



## Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet (DPMC), on behalf of the Deputy Prime Minister, Hon Grant Robertson:

### **Progress report on Implementation Unit Assignments**

The following documents have been included in this release:

**Title of paper:** Progress report on Implementation Unit Assignments  
(CAB-21-SUB-0519 refers)

- Implementation Unit Work programme update
- Progress Update on Actions from the Mid-Term Review of the Budget 2019 Mental Health and Addiction Package
- New Zealand Upgrade Programme Transport Assessment
- Report: Emergency and Transitional Housing
- Jobs for Nature Stocktake of Progress
- Infrastructure Reference Group Programme Status Update

**Title of minute:** Progress report on Implementation Unit Assignments (CPC-21-MIN-0034 refers)

**Title of minute:** Report of the Cabinet Priorities Committee: Period Ended 10 December 2021  
(CAB-21-MIN-0519 refers)

**Title of paper:** Stocktake of Progress Report – Carbon Neutral Government Programme  
(CAB-22-SUB-0006 refers)

- Carbon Neutral Government Programme Stocktake of Progress

**Title of minute:** Stocktake of Progress Report – Carbon Neutral Government Programme  
(CBC-22-MIN-0006 refers)

**Title of minute:** Report of the Cabinet Business Committee: Period Ended 25 February 2022  
(CAB-22-MIN-0045 refers)

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



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# Briefing

## CARBON NEUTRAL GOVERNMENT PROGRAMME STOCKTAKE OF PROGRESS

To: Hon Grant Robertson  
Deputy Prime Minister

Date	10/12/2021	Priority	Medium
Deadline	17/12/2021	Briefing Number	DPMC-2021/22-1068

### Purpose

The purpose of this stocktake is to identify the status of delivery across government agencies and identify priority projects where additional support or visibility may be useful and ensure the right governance is in place to provide any required support towards ensuring the programme delivers its anticipated impact and outcomes.

### Recommendations

#### *Status of delivery of the Carbon Neutral Government Programme (CNGP)*

- Note** that the CNGP has been established and that governance and programme management arrangements have been put in place between Ministry for the Environment (MfE), the Ministry of Business, Innovation, and Employment (MBIE), and the Energy Efficiency and Conservation Authority (EECA).
- Note** that in the first year of the Programme MfE and MBIE have made good progress on policy development but that some report backs were submitted behind schedule and that several key policy decisions are due to be made in 2023 related to offsetting.
- Note** that the first programme deadline covers 39 state sector organisations ('tranche one') who are required to report on their FY21/22 emissions, set emissions reduction targets, and create emissions reduction plans (ERPs) by December 2022.

- 4. **Discuss** with CNGP Ministers that MfE and MBIE should undertake targeted engagement with tranche one organisations to ensure they have enough guidance to plan for how they will meet programme requirements, with an initial focus on organisations with complex emissions profiles. YES / NO
- 5. **Discuss** with CNGP Ministers that MfE should provide guidance to CNGP organisations on how to budget for future offsetting liabilities as they await policy decisions on offsetting to be made in 2023. YES / NO
- 6. **Discuss** with CNGP Ministers that MfE, MBIE and EECA should continue to strengthen reporting to provide a more detailed view of organisations' progress ahead of Programme deadlines. YES / NO

*Status of delivery of the State Sector Decarbonisation Fund (SSDF)*

- 7. **Note** that CNGP organisations can apply to the SSDF to receive co-funding for emission reductions projects, and that while delivery of investments made through the fund is broadly on track, it can take four months or more to approve projects.
- 8. **Discuss** with CNGP Ministers whether they would like to receive options from the Treasury, MBIE and EECA on streamlining the SSDF process, including a mechanism for urgent approval decisions. YES / NO

*Governance and programme arrangements*

- 9. **Note** that MfE, MBIE and EECA have agreed programme management arrangements should evolve to oversee delivery as CNGP organisations start to implement their ERPs in 2023.
- 10. **Discuss** with CNGP Ministers whether the report back on governance arrangements due to CNGP Ministers in March 2022 be expanded to also include programme management arrangements and the deadline for the report back changed from March to May 2022. YES / NO
- 11. **Invite** CNGP Ministers to report back to Cabinet on governance and programme management arrangements that will be put in place in late 2022 to oversee CNGP organisations' delivery of ERPs in 2023 and beyond. YES / NO
- 12. **Direct** the Implementation Unit to support MfE, MBIE and EECA as a 'critical friend' as they consider changes to governance and programme management arrangements and assist to strengthen Programme-level reporting. YES / NO
- 13. **Agree** that this stocktake is proactively released, with any appropriate redaction where information would have been withheld under the Official Information Act 1982, in February 2022 alongside other Implementation Unit reports and following consideration by Cabinet Priorities Committee. YES / NO



Katrina Casey  
Executive Director, Implementation Unit

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10/12/2021

Hon Grant Robertson  
Deputy Prime Minister

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...../...../2021

**Contact for telephone discussion if required:**

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**Minister's office comments:**

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

# CARBON NEUTRAL GOVERNMENT PROGRAMME STOCKTAKE OF PROGRESS

## Executive Summary

1. The Carbon Neutral Government Programme (CNGP or 'the Programme') is a long-term work programme established in November 2020 [CAB-20-MIN-0491 refers]. The CNGP aims to make state sector organisations carbon neutral from 2025 and help them accelerate emissions reductions. The Programme is managed by the Ministry for the Environment (MfE), the Ministry for Business, Innovation and Employment (MBIE) and the Energy Efficiency and Conservation Authority (EECA).
2. The CNGP places requirements on 120 state sector organisations, including public service departments and agencies, non-public service departments, Crown entities and their subsidiaries ('CNGP organisations'). CNGP organisations are required to measure, report, and verify emissions, set reductions targets and publish emissions reduction plans (ERPs), and eventually offset residual emissions ('Programme requirements'). Programme requirements come into place over five years and CNGP organisations are organised into tranches with distinct timings for when requirements come into place for each tranche.
3. The Programme is starting its second year. In the first year, MfE, MBIE and EECA made good progress to set up the Programme, including establishing governance and programme management arrangements, developing Programme-wide policy, and providing guidance to organisations covered by the CNGP on how to meet Programme requirements.
4. The Programme is governed by a CNGP Ministerial Group and an officials group comprising Tier 2 leaders from MfE and MBIE and the chief executive of EECA. Programme management is led by a Secretariat within MfE that works closely with MBIE and EECA. Working relationships between programme management agencies are strong and operate effectively in concert with governance arrangements.
5. The Programme was established with a timeline for report backs to CNGP Ministers and Cabinet for policy decisions on specific elements of implementation. Policy development by MfE and MBIE has proceeded mostly on schedule, with delays in some more complex policy areas such as offsetting.
6. The first major Programme milestone is December 2022, when the first tranche of organisations will report their FY21/22 emissions and publish their reduction targets and emissions reduction plans. Organisations are at varying stages in developing their plans. It is too early to make assessments of progress as regardless of work completed to date there is enough time for all organisations in the first tranche to meet their requirements by the deadline, either by doing the work internally or by contracting a third party provider.
7. In addition to policy development, the Secretariat has a "limited coordination" role by providing guidance to CNGP organisations on how to meet Programme requirements [CAB-21-MIN-0225.01 refers], and reporting on key Programme metrics. CNGP organisations are mostly positive about the support and guidance they receive from MfE

and MBIE, but some organisations, often with more complex emissions profiles, indicated that Programme-wide guidance has not always met their needs.

8. MBIE and MfE should undertake targeted engagement to ensure that these organisations understand how they can meet Programme requirements, and as the first Programme deadline approaches, strengthen interim progress reporting to provide a more detailed view of organisations' progress so that interventions can be made ahead of time for organisations who are at risk of not meeting the deadline.
9. Policy decisions on offsetting, i.e. which emissions organisations will be required to offset from 2025 to achieve 'carbon neutrality' and at what prices, are due to be made in 2023. In the meantime, organisations budgeting for long-term projects that may have offsetting liabilities do not have guidance on how to price those liabilities. While some organisations use shadow prices provided by the Treasury or seek third party estimates, organisations would benefit from interim guidance standardised across the Programme.
10. The CNGP is supported by the State Sector Decarbonisation Fund (SSDF), managed by MBIE and EECA. The SSDF is a tagged contingency targeted at low emissions heating, vehicles, lighting and other projects. \$219.5m of capital has been allocated to the SSDF to provide co-funding to organisations to invest in specific emission reduction projects. EECA administers the fund effectively and organisations report positive experiences with EECA's support.
11. The projects funded through the SSDF are broadly on track to achieve their intended benefits. As at 1 December <sup>s9(2)(f)(iv)</sup> projects have been approved totalling <sup>s9(2)(f)(iv)</sup> in SSDF contributions (<sup>s9(2)(f)(iv)</sup> of the total fund). These projects are at varying stages of delivery and are projected to reduce <sup>s9(2)(f)(iv)</sup> tonnes emissions over a ten-year period once complete. Two projects (\$1.2m) have completed report backs so far and EECA has agreed to include projects' progress against planned milestones as part of regular Programme reporting.
12. The end-to-end process for the SSDF can take up to 20 weeks from an application to a project being contracted, with the approval process taking up to three months in some cases. This means that organisations seeking to urgently replace equipment with low-emission alternatives are unable to access SSDF funding quickly. Subject to Ministers agreement, the Treasury, MBIE, and EECA should provide Ministers options for streamlining approvals and for creating an urgent approval mechanism.
13. As CNGP organisations begin to implement their ERPs in 2023, programme management agencies have agreed that governance arrangements and programme management arrangements should evolve. The role of the Secretariat should evolve to support delivery of the Programme and validate organisations' progress towards meeting Programme requirements and implementing their ERPs. Changes should be in place by the end of December 2022.
14. There is a report back on the Programme's governance arrangements due to CNGP Ministers in March 2022. Subject to Ministers' agreement, this report back should be expanded to also include options for programme management arrangements, and be delivered in May 2022 to provide more time to consult with CNGP organisations.
15. It may be appropriate for CNGP Ministers to report back to Cabinet on programme arrangements as, depending on decisions on scope and functions, it may involve reporting and oversight of the state sector's progress towards Programme requirements.

16. Most emission reduction projects currently underway are co-funded between CNGP organisations and the SSDF and do not need additional support or visibility at this stage. As the first tranche of organisations start to implement their ERPs, there may be specific projects or organisations that would benefit from the support or visibility of programme management agencies. The current role of the Secretariat and MBIE does not include delivery support and the suitability of these agencies providing support to specific projects or organisations should be considered in a future report back on the scope and functions of programme management arrangements.

## Purpose

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17. The purpose of this stocktake is to identify the status of delivery across government agencies and identify priority projects where additional support or visibility may be useful and ensure the right governance is in place to provide any required support towards ensuring the programme delivers its anticipated impact and outcomes. The Commissioning Brief is in Attachment A.

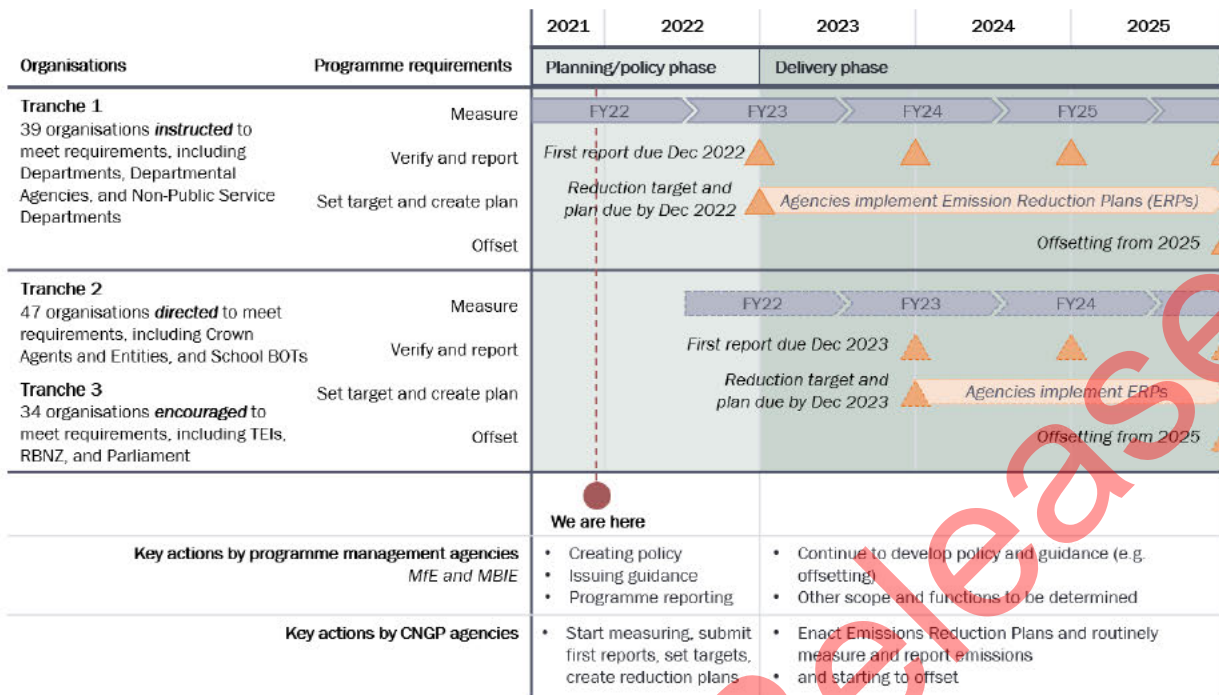
## Background

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18. The Carbon Neutral Government Programme (CNGP or 'the Programme') is a long-term work programme established in November 2020 [CAB-20-MIN-0491 refers]. The CNGP aims to make state sector government organisations carbon neutral from 2025 and help them accelerate emissions reductions. The aim of the Programme is for the Government to show leadership in reducing its own emissions to demonstrate what is possible to other sectors of the economy.
19. The CNGP covers state sector organisations, including public service departments and agencies, non-public service departments, Crown entities and their subsidiaries. Organisations are organised into tranches with different responsibilities and timing. These are listed in Attachment B.
20. CNGP organisations are asked to measure, verify and report emissions annually, set targets and emission reduction plans, and eventually offset emissions. The specific requirements each CNGP organisation must meet vary according to the nature of each organisation's relationship to the Government.
21. The CNGP is supported by the State Sector Decarbonisation Fund (SSDF), managed by the Ministry of Business, Innovation, and Employment (MBIE) and the Energy Efficiency and Conservation Authority (EECA). \$219.5m of capital has been allocated to the SSDF to provide co-funding to organisations to invest in specific emission reduction projects.
22. The Programme is starting its second year and remains in a planning and policy stage. In 2023 and 2024, the third and fourth years of the Programme, CNGP organisations will start to report emissions and begin to implement their emissions reduction plans (ERPs). The Programme's full requirements will not come into effect until 2025, when organisations are expected to begin offsetting emissions. Figure 1 provides an overview of key milestones.



**Figure 1. Timeline of organisations' requirements under the CNGP**



## Status of delivery

23. This section assesses the status of delivery in three areas:

- a) the establishment of the Programme, including the establishment of governance and programme management arrangements, the development of Programme-wide policy, and the provision of guidance to CNGP organisations
- b) the progress of CNGP organisations towards meeting the first deadline for Programme requirements in December 2022
- c) delivery of projects co-funded through the SSDF.

### Status of delivery for the establishment of the programme

24. In the first year of the Programme, MfE, MBIE and EECA made good progress to establish the Programme (Table 1). Delivery of policy and planning initiatives in the first year included:

- a) establishment of governance and programme management structures including a Secretariat within MfE working alongside MBIE and EECA
- b) advice on Programme-wide policy, including transitioning the government fleet, energy efficiency ratings for government offices, reducing emissions from new construction, and the scope of emissions reporting
- c) guidance to CNGP organisations on Programme requirements, with tranche one organisations expected to start measuring emissions from July 2021.

**Table 1. Overview of the status of delivery for the establishment of the Programme**

Programme objective	Delivery status
<b>Governance and programme management arrangements</b>	<p><b>On track</b></p> <ul style="list-style-type: none"> <li>The CNGP Ministerial Group governs the Programme and a governance group of officials oversees delivery of milestones.</li> <li>A Secretariat has been established within MfE and has strong working relationships with counterparts at MBIE and EECA.</li> </ul>
<b>Programme-wide policy development</b>	<p><b>Mixed - some aspects require attention</b></p> <ul style="list-style-type: none"> <li>The main priority of the MfE Secretariat is policy development, and MfE and MBIE have created a range of policies on emission factors, fleet transition, sustainable building systems and offsetting.</li> <li>Report backs have mostly met deadlines, but a report back to Cabinet on the policy direction for offsetting was delayed from June 2021 to December 2021. Offsetting remains a key area of policy development and decisions will be made in 2023.</li> </ul>
<b>Guidance to CNGP organisations</b>	<p><b>Mixed - some aspects require attention</b></p> <ul style="list-style-type: none"> <li>The Secretariat has created a range of Programme-wide guidance and tools, which generally meets the needs of CNGP organisations with relatively simple emissions profiles.</li> <li>Some CNGP organisations with more complex emissions profiles have indicated the existing guidance does not meet their needs and as a result they are not sure which emissions they will be required to report on.</li> <li>While awaiting decisions on offsetting policy, CNGP organisations do not have clarity on how to plan and budget for offsetting liabilities. As a result some organisations follow Treasury carbon shadow pricing, while others may not budget for future liabilities.</li> </ul>

*Governance and programme management arrangements*

25. The Programme is governed by a CNGP Ministerial Group and an officials group comprising Tier 2 leaders from MfE and MBIE and the chief executive of EECA.
26. Programme management is led by a Secretariat within MfE that works closely with MBIE and EECA. MBIE are responsible for policy related to the fleet transition and sustainable buildings and manage the SSDF along with EECA.
27. Arrangements were established at pace and are suitable for the policy and planning stages of the Programme. Working relationships between programme management agencies are strong and operate effectively in concert with governance arrangements.
28. Considerations for how governance and programme management arrangements should change for future stages of the Programme – i.e. once CNGP organisations start to implement ERPs – are provided in a following section.

*Programme-wide policy development*

29. The Programme was established with a timeline for report backs to CNGP Ministers and Cabinet for policy decisions on specific elements of implementation.
30. Policy development by MfE and MBIE has proceeded mostly on schedule, with delays in some more complex policy areas such as offsetting, where a report back on policy direction originally planned for June 2021 was submitted in December 2021.
31. It is intended that CNGP organisations will offset their emissions by December 2025 [CAB-20-MIN-0491 refers]. A series of key policy decisions remain on offsetting and are due to

be made in 2023. These decisions will determine which emissions organisations will be required to offset from 2025 to achieve 'carbon neutrality'.

- 32. Policy decisions in 2023 will also determine how offsetting will be implemented. The key delivery considerations for CNGP organisations are how offsetting units can be purchased, at what prices, and by which mechanisms.
- 33. Implementing offsetting policy decisions will also rely on there being enough units to meet the Programme's offsetting needs, noting that this is an emerging area that relies on concurrent policy work being done on New Zealand's voluntary carbon markets and international standards.

*Guidance to CNGP organisations*

- 34. In addition to policy development the Secretariat play a "limited coordination" role by providing guidance to CNGP organisations on how to meet Programme requirements [CAB-21-MIN-0225.01 refers].
- 35. CNGP organisations are mostly positive about the support and guidance they receive from MfE and MBIE.
- 36. Some organisations, often with more complex emissions profiles, indicated that Programme-wide guidance has not always met their needs and some remain unclear on their requirements under the Programme.
- 37. The Secretariat and MBIE should engage organisations to ensure all are clear on Programme requirements, and to understand whether additional guidance would be appropriate to help organisations meet Programme requirements. Organisations have indicated additional guidance would be useful on:
  - a) clarity on the scope of emissions, such as the treatment of embodied emissions
  - b) technical details, such as how to measure emissions related to staff working from home, or what factors to use to measure the emissions of activities that are not covered in general guidance
  - c) how to set targets and reductions plans in instances where organisations expect to grow beyond their baseline because:
    - i) the organisation's baseline is non-representative of normal activity, for example due to lower-than-expected emissions during lockdowns, and or
    - ii) the organisation is expected to grow, for example due to being funded for a new programme of work.
- 38. As CNGP organisations await policy decisions on offsetting there is also uncertainty on how to best prepare for future offsetting liabilities. Organisations will be budgeting for long-term projects that may have offsetting liabilities but do not have guidance on how to price those liabilities. While some organisations use shadow prices provided by the Treasury or seek third party estimates, organisations would benefit from interim guidance standardised across the Programme.

**Status of delivery of CNGP organisations’ requirements under the Programme**

39. The Programme requires CNGP organisations to:
  - a) measure, verify and report emissions annually
  - b) set gross emissions reductions targets and reduction plans for the next decade
  - c) introduce a phased work programme to reduce organisations’ emissions
  - d) offset after gross emissions reductions are made to achieve carbon neutrality.
40. The first major Programme milestone is December 2022, when the first tranche of organisations will report their FY21/22 emissions and publish their reduction targets and emissions reduction plans. Organisations will start to implement their reductions plans in 2023.

**Table 2. Overview of the status of delivery of CNGP organisations’ Programme requirements**

Programme objective	Delivery status
Tranche one organisations to report, set targets, and create emission reductions plans by December 2022	<p><b>Insufficient information available to form an assessment</b></p> <ul style="list-style-type: none"> <li>The first major deadline for CNGP organisations is still a year away. Organisations are at varying stages of progress with some well advanced and others at an early stage of preparation.</li> <li>Many organisations outsource to third party providers. These projects generally take 1-2 months. This means there is enough time for all CNGP organisations to meet Programme requirements regardless of their current progress.</li> </ul>

41. Emissions reduction plans will cover the totality of organisations’ emissions reductions efforts, including efforts to transition fleets, rate the energy efficiency of buildings and new construction, which are also subject to separate report backs.
42. Organisations are at varying stages in developing their plans. It is too early to make assessments of progress as regardless of work completed to date, there is enough time for all organisations in the first tranche to meet their requirements by the deadline, either by doing the work internally or by contracting a third party provider.

*Reporting on progress towards meeting requirements*

43. Programme dashboard reporting started in September 2021 at the request of CNGP Ministers and can continue to be strengthened to give Ministers a greater sense for progress towards milestones.
44. Current reporting is based on light-touch conversations with each CNGP organisation and the Secretariat is in the process of developing a survey to assess organisations’ level of experience and progress in more detail.
45. Greater visibility of organisations’ progress is a key lever for ensuring progress is made against Programme requirements. As the first Programme deadline approaches, the Secretariat should provide a more detailed view of organisations’ progress towards reporting emissions, setting targets and creating plans.
46. More granular reporting would allow interventions to be made ahead of time for organisations who are at risk of not meeting the deadline. This may require the Secretariat

to prioritise how it engages with organisations, for example, allocating more time to organisations with larger or more complex emissions profiles.

*Supplier risks*

47. Emission reduction activities are new for many organisations and most organisations contract the same suppliers to provide external expertise. The CNGP represents a significant programme of work and the capacity of the market for these services will need to grow to support the full scale of organisations' collective needs under the Programme.
48. The demand from organisations to meet CNGP requirements creates some supply side risks in two areas:
  - a) emissions measurement and verification and the creation of emissions reduction plans, where most organisations contract the same supplier. It is possible that a majority of the 39 organisations in tranche one will seek verification services from the same supplier close to the December 2022 deadline.
  - b) certification services for Greenstar sustainable building standards, which are provided by one supplier. For example, the number of buildings required to be certified under the Programme is expected to grow from 14 in the last year, to 40 to 50 next year, and as many as 100-200 per year by 2025.
49. There is a risk that the collective demands of CNGP organisations will create bottlenecks ahead of key Programme deadlines, which means deadlines are not met.
50. MfE and MBIE have agreed to actively manage this risk through, for example, publishing a list of suppliers and working with suppliers to ensure they understand possible demand created by Programme requirements.

**Status of delivery of the State Sector Decarbonisation Fund (SSDF)**

51. EECA and MBIE are responsible for managing the SSDF, a \$219.5m fund to support organisations to invest in low emissions heating, low emissions vehicles, energy efficient lighting, and similar projects. Outside organisations' baseline funding, the SSDF is the source of dedicated funding for organisations to undertake projects to reduce emissions.
52. The projects funded through the SSDF are broadly on track to achieve their intended benefits (Table 3). As at 1 December <sup>s9(2)(f)</sup><sub>(iv)</sub> projects in seven tranches have been approved totalling <sup>s9(2)(f)(iv)</sup> in SSDF contributions <sup>s9(2)(f)</sup><sub>(iv)</sub> of the total fund).
53. Projects are at varying stages of delivery (Figure 2) and are projected to reduce <sup>s9(2)(f)(iv)</sup> tonnes emissions over a ten-year period once complete (Figure 3).
54. Projects take time to measure and report back on the emissions reductions realised by the investment. Two projects (totalling \$1.2m) have completed report backs so far.

Table 3. Overview of the status of delivery of the SSDF

Programme objective	Delivery status
Delivery of projects under the SSDF	<b>On track</b> <ul style="list-style-type: none"><li>• s9(2)(f)(iv) projects have been approved to date and are at varying stages of delivery. Most projects are not due to complete until 2023 and 2024.</li><li>• Two projects have completed so far, with eight more due to complete in the next 2 months. This is in line with milestones set when the projects were approved.</li><li>• EECA should improve reporting to provide more granular assessments of organisations' progress against milestones.</li></ul>

s9(2)(f)(iv)



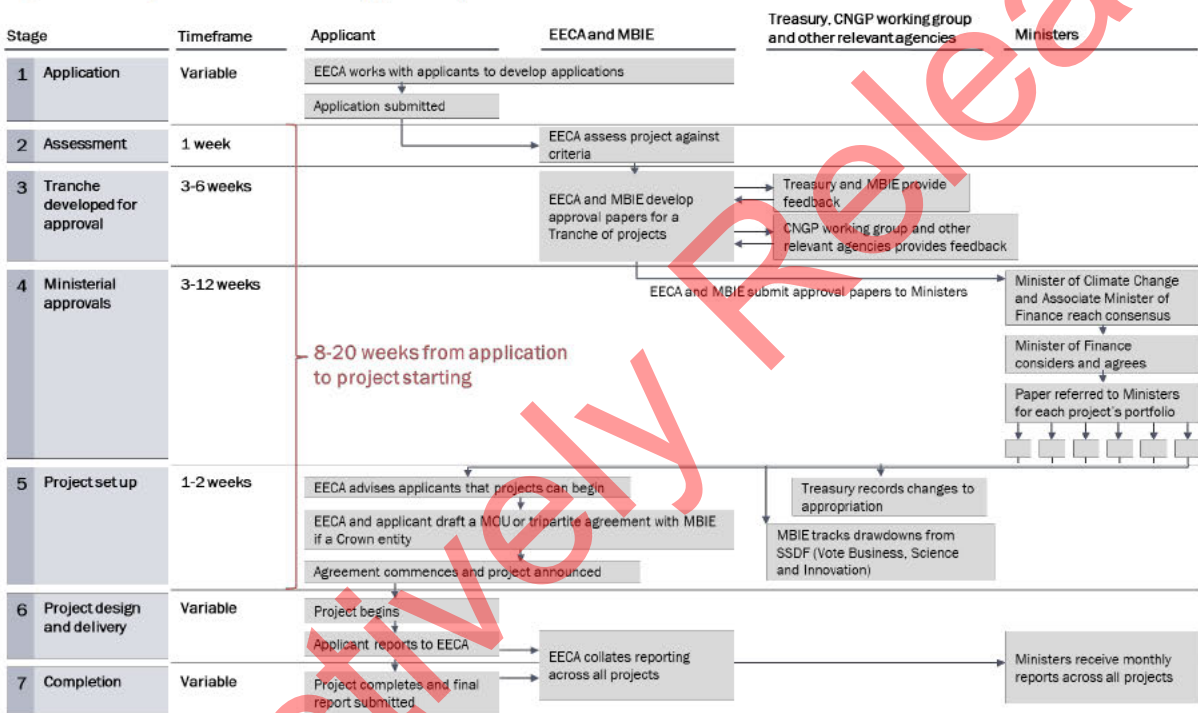
- 55. EECA administer the fund effectively. Once projects are contracted, EECA has processes in place for contract management and progress reporting from funding recipients.
- 56. Organisations report positive experiences with EECA in terms of support with applications, delivery of projects, and to upskill and train staff in best practices for energy efficiency and fuel switching to renewables.

- 57. EECA has agreed to include projects' progress against planned milestones as part of regular Programme reporting and is developing a monitoring and evaluation plan and reporting framework to show delivery progress across the SSDF portfolio. This will support more granular progress reporting over time.
- 58. As projects begin to report back, EECA should regularly report actual emissions reductions against expected emissions reductions over time (illustrated in Figure 3).

*The SSDF approval process*

- 59. The end-to-end process for the SSDF can take from 8 to 20 weeks from application to a project being contracted, with the approval process alone taking up to three months in some cases (Figure 4). The SSDF approval process is long particularly in relation to the small size of each SSDF tranche.

**Figure 4. Diagram of the SSDF approval process**



- 60. Complexity in the process is inherent because the fund is a tagged contingency where decisions require sign-off from the Minister of Finance, Associate Minister of Finance, Minister of Climate Change, as well as relevant portfolio Ministers. Previous tranche briefings have required as many as seven or eight sign-offs.
- 61. The length of the SSDF approval process slows the pace at which projects can start, creates administrative workload, and means that organisations seeking to urgently replace legacy operational equipment – such as vehicles or chillers – with low-emission alternatives are unable to access SSDF funding quickly.
- 62. EECA and MBIE consulted Treasury on whether improvements could be made to the process and decided not to recommend an alternative process or provide Ministers with options to decide between.

63. While it is unlikely any single alternative option will simplify the entire approval process, it is likely that improvements could be made. EECA and MBIE should work with the Treasury to identify options and their associated trade-offs and provide options for Ministers to consider. Illustrative options include:
- a) drawing down the tagged contingency into one appropriation and making approvals through baseline updates
  - b) making allocations into specific appropriations
  - c) creating delegation thresholds to allow smaller, more urgent projects to be approved quickly.

## **Assessment of governance and programme management**

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64. Governance arrangements were established quickly and on an interim basis. A report back to CNGP Ministers on governance arrangements is due in March 2022 and should assess whether governance arrangements should change to oversee delivery as CNGP organisations start to implement their emissions reduction plans.
65. Programme management arrangements should also change to support delivery. Subject to CNGP Ministers' agreement, the March 2022 report back on interim governance should be expanded to provide options for programme management arrangements.
66. For the delivery phase of the Programme, programme management arrangements might include new functions, such as:
- a) validating that organisations are on track to implement their emissions reduction plans and managing delivery risk across the Programme, for example ensuring key milestones are being met or undertaking detailed delivery assessments of specific areas
  - b) providing more hands-on support to organisations, where useful
  - c) more detailed Programme reporting against expected progress and milestones
  - d) a broader coordination role to create opportunities to improve delivery, such as facilitating communities of practice around shared cross-agency issues such as reducing construction emissions or measuring embodied emissions.
67. An expanded report back on programme management arrangements should also consider:
- a) whether the Secretariat should retain responsibility for the policy development role or evolve its focus to managing the delivery of the programme
  - b) the scope of the Secretariat's support, for example to prioritise greater support for organisations with the largest emissions profiles or focus only on certain types of emissions
  - c) the level of resourcing required to support various choices on scope and functions, as well as possible resourcing models for the Secretariat through the delivery phase (for example, secondments from CNGP organisations).



68. If Ministers agree to expand the scope of the report back on governance arrangements to also include options for programme management, it would be appropriate for this report back to be moved to May 2022. This is to provide more time to consult with CNGP organisations on which programme management functions are likely to be most useful for the delivery phase alongside the Secretariat's existing work programme.
69. Subject to Ministers' agreement, the Implementation Unit could provide support to MfE, MBIE and EECA as a 'critical friend' to develop options for programme management arrangements.

### **Areas where additional support or visibility may be useful**

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70. The Programme is in an early stage and many emissions reductions projects are in the early stages of planning and policy, with several subject to future decisions on scope or funding.
71. Most of the emission reductions projects that are currently underway are co-funded between CNGP organisations and the SSDF, and do not need additional support or visibility at this stage.
72. Changes that EECA is making to reporting against SSDF project milestones should help to identify which projects require greater support or intervention as part of regular reporting. It is likely that there will be projects with greater delivery challenges due to the complexity of infrastructure or because of supply issues with equipment sourced internationally.
73. As the first tranche of organisations start to implement their emissions reductions plans, there may be specific projects or organisations that would benefit from the support or visibility of programme management agencies.
74. The current role of the Secretariat and MBIE does not include delivery support and the suitability of these agencies providing support to specific projects or organisations should be considered in a future report back on the scope and functions of programme management arrangements.
75. As organisations begin to complete SSDF projects and achieve reductions, there is an opportunity to showcase achievements and share lessons more widely. This could be by publishing the dashboard, prepared by programme management agencies that CNGP Ministers currently receive, which shows progress on fleet transitions, SSDF projects and where organisations are at on the measurement journey.

### **Next Steps**

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76. Over the next six months there are several key Programme milestones, including reporting back to Ministers on fleet transition strategies (MBIE), getting Greenstar reporting under way (MBIE), an expected Cabinet decision on offsetting (MfE), and ongoing SSDF approvals (EECA). There is also a report back to Ministers due in March 2022 on the interim coordination and programme arrangements.

77. Subject to Minister's agreement, the Implementation Unit could provide ongoing support for the aspects of the Programme related to delivery:
- a) provide support to the Secretariat as they plan programme arrangements for delivering the CNGP and monitoring organisations' progress against emissions reductions plans, and
  - b) support MfE, MBIE and EECA to strengthen reporting.
78. A partial picture of Programme-wide emissions will be available from early 2023 once the Secretariat compile reports from tranche one organisations due in December 2022. The first Programme-wide view of organisations' total emissions, targets, and plans will be available in early 2024, as tranche two is not required to report until December 2023.

## Financial Implications

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79. There are no financial implications as a result of the content of this briefing.

## Consultation

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80. This Report draws from discussions with the following agencies: Ministry for the Environment, Ministry of Business, Innovation and Employment, the Energy Efficiency and Conservation Authority (EECA), the Department of Corrections, the Treasury, the Department of Conservation, Kāinga Ora, the Ministry of Education, the Ministry of Health, the Health Transition Unit, Waikato and Taranaki District Health Boards, Waka Kotahi, NZ Police, the Ministry of Primary Industries, the New Zealand Defence Force, the Tertiary Education Commission, and the Ministry of Defence.
81. Agencies were consulted on findings and drafts of this report.

## Communications

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82. This briefing will be proactively released in February 2022 with any appropriate redactions under the Official Information Act 1982, once it has been considered by Cabinet Priorities Committee.

<b>Attachments:</b>	
<b>Attachment A:</b>	Implementation Unit Commissioning Brief
<b>Attachment B:</b>	Overview of CNGP organisations

# ATTACHMENT A

## Implementation Unit Commissioning Brief Carbon Neutral Government Programme Stocktake of Progress

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**Commissioning Agent:** Deputy Prime Minister

**Commission to:** Implementation Unit, DPMC

**Commission:** To provide a stocktake of progress on the delivery of the Carbon Neutral Government Programme to the Deputy Prime Minister on 10 December 2021 including an assessment of programme management, and governance across the programme with advice on where additional support may be useful.

### Background

The Carbon Neutral Government Programme (CNGP) aims to combat climate change by requiring the public sector to achieve carbon neutrality by 2025. The programme requires public sector agencies to measure and publicly report on their emissions and to offset any emissions they cannot cut from 2025.

The programme is funded through the \$200m State Sector Decarbonisation Fund (also captured in the New Zealand Upgrade Programme). This funding finances the replacement of public sector coal boilers and supports the immediate purchase of electric or hybrid vehicles to start replacing the Government's petrol car fleet.

The Programme involves all core government agencies. It is jointly overseen by the Ministry for the Environment (MfE), the Energy Efficiency and Conservation Authority (EECA) and the Ministry of Business, Innovation and Employment (MBIE).

### Purpose

The purpose of this stocktake is to identify the status of delivery across government agencies and identify priority projects where additional support or visibility may be useful and ensure the right governance is in place to provide any required support towards ensuring the programme delivers its anticipated impact and outcomes.

### Scope

The Implementation Unit will:

- Undertake an initial stocktake of progress to assess the status of delivery across the programme and within key agencies.
- Assess whether there are appropriate milestones and monitoring disciplines in place across the programme to report on progress.
- Identify whether there are appropriate project, programme management, and governance structures in place to deliver the programme and identify what further work may be needed in this area.

**Parties**

The stocktake will be undertaken by the Implementation Unit which will work closely with the relevant senior leaders and officials from the Programme Lead agency Ministry for the Environment (MfE), as well as with the Energy Efficiency and Conservation Authority (EECA), the Ministry of Business, Innovation and Employment (MBIE), and other relevant agencies. Given the scope of the programme it may only be possible to work with a subset of agencies.

Treasury will support the Implementation Unit as required.

The Implementation Unit will be open and transparent and work constructively with agencies with the expectation that this is reciprocated.

**Timeframe**

The Implementation Unit will provide a report to the Deputy Prime Minister on 10 December 2021 as well as interim updates as part of the Unit's regular reporting cycles.

Hon Grant Robertson  
Deputy Prime Minister

Proactively Released

# ATTACHMENT B

## Tranche 1

*Instructed to report by December 2022*

### Departments

Crown Law Office  
 Department of Conservation  
 Department of Corrections  
 Department of Internal Affairs  
 Department of the Prime Minister and Cabinet  
 Education Review Office  
 Government Communications Security Bureau  
 Inland Revenue Department  
 Land Information New Zealand  
 Ministry for Culture and Heritage  
 Ministry for Pacific Peoples  
 Ministry for Primary Industries  
 Ministry for the Environment  
 Ministry for Women  
 Ministry of Business, Innovation and Employment  
 Ministry of Defence  
 Ministry of Education  
 Ministry of Foreign Affairs and Trade  
 Ministry of Health  
 Ministry of Housing and Urban Development  
 Ministry of Justice  
 Ministry of Māori Development – Te Puni Kokiri  
 Ministry of Social Development  
 Ministry of Transport  
 New Zealand Customs Service  
 New Zealand Security Intelligence Service  
 Oranga Tamariki - Ministry for Children  
 Public Service Commission  
 Serious Fraud Office  
 Statistics New Zealand  
 The Treasury  
 Social Wellbeing Agency

### Departmental Agencies

Cancer Control Agency  
 National Emergency Management Agency  
 Office for Māori Crown Relations – Te Arawhiti  
 Ministry for Ethnic Communities

### Non-Public Service Departments (Executive Branch)

New Zealand Defence Force  
 New Zealand Police  
 Parliamentary Counsel Office

## Tranche 2

*Directed to report by December 2023*

### Crown Agents

Accident Compensation Corporation  
 Callaghan Innovation  
 Civil Aviation Authority of New Zealand  
 District Health Boards (20)  
 Earthquake Commission  
 Education New Zealand  
 Energy Efficiency and Conservation Authority  
 Environmental Protection Authority  
 Fire and Emergency New Zealand  
 Health Promotion Agency  
 Health Quality and Safety Commission  
 Health Research Council of New Zealand  
 Kāinga Ora – Homes and Communities  
 Maritime New Zealand  
 New Zealand Antarctic Institute  
 New Zealand Blood Service  
 New Zealand Qualifications Authority  
 New Zealand Tourism Board  
 New Zealand Trade and Enterprise  
 New Zealand Walking Access Commission  
 Pharmaceutical Management Agency  
 Real Estate Agents Authority  
 Social Workers Registration Board  
 Sport and Recreation New Zealand  
 Taumata Arowai – the Water Services Regulator  
 Tertiary Education Commission  
 Waka Kotahi – NZ Transport Agency  
 WorkSafe New Zealand

### School Boards of Trustees

2,416 Boards of Trustees

**Tranche 3**

*Encouraged to report by December 2023*

**Non-Public Service Departments  
(Legislative Branch)**

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Office of the Clerk of the House of Representatives  
Parliamentary Service

**Office of Parliament**

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Office of the Ombudsmen  
The Controller and Auditor-General  
The Parliamentary Commissioner for the Environment

**Reserve Bank of New Zealand**

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**Tertiary Institutions**

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Auckland University of Technology  
Lincoln University  
Massey University  
University of Auckland  
University of Canterbury  
University of Otago  
University of Waikato  
Victoria University of Wellington  
Te Pūkenga-New Zealand Institute of Skills and Technology  
Te Wānanga o Aotearoa (Te Awamutu)  
Te Wānanga o Raukawa (Ōtaki)  
Te Whare Wānanga o Awanuiārangi (Whakatane)

**Crown Entity Subsidiaries of NZIST**

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Ara Institute of Canterbury  
Eastern Institute of Technology  
Manukau Institute of Technology  
Nelson Marlborough Institute of Technology  
Northland Polytechnic  
Open Polytechnic of New Zealand  
Otago Polytechnic  
Southern Institute of Technology  
Tai Poutini Polytechnic  
Toi Ohomai Institute of Technology  
Unitec Institute of Technology  
Universal College of Learning  
Waikato Institute of Technology  
Wellington Institute of Technology  
Western Institute of Technology  
Whitireia Community Polytechnic