or benefits a wide range of users, through integration of a range of work across the system.	Investment creates equity through the transition
Rationale	<ul style="list-style-type: none"> • This would consider actions which are delivery ready to make quantifiable impact on abatement and or resilience. • Targets delivery ready strategies; 13 ERP or NAP strategies are due to be fully delivered and planned by the end of 2024. • Initiatives progress implementation of these delivery ready strategies. 	<ul style="list-style-type: none"> • Agencies can demonstrate investment is needed now to unlock opportunities across the system and options in the future for both adaptation and mitigation goals. • This may include: <ul style="list-style-type: none"> • initiatives which get ‘emissions reduction ready’ for EB2 and enable future emissions reduction (such as <u>supporting energy transition, decarbonising aviation, and potentially transport mode shift</u>) • adaptation initiatives which have long lead in times, but which progress foundational changes to increase resilience to future events • slow-to-develop natural systems (e.g afforestation and some nature-based solutions). 	<ul style="list-style-type: none"> • Cross-cutting initiatives which pull together mitigation and adaptation elements and address key gaps in the system. • Initiatives might contribute to both adaptation and mitigation outcomes. • Initiatives can realise multiple benefits which may be wider than adaptation or mitigation. 	<ul style="list-style-type: none"> • This objective prioritises bids which are actively addressing the disproportional impact of climate change and consider how to create equitable opportunities through investment. • Initiatives may also address the impacts of mitigation and adaptation actions and build social license for the transition.

Criteria confirm that government investment is the right solution

- We propose minimum requirements to confirm that government investment is the right solution for an initiative, and a set of criteria to guide agencies in the development of initiatives that address challenges from recent CERF rounds.

Minimum requirements for Government investment in climate (consistent with Treasury guidance)

- Is **included** in the ERP or NAP **or is a candidate action for these plans**
- Investment aligns with broader government goals, through consideration of co-benefits
- Establishes the case for government investment including consideration of:
 - Could the outcome be **better achieved through non-spending levers**?
 - Is there a **risk of crowding out private sector investment**? Could the private sector be crowded in or supported to achieve the outcome if government used levers other than spending?
 - Are the outcomes beyond **what could be expected to be achieved through existing spending and non-spending settings**? (For example, in the case of emissions reductions, would they otherwise be incentivised by the ETS?)
- If there appears to be a case for central government investment consider:
 - Is there a **role for others in contributing to costs** (for example, local government, partnerships or co-funding)?
 - Are there any **precedents for cost sharing** in the area that need to be considered?
 - Is there potential to **leverage private sector investment**?
- If there is a case for full funding from government:
 - Could the initiative be funded or partially funded from **other funding streams/baseline funding**?

Guiding criteria to support the development of bids

- Focus on deliverability, which may be outside of central government or the public sector
- Encourage innovation, through use of pilots with time limited funding
- If baseline funding can be justified, it should focus on ‘proven’ initiatives which have already demonstrated success or a strong business case
- Bids are high quality and are **efficient** and **effective** at, at least one of the following:
 - directly reducing emissions, **and there is evidence and confidence that it will do so**
 - increasing long term resilience or adaptive capacity
 - builds foundations for future delivery, e.g. better data/systems
 - generating or developing new options to add to our toolkit
- Any investment in agency capability is clearly tied to delivering a work programme, rather than a general capability uplift. Agencies will need to make a strong case for funding which contributes to BAU activity or additional capacity.

Recommendations & Next Steps

Recommendations

It is recommended that the DCE group:

- approve stage one of this work including the proposed investment framework:
 - minimum requirements for Government investment in climate
 - guiding criteria supporting agency development of initiatives
 - strategic intent and investment objectives for Budget '24 to support agency development of initiatives.
- agree that agencies should use this investment framework as they develop initiatives for CERF funding.
- agree that the IEB unit ask agencies at the start of September to confirm their budget priorities to get an early indication of demand for Budget 24 climate funding, and report to DCEs on the findings.
- agree that the CCIEB unit work with the Treasury to determine the best way to integrate the framework into the Budget Strategy process, and the timing of this (pre or post-election).
- note the increasing pressures on CERF (demand and revenue) as outlined in this paper indicates there is a need for a wider assessment of how climate investment is funded in the longer term.

Next Steps

- Advice on investment objectives will be prepared ready to provide to the Minister of Finance/Prime Minister as recommendations to inform the Budget Strategy for Budget '24, either pre or post election.
- Further development of the investment framework to support assessment and prioritisation of bids following agency submission, including acknowledging where initiatives contribute to both mitigation and adaptation goals, this will also provide an indication of investment demand relative to available funding. We will also work to identify the appropriate points for assessment of bids by the DCE group.

9(2)(f)(iv)

MEETING MINUTES

Climate Change Interdepartmental Executive Board Meeting
 Thursday 29 June 2023, 1.30–3.00pm
 Room 2.05, 8 Willis Street / 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), James Beard (TSY delegate)	
In support	Lisa Daniell, Rachael Church (CCIEB Unit)	
Agency attendees for relevant items	Tim Dangen (External observer, with MPI), Paul Barker (DIA), James Soligo, Jamie Kerr (MBIE), Lucy Husbands (MSD), Janine Smith, Anne Haira, Hayden Johnson, Hemi Smiler, Simon Mandal-Johnson, Katherine Wilson, Rebecca Clements (MfE), Mel Rae, Lydia Marston (CCIEB Unit)	
Apologies	Caralee McLiesh (TSY), Penny Nelson (DoC)	
Item	Action	
Karakia timatanga / Chair's opening comments / Board-only time		
1	<p>Board-only time/context sharing</p> <p>The Chair opened the meeting at 1.32pm with a karakia.</p> <p>The Board noted that Tim Dangen was shadowing Ray Smith as a guest attendee at the meeting.</p> <p>The Board discussed various key updates. ITo help the Board contribute to the advice being prepared for the incoming government, MfE will provide an update at an upcoming Board meeting on work underway regarding system arrangements, challenges with current institutional arrangements, coordination and engagement (adaptation focus).</p> <p>[Janine Smith, Anne Haira (MfE) and Paul Barker (DIA) joined the meeting at 2.00pm]</p>	<p>MfE to provide an update to Board on system arrangements, challenges with current institutional arrangements, coordination and engagement. Lead: MfE</p>
2	<p>ERP2: proposed role for the Board Lead: Lisa Daniell (IEB)</p> <p>Context: The Board has a key strategic governance role to play in ERP2 but also limited time available for collective governance and decision making. Recommendations have been prepared across agencies on an ERP2 strategic roadmap, including areas where the Board and DCEs can govern. It is proposed that the Board focuses on four key areas, with support from the Climate IEB Unit who would commission work with agencies. Direct advice would be provided to the Board on the four key areas, enabling it to make collective decisions.</p> <p>Key discussion points: 9(2)(f)(iv)</p> <p>The Board asked that the paper be revised to include a blueprint to get to 2050, for further discussion at the Climate DCEs meeting.</p> <p>The Board:</p>	<p>MfE and CCIEB Unit to provide an updated version of the paper to DCEs that includes a blueprint to get to 2050. Lead: MfE (supported by CCIEB Unit)</p>
	2.1 Noted that a revised paper would be provided to DCEs, outlining the blueprint to get to 2050.	

	<p>2.2 9(2)(f)(iv)</p>	
<p>3</p>	<p>Options to address the distributional impacts of emissions pricing Lead: Janine Smith (MfE) supported by James Beard (TSY), James Soligo (MBIE), Lucy Husbands, Melissa Cathro (MSD)</p> <p>Context: The Ministers of Finance and Climate Change are interested in looking at how distributional impacts of emissions pricing could be addressed. Options may require CERF funding and will require Ministers to make decisions on other trade-offs. Ministers have requested further advice to CRMG.</p> <p>Key discussion points:</p> <ul style="list-style-type: none"> • 9(2)(f)(iv) • Policy outcomes need to be considered; a number of policies feed into other benefits and a broader perspective is needed. Focusing on household income deciles may not provide accurate analysis. • Existing tools that affect distributional impacts should be identified. Need to look at what already exists and quantify as part of the longer term; consider whether pace has an impact too. • • Should attempt to forecast and quantify the cumulative impacts of government interventions. • More practicality is needed on prices, markets, impact on households, and what offsetting factors could affect that. Markets are responsive and opportunities and innovations will emerge if costs increase. • Move from micro level to macro level, overall system impact.. <p><i>[Chair left the meeting at 2.34pm; Carolyn Tremain Acting Chair]</i></p> <p>The Board:</p> <p>3.1 Noted this work will focus on addressing the distributional impacts of the ETS</p> <p>3.2 Noted the paper will be amended 9(2)(f)(iv)</p> <p>3.3 9(2)(f)(iv)</p> <p>3.4 Noted that an agenda item on pricing as a mechanism will be added to the Board's forward agenda in relation to ERP2.</p>	<p>9(2)(f)(iv)</p> <p>Lead: MfE (with TSY, MBIE, MSD)</p> <p>Forward agenda item to be added for Board to discuss pricing as a mechanism in relation to ERP2 Lead: CCIEB Unit (with MfE)</p>
<p>Adaptation priority focus area updates</p>		
<p>4</p>	<p>Flood resilient built environment and communities Lead: Paul James / Paul Barker (DIA)</p> <p>Context: This is one of the four adaptation areas that the Board agreed is a priority focus area. It will be reported on to Ministers as part of the Board's six-monthly reporting for the first time in August, which provides an opportunity to signal how things are progressing and give key recommendations on next steps.</p> <p>The intensity of flooding incidents is going to increase and will affect most New Zealanders. This is noted in the NAP.</p>	

	<p>The regional council sector is building a strategically planned, proactive programme and this will need support from central government.</p> <p>Westport provides a good case study for co-investment. Local government and central government, along with an iwi steering group, worked together on a process using a framework of measures that fed into the budget process.</p> <p>The government needs a strategic, coordinated and planned approach to generate better outcomes and efficiencies, and value for money.</p> <p>Key discussion points:</p> <ul style="list-style-type: none"> • Much of the response work on cyclone recovery, infrastructure fund for cyclone recovery, and the adaptation response sits in the same affected regions. • It is critical that the CCAB white paper links together the issues involving funding and how to bring communities together, including the roles of local and central government, iwi, the Crown etc. A framework for adaptation needs to be developed to bring this all together. • Clarification is needed of where decision rights sit alongside policy authors. • A separate group is looking at potential legal issues. <p>The Board:</p> <p>4.1 Noted the key messages presented in the paper.</p> <p>4.2 Noted that the Climate DCEs group is doing further work examining gaps in policy response and identify upcoming points where Government intervention is needed now.</p> <p>4.3 Agreed that confirmation is needed of how much funding has been spent through various funds over the 2023 financial year, to allow an assessment of potential areas to recommend redirection or prioritisation of funding.</p>	<p>DIA and MfE (with Tsy) to consider different funds for flood resilience utilised over past 12 months</p>
<p>5</p>	<p>Direction of Climate Change Adaptation Bill Lead: Anne Haira / Hayden Johnston (MfE)</p> <p>Context: The Minister of Climate Change intends to make an announcement in July regarding the Bill and select committee inquiry process. The select committee will set its own Terms of Reference. It is intended that the inquiry will commence in August.</p> <p>The white paper is now being referred to as an 'issues paper'. A draft has been completed and will be shared with agencies, ahead of seeking DEV approval in early August.</p> <p>The Minister wants the inquiry to identify preferred options and the issues paper will outline these. The expert working group has just finished their report and this will be provided to the inquiry. That report provides a lot of technical detail and includes key recommendations.</p> <p>Environmental Defence Society has released a series of papers on managed retreat and the inquiry will consider their third paper, due to be released shortly.</p> <p>The Bill is to be developed in the second half of 2024 then introduced.</p> <p>Key discussion points:</p>	

	<ul style="list-style-type: none"> • Legal framing needs to be in place with a practical programme of delivery to build awareness and support decision making. • The paper should look at how much has been spent on flood/water resilience issues over the last 12 months and what ongoing money there is from different funds available. Redirection of some of that funding might be helpful – locking in those programmes for the next few years (see item above) • An adaptation fund could be piloted through the NAP and could dock into the legislation. • The human element needs to be considered along with education around the key issues. <p>The Board:</p> <p>5.1 Noted that the proposed approach has been developed to reduce the risks associated with short timeframes and limited engagement; and to increase the likelihood of wide support and buy-in</p> <p>5.2 Noted that the proposed approach delays the delivery timeframe for the Climate Change Adaptation Bill as set out in the NAP</p>	<p>MfE to ensure that the issues paper provides a joined-up cross-government response and outlines a framework for adaptation. Lead: MfE</p>
Any other business / noting papers		
<p>6</p>	<p>CCIEB quarterly update Lead: Lisa Daniell (CCIEB Unit)</p> <p>The Board:</p> <p>6.1 Noted the quarterly update provided.</p>	
	<p>Meeting administration Lead: Chair / Lisa Daniell (CCIEB Unit)</p> <p>Key discussion points:</p> <ul style="list-style-type: none"> • OIAs are being received regularly for the Board. • A joined-up, quarterly proactive plan is proposed and is underway – working with agencies. • A piece of work is being undertaken on separate branding / visual identity for the Climate Change Chief Executives Board and the Climate IEB Unit (logo presented). • Updates to Terms of Reference, Operating Procedures, Statement of Intention are underway to reflect adaptation focus/remit of Board. <p>The Board:</p>	
	<p>6.2 Noted the updates provided, with final copies of Terms of Reference, Operating Procedures, SOI documents to be provided to the Chair and circulated to Board for visibility.</p>	
	<p>6.3 Approved the minutes of previous meeting, dated 31 May 2023</p>	
	<p>6.4 Noted the actions register as at 23 June 2023</p>	
	<p>6.5 Noted the indicative forward agenda</p>	
Chair’s closing comments / karakia whakamutunga		
	<p>The Board acknowledged the work of the CCIEB Unit to manage the meeting agendas, with shorter and more effective papers being provided to support discussion items.</p> <p>The meeting closed at 3.02pm.</p>	

2023 Actions Register: Climate Change CE Board - open actions (Paper 6.5)

Action #	Meeting Date	Discussion item	Minutes	Action	Responsible	Status
04-1	5/04/2023	Board strategy session	<p>The Board agreed that an operating environment is needed where members can be free and frank and trusting of each other, and the Board is able to present advice directly and clearly to CRMG. 9(2)(g) (i)</p>	<p>9(2)(f)(iv)</p>	CCIEB (with input from Board)	On agenda for 17 August Board meeting, to also be covered in BIM and strategic narrative (agenda for September Board strategy session)
04-6	5/04/2023	Board strategy session	9(2)(f)(iv)	2023.		
04-12	17/04/2023	ERP2 Early Strategic Framing	9(2)(f)(iv)		MfE (with support from CCIEB Unit)	Open
9(2)(f)(iv)						

9(2)(f)(iv)

05-1	31/05/2023	CCC update on release of advice on ERP2	The Board noted the update provided by Jo Hendy and invited the Climate Change Commission to attend future Board meetings, including once its ERP2 advice is finalised.	IEB Unit to invite CCC to further engage with the Board, including once the advice on ERP2 is finalised	IEB Unit	Open - ED of Climate IEB has indicated this to CCC CE and has scheduled for Nov in forward agenda
05-2	31/05/2023	Approval of second six-monthly monitoring and reporting structure, incorporating the NAP	The Board approved the proposed commissioning of lead agencies to gather monitoring data and reporting on ERP and the NAP, and draft one page 'outlooks'	IEB Unit to commission lead agencies to provide their monitoring data and reporting for ERP and NAP; IEB Unit to liaise with the Kanoa team in MBIE and NIWA on adaptation focus area relating to data and information	IEB Unit (with input from lead agencies)	Open - report drafting underway and due to Board 17 August
05-3	31/05/2023	Adaptation	The Board agreed to maintain a full Board approach to consider all adaptation-specific items, with 50% of the Board's time dedicated to these	Meeting agenda time to be split equally between mitigation and adaptation priority areas	IEB Unit	Closed / being actioned
05-4	31/05/2023	Adaptation	The Board noted that an adaptation-focused strategy session will be organised in early September, for the Board to consider its priority focus areas, inform a BIM that can also cover the Board's views on system stewardship and options for longer-term institutional arrangements across the adaptation response	IEB Unit to organise an adaptation-focused strategy session for the Board in September 2023, which will also consider the Board's longer-term focus	IEB Unit	Scheduled for afternoon of 27 September
05-5	31/05/2023	CCAB update	The Board noted that further updates will be provided to the Board as the Climate Change Adaptation Bill white paper progresses	Further updates on the Climate Change Adaptation Bill will be provided to the Board as the Bill progresses	MfE Climate	Ongoing
05-6	31/05/2023	Board's strategic engagements	The Board agreed to commission the IEB Unit to provide a summary of current information on New Zealanders' attitudes and views on climate change and identify any gaps requiring further data or research work. (Noting IEB Unit to consider and act within guidance (including PSC's) with respect to surveys on public opinion	The IEB Unit will review data on policy implementation barriers and opportunities, including gaps and options for further information	IEB Unit	Open - stocktake underway and briefing received from research agency

Classification

05-7	31/05/2023	Board's stratgic engagements	The Board agreed to the proposed engagements with NGOs, public and private sector stakeholders, Local Government, Māori, and priority industry sectors – with the addition of community members impacted by managed retreat	Key stakeholder engagements to be scheduled as part of the Board's existing meeting schedule, as well as possible webinar/engagement sessions	IEB Unit	Open - IEB Unit is working on the Board's engagement schedule - Board meeting with Sir Jonathon Porritt August, and SBC
------	------------	------------------------------	--	---	----------	---

Climate IEB Unit



INDICATIVE FORWARD CALENDAR

CLIMATE CHANGE CHIEF EXECUTIVES BOARD

MEETING DATE: 17 August, 4.15-5.30 pm

[Papers due to Climate IEB Unit by midday on Wednesday 9 August]

Item	Indicative item focus	Purpose of item, and timing, specify decisions needed, and papers	Papers/other notes	Critical dates	Lead agency	Notes
1.	Draft six-monthly ERP and NAP progress report	Seeks approval of a draft of the Board's second six-monthly report on the ERP and NAP to CRMG	<i>Draft six-monthly report and key findings</i>	DCE meeting date for review: 2 August DRAFT report to be sent to Board: 10 August	CCIEB	
2	Board strategy discussion re collective ambition on climate policy	Alignment for BIM and collective narrative	<i>Outline BIM to be shared</i>	DCE meeting date for discussion: 2 August (draft outline); DCE review draft material: mid-Sept session, CE review draft at late Sept session.	CCIEB	

MEETING DATE: 30 August, 1.30-3.00pm

[Papers due to Climate IEB Unit by 4.00pm on Wednesday 23 August]

Item	Indicative item focus	Purpose of item, and timing, specify decisions needed, and papers	Papers/other notes	Critical dates	Lead agency	Notes
1	Finalising six-monthly report	Board to approve final report			CCIEB	
2.	Climate Business Advisory Group update	Advice required on the Advisory Group's forward agenda/work plan for consultation on ERP2. In establishing the CBA there was a request to meet with the Board on a quarterly basis.	<i>Briefing on the CBA Group and preliminary outline of the forward agenda/work plan</i>		MfE	
3.	Reporting requirements for – including Māori rights and interests (title tbc)	Sits across adaptation and mitigation	<i>Paper being commissioned by Māori Climate Action team</i>	DCE meeting: 2 August	MfE (CCIEB support)	

Adaptation priority focus area updates

4.	Emergency response lessons for long-term resilience	To enable integration of insights and learnings across climate response	<i>Paper sought from CE Board as 'fifth' area of adaptation focus</i>	DCE meeting: 16 August	NEMA	
----	--	---	---	-------------------------------	------	--

Board only time: Reflections and context/authorising environment

5.	Strategy session and context sharing	(20min discussion)	To feed into BIM		All	
----	--------------------------------------	--------------------	------------------	--	-----	--

AOB / Noting papers

--	--	--	--	--	--	--

MEETING DATE: 27 September, 12.30-5.00pm

[Adaptation-focused strategy session]

Suggested agenda items (TBC):

- Align on draft of BIM (having already been to the 17th August Board meeting).
- Align on draft of collective narrative
- Reflection on adaptation strategic focus (noting 5 focus area reports will have been presented to the Board), and collective ambition for adaptation in coming year. Proposed discussion items:
 - Where can the Board add value and influence?
 - Where does the Board want to engage in the coming year, and post election?
 - What are the key priorities the Board should take to the government post election?

MEETING DATE: 28 September, 2.00-3.30pm - TBC

[Papers due to Climate IEB Unit by 4.00pm on Wednesday 21 September]

Item	Indicative item focus	Purpose of item, and timing, specify decisions needed, and papers	Papers	Critical dates	Lead agency	Notes
1.	Engagement session: Local Government (25 min)	LGNZ has requested time with the Board previously	[To confirm if LGNZ wishes to share material]		LGNZ / DIA	
2	9(2)(f)(iv)					
3						
	Noting paper: CCIEB Quarterly Dashboard	Corporate health dashboard update for CCIEB Unit			CCIEB	

Board only time: Reflections and context/authorising environment

MEETING DATE: 25 October, 11.00am-12.30pm

[Papers due to Climate IEB Unit by 4.00pm on Wednesday 18 October]

Item	Indicative item focus	Purpose of item, and timing, specify decisions needed, and papers	Papers	Critical dates	Lead agency	Notes
1	9(2)(f)(iv)					

Adaptation priority focus area updates

--	--	--	--	--	--	--

Board only time: Reflections and context/authorising environment

MEETING DATE: 21 November, 3.00-4.30pm

[Papers due to Climate IEB Unit by 4.00pm on Tuesday 14 November]

Item	Indicative item focus	Purpose of item, and timing, specify decisions needed, and papers	Papers	Critical dates	Lead agency	Notes
1.	Aotearoa Circle	<i>Engagement schedule for Board – likely to cover adaptation scenarios and learnings on TNFD</i>				
2.	CCC – Rod Carr and Jo Hendy	<i>To come back once advice on ERP finalised</i>				
3.	TBC Improved 3 rd M&R report structure. Formal approval and commissioning to agencies (if there has been significant change to the structure of the report)					

Adaptation priority focus area updates

--	--	--	--	--	--	--

Board only time: Reflections and context/authorising environment