



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Building and Construction
Title of Cabinet paper	Incentivising residential solar generation	Date to be published	September 2025

List of documents that have been proactively released

Date	Title	Author
April 2025	Incentivising residential solar generation	Office of the Minister for Building and Construction
9 April 2025	Incentivising residential solar generation ECO-25-MIN-0054 Minute	Cabinet Office
April 2025	Regulatory Impact Statement: Incentivising residential solar generation	MBIE
August 2024	Energy Efficiency Requirements for Homes	Office of the Minister for Building and Construction
6 August 2024	Energy Efficiency Requirements for Homes EXP-24-MIN-0039 Minute	Cabinet Office
April 2025	Refocused climate work programme for building and construction	Office of the Minister for Building and Construction
9 April 2025	Refocused climate work programme for building and construction ECO-24-MIN-0312 Minute	Cabinet Office
14 August 2024	Briefing 2425-0569: Updating the building chapter of the First Emissions Reduction Plan to reflect your portfolio priorities	MBIE
18 September 2024	Briefing 2425-0886: Opportunities to include buildings in the Second Emissions Reduction Plan	MBIE

Information redacted

Yes

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

- Confidential Advice to Government
- Privacy of Natural Persons
- Legal Professional Privilege
- Commercial Information



BRIEFING

Updating the building chapter of the First Emissions Reduction Plan to reflect your portfolio priorities

Date:	14 August 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2425-0569

Action sought		
	Action sought	Deadline
Hon Chris Penk Minister for Building and Construction	<p>Note that the Minister for Climate Change intends to amend First Emissions Reduction Plan to reflect the Government's priorities and maintain the currency of the plan.</p> <p>Agree to continue thirteen actions in the First Emissions Reduction Plan.</p> <p>Agree to change one action in the First Emissions Reduction Plan.</p> <p>Agree to discontinue nine actions in the First Emissions Reduction Plan.</p>	16 August 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Matthew McDermott	Manager, Building Performance and Resilience	Privacy of natural persons	✓
Fiona Hill	Team Leader, Building Performance and Resilience	Privacy of natural persons	
Jess Kikstra	Senior Policy Advisor, Building Performance and Resilience		

The following departments/agencies have been consulted
The Ministry for the Environment Kāinga Ora The Energy Efficiency and Conservation Authority

Minister's office to complete:

☐ Approved

☐ Noted

☐ Declined

☐ Needs change

☐ Seen

☐ See Minister's Notes

☐ Overtaken by Events

☐ Withdrawn

Comments



BRIEFING

Updating the building chapter of the First Emissions Reduction Plan to reflect your portfolio priorities

Date:	14 August 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2425-0569

Purpose

This briefing seeks your agreement to recommend updates to the building chapter of the First Emissions Reduction Plan (ERP1) to reflect your priorities for the building and construction portfolio. The process of seeking Cabinet agreement to ERP1 updates will be led by the Minister of Climate Change and will ensure he meets the legal requirement to maintain the plans' currency.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that the Minister of Climate Change intends to seek Cabinet's agreement to amend ERP1 to reflect the Government's market-led approach to delivering New Zealand's climate change targets and maintain the currency of the plan.
Noted
- b **Note** that this provides you with the opportunity to recommend changes to the building chapter of ERP1 to reflect the market-led approach you are taking to achieve your portfolio priorities and support the Minister of Climate Change to maintain the currency of the plan.
Noted
- c **Note** that you have indicated your priority for the building and construction portfolio is to make it cheaper and easier to build, and to support green buildings by empowering decision-making and enabling people to take voluntary action to reduce emissions [briefing 2324-2369 refers].
Noted
- d **Note** that your portfolio priorities, and the market-led approach you are taking to achieve them, have implications for the 23 actions you are responsible for in ERP1. To align ERP1 with your portfolio priorities MBIE considers:
 - 1. Ten actions can be continued as they align with your portfolio priorities.
 - 2. Three actions are implemented through other portfolios and can be continued, in line with your Ministerial colleagues' priorities.
 - 3. One action could be amended to align with your portfolio priorities.
 - 4. Nine actions could be discontinued as they are unlikely to align with your portfolio priorities. This is because they may increase regulatory requirements for building owners, could increase the upfront costs of building in New Zealand, or may require additional funding that is not available in the current challenging economic environment.*Noted*
- e **Agree** to recommend to the Minister of Climate Change the following changes to the building chapter of ERP1 to reflect your portfolio priorities:
 - 1. Continue the thirteen actions outlined in **Annex One**.

2. Amend one action outlined in **Annex Two**.
3. Discontinue the nine actions outlined in **Annex Three**.

Agree / Disagree

- f **Note** that while these proposed changes will have a minor impact on New Zealand's overall emissions, they will contribute to the growing challenge of meeting New Zealand's climate change commitments.

Noted

- g **Note** that MBIE will update its public facing collateral, including its website, to reflect your decisions on the refreshed Climate Change work programme [briefing 2324-3872 refers] and ERP1 actions, only after Cabinet has made final decisions on the proposed changes to ERP1 in October 2024.

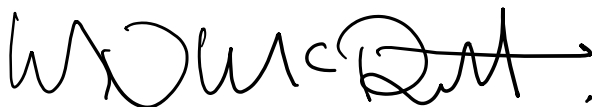
Noted

- h **Note** that MBIE is required to advise the Ministry for the Environment of your decisions by Friday 16 August 2024 to ensure they are included in the Minister of Climate Change's proposed amendment to ERP1.

Noted

- i **Agree** to work with the Minister of Climate Change to include a section and relevant actions to reduce emissions from buildings in the Second Emissions Reduction Plan (ERP2).

Agree / Disagree



Matthew McDermott
Manager, Building Performance and Resilience
Building, Resources and Markets, MBIE

13/8/24

Hon Chris Penk
Minister for Building and Construction

..... / /

The Government is required to create and maintain an emissions reduction plan

1. The *Climate Change Response Act 2002* (the Act) is the legal framework which supports New Zealand to meet its international climate change commitments.
2. Among other things, the Act requires:
 - a. the Minister of Climate Change to publish a plan that outlines the actions the Government will take to achieve the relevant emissions budget and may include actions to achieve later emissions budgets.
 - b. the Minister of Climate Change to maintain the currency of the emissions reduction plan.
 - c. the Climate Change Commission to monitor and publicly report on the Government's progress in implementing the emissions reduction plan.
3. The First Emissions Reduction Plan (ERP1) sets out the actions the Government will take during the first emissions budget period from 2022-2025 to achieve New Zealand's first emissions budget. ERP1 was published in 2022 and reflects the previous Government's approach to achieving New Zealand's climate change targets.

The Minister of Climate Change intends to amend the first emissions reduction plan to reflect the Government's new approach

4. The Government is committed to achieving New Zealand's net zero climate change target and emissions budgets. In April 2024, Cabinet made reducing net emissions one of its nine Government targets.
5. The Government outlined its approach to delivering New Zealand's climate change commitments in the Climate Change Strategy. The Government's approach is focused on transitioning New Zealand to a low emissions economy in a cost-effective way, using effective and efficient policies, while taking advantage of New Zealand's unique landscape to remove greenhouse gases from the atmosphere.
6. The Government's approach to achieving New Zealand's climate commitments differs from the approach taken by the previous Government. For this reason, some of the actions in ERP1 are no longer appropriate or relevant.
7. The Minister of Climate Change intends to seek Cabinet's agreement to formally amend ERP1 in mid-October to reflect the Government's new market-led approach to achieving New Zealand's climate change commitments and maintain the currency of the plan.
8. The Minister of Climate Change is currently consulting on the draft Second Emissions Reduction Plan (ERP2). ERP2 outlines the Government's actions to achieve the second emissions budget from 2025-2030 and must be published by December 2024.
9. The draft ERP2 does not contain a dedicated chapter on building emissions but it does note that the Government intends to support green building practices in New Zealand and that the Government is interested in exploring this further as part of ERP2. MBIE will provide advice on opportunities to include actions that will reduce emissions from buildings in ERP2 in September 2024.

You have an opportunity to update the building chapter of the first emissions reduction plan to reflect your priorities

10. You have outlined that your priority for the building and construction portfolio is to make it easier and cheaper to build in New Zealand. You have also indicated that you intend to support green building practices.
11. You are progressing or intend to progress a range of initiatives to achieve this. You recently indicated support for a refreshed climate change work programme that is focussed on empowering people to make informed decisions and enabling them to take voluntary action to reduce emissions [briefing 2324-3872 refers]. MBIE is working with your office to find time to discuss this work with you.
12. This voluntary, market-led approach differs from the previous Government's approach to reducing emissions from buildings outlined in ERP1, which was more focussed on regulatory changes, imposed mandatory requirements on building owners, and often required additional funding.
13. This means that the initiatives you are progressing in the building portfolio support only some of the 23 actions to reduce emissions from buildings in ERP1. However, others are no longer appropriate or relevant as they either increase regulatory requirements for building owners, could increase the upfront costs of building in New Zealand, or may require additional funding that is not available in the challenging economic environment.
14. The proposed amendment to ERP1 provides you with an opportunity to change these actions to reflect your portfolio priorities. Of the 23 actions you are responsible for, MBIE considers that:
 - a. Ten actions could be continued as they align with your portfolio priorities. These actions are outlined in **Annex One**.
 - b. Three actions are implemented through other portfolios and could be continued in line with your Ministerial colleagues' preferences¹. These actions are also outlined in **Annex One**.
 - c. One action could be changed to align with your priorities. This action is outlined in **Annex Two**.
 - d. Nine actions could be discontinued to reflect your portfolio priorities and the Government's market-led approach to achieving New Zealand's climate change commitments. MBIE considers that discontinuing these actions would support the Minister of Climate Change to maintain the currency of ERP1. These actions, and the rationale, impacts and risks associated with discontinuing them, is outlined in **Annex Three**.
15. Some of the actions to reduce emissions from buildings in ERP1 have already been completed. This includes actions proposing to support the development of the Forestry and Wood Processing Industry Transformation Plan, amend the compliance pathway for Clause H1 of the Building Code to improve the energy efficiency of new buildings, implement the Healthy Homes Standards, and explore circular economy initiatives for building and construction.

¹ You have authority to make decisions on these actions, however, it is more practical for the Minister responsible for implementing the action to make decisions relating to these actions.

There are risks associated with making the proposed changes. These risks can be mitigated

Risks for New Zealand's climate change commitments

16. The impact of the proposed changes on New Zealand's overall emissions is relatively small. For example, partially implementing three of the ERP1 actions that this briefing proposes to discontinue or change has been estimated to reduce New Zealand's emissions by 0.25 percent (0.75Mt) over the second emissions budget period from 2026-2030, or 0.39 percent (1.01 Mt) during the third emissions budget period from 2031-2035².
17. The most recent projections of New Zealand's emissions indicate we are on track to meet the first and second emissions budgets. These projections incorporate the impact of the Government having already discontinued 35 ERP1 actions. However, the margin is small and further changes to ERP1 actions, or factors outside of the Government's control (such as the weather), could make achieving our emissions budgets more challenging.
18. The projections also show that New Zealand is not on track to achieve our third emissions budget from 2031-2035. We are projected to exceed the budget by around 6 per cent (17 Mt). Projections of New Zealand's emissions over the first, second and third budget period are outlined in Table 1 below.

Table 1: New Zealand's emissions projections relative to our emissions budgets

	Budget	Projected emissions
First emissions budget (2022-2025)	290 Mt	284 Mt
Second emissions budget (2026-2030)	305 Mt	303 Mt
Third emissions budget (2031-2035)	240 Mt	257 Mt

19. The proposed changes will also make it relatively more difficult for New Zealand to achieve our Nationally Determined Contribution (NDC). Current estimates suggest New Zealand will exceed our NDC by 93Mt. Treasury estimates suggest that purchasing offshore credits to meet our NDC could cost between \$3 billion- \$24 billion³. Progressing the embodied and operational carbon reporting requirements and introducing mandatory energy performance certificates could have contributed 0.81 per cent (0.75Mt) towards meeting this shortfall.
20. Several actions were intended to improve the energy efficiency of buildings. Discontinuing these actions will make it more difficult for New Zealand to achieve our international commitment to double the rate of energy efficiency improvements from around two per cent to four per cent each year by 2030.
21. Several actions were intended to ensure the Government fulfils its legal obligation to mitigate the impact that reducing emissions will have on iwi and Māori, employers and employees,

² The three actions are: introduce regulatory requirements to measure embodied carbon, introduce regulatory requirements to measure operational carbon, and introduce mandatory energy performance certificates.

³ The range highlights the high degree of uncertainty in international carbon markets.

and wider communities. Discontinuing these actions means the Government will need to ensure it does this in other ways.

22. These sufficiency risks can be mitigated by continuing to progress the remaining ERP1 actions and initiatives to enable households and businesses to make better, more informed decisions and take voluntary action to reduce emissions.
23. Developing and including policies in ERP2 that reflect your priorities for the building sector could help to ensure ERP2 is sufficient to achieve the second emissions budget and make it easier for New Zealand to achieve the third emissions budget. We propose to provide you with further advice on this.

Reputational risks for the Government

24. You will already be aware that there are some reputational risks associated with changing the overall direction of travel.
25. Several of the actions proposed to be discontinued or changed are supported by the building and construction sector. In particular, the sector was supportive of the proposed embodied and operational carbon reporting requirements and the introduction of mandatory energy performance certificates.
26. Some businesses have invested and upskilled to meet these anticipated future regulatory requirements. For example, incentivised by the proposed embodied carbon regulatory requirements, we understand that some businesses have developed tools to measure the embodied carbon in new buildings in New Zealand, consultancies have been providing sector-upskilling workshops, and timber companies such as Red Stag have invested in increasing their capacity to supply the New Zealand market based on the expectation that the regulations will increase demand for timber.
27. The potential risks from changing and discontinuing these actions can be mitigated by communicating to the sector that your priority for the building and construction portfolio is to reduce the upfront costs of building (reflecting the challenging economic environment), and the market-led voluntary approach that you intend to progress to support green buildings.

Updates to MBIE's public facing information

28. MBIE's existing public-facing website collateral includes an indicative work programme that reflects the previous legislative direction of the Building for Climate Change work programme out to 2050. This includes the ERP1 actions proposed to be changed or discontinued through this briefing. For example, the ERP1 actions proposing to introduce mandatory waste minimisation plans, mandatory energy performance certificates, and introduce regulatory requirements to limit the embodied and operational carbon from new buildings.
29. MBIE proposes to update its website collateral to communicate your priorities and reflect your decisions on your refreshed Climate Change work programme and ERP1 actions after Cabinet has made final decisions on the proposed changes to ERP1 in October 2024. The amended plan will also be published on the Ministry for the Environment's (MfE) website. MBIE can support your office with other opportunities to promote your work programme.

Next steps

30. Following your decisions, MBIE will inform MfE of the changes you wish to make to the building chapter of ERP1. MfE has asked MBIE to advise them of your decisions by Friday

16 August 2024 to ensure they are included in the Minister of Climate Change's proposed amendment to ERP1.

31. MBIE will provide advice on a proposed narrative and potential actions to reduce emissions from buildings that could be included in ERP2 in September 2024, after feedback received during public consultation on ERP2 has been analysed.

Confidential advice to Government

Annexes

Annex One: Actions in the building chapter of ERP1 proposed to be continued.

Annex Two: One action in the building chapter of ERP1 proposed to be changed.

Annex Three: Actions in the building chapter of ERP1 proposed to be discontinued.

Annex One: Actions in the building chapter of ERP1 proposed to be continued

Table 1: Actions proposed to be continued as they align with your portfolio priorities

Action	Rationale for continuing
<p>Action 12.2.1 Shift expectations and grow the market for low-emissions buildings.</p> <p>Delivery action: Identify and explore potential options to address financial barriers to low-emissions buildings.</p> <p>Proposed outputs: Research finance-related barriers and how financial incentives such as government subsidies or tax settings might support reducing building related emissions.</p>	<ul style="list-style-type: none"> This action supports your priorities as it can help to remove financial barriers preventing people from reducing the emissions from their buildings. It enables people to take voluntary action. Several initiatives in your work program support this action. This includes: <ul style="list-style-type: none"> Making low-emission building designs with faster consenting pathways freely available. Working alongside MfE to develop a green taxonomy for construction and real estate. <p>Confidential advice to Government</p> <ul style="list-style-type: none"> Eliminating the barriers to using overseas building products in New Zealand can improve access to innovative, high quality and sustainable building materials by reducing compliance burdens and increasing competition. This can help to reduce the construction costs of low emissions buildings.
<p>Action 12.5.2 Develop a strong data and evidence base.</p> <p>Proposed outputs: An embodied emissions advisory group of government and nongovernment building emissions experts is established. Assessment methodology, national building-related emissions database and data, emissions-calculation tools and repository, and benchmarking and baseline research. Approach to support research into reducing building-related emissions by key non-government organisations.</p>	<ul style="list-style-type: none"> Better data can enable people to make informed decisions to reduce emissions. Partnering with BRANZ and Construction Information Limited to maintain a national embodied carbon database supports this action. The proposed climate change work program action to encourage tool providers to develop guidance on how existing embodied carbon tools (such as One Click LCA or eTool) can be used in the New Zealand context and in line with a consistent methodology supports this action.
<p>Action 12.1.3 Realise cross-sector opportunities to reduce whole-of-life embodied emissions.</p> <p>Delivery action: Investigate barriers to reusing, repurposing, and recycling building materials.</p> <p>Proposed outputs: Research to understand regulatory and system barriers to repurposing and recycling building materials, adaptive reuse of buildings and the development of a market for reused building materials.</p>	<ul style="list-style-type: none"> The action aligns with your priorities as it seeks to remove barriers preventing people from re-using building materials and enables them to take voluntary action to reduce emissions. MBIE is undertaking research to improve the information available on the relative carbon benefits of demolishing versus strengthening seismically deficient buildings. This research supports this action. Thinkstep completed research on behalf of MBIE which identified further opportunities in this area. This could include working with BRANZ to provide guidance to resolve perceived regulatory barriers to reusing building materials. This action supports the Minister for the Environment's work to reduce waste. The Minister for the Environment has identified reducing construction and demolition waste as being a key priority as it represents up to 50 per cent of all waste generated in New Zealand.
<p>Action 12.1.3 Realise cross-sector opportunities to reduce whole-of-life embodied emissions.</p> <p>Delivery action: Support the use of project management and prefabrication to reduce road transport.</p> <p>Proposed outputs: Options for how action in the building and construction sector can reduce transport emissions.</p>	<ul style="list-style-type: none"> This action supports your priorities as prefabrication can improve efficiency and reduce upfront building costs. MBIE's work to increase remote building inspections could support this action. MBIE is also progressing the implementation of BuiltReady and considering developing an Offsite Manufacturing Standard. This would support greater use of prefabrication and support this action.
<p>Action 12.2.1 Shift expectations and grow the market for low-emissions buildings.</p> <p>Delivery action: Recognise and showcase low-emissions buildings.</p> <p>Proposed outputs: Options to promote low emissions building and designs through competitions, recognition or rewards schemes.</p>	<ul style="list-style-type: none"> This action supports your priorities by encouraging people to take voluntary action to build low-emissions buildings. The climate change work program action to support a sector-led building-level embodied carbon benchmarking platform where organisations can upload and share results of embodied carbon assessments for their buildings supports this action.

<p>Action 12.2.1 Shift expectations and grow the market for low-emissions buildings.</p> <p>Delivery action: Support a shift to medium density and modular designed buildings.</p> <p>Proposed outputs: Reviewed and updated Building Code settings. Modular component manufacturer certification scheme implemented to support growth in offsite manufacturing. Urban Growth Agenda and National Policy Statement – Urban Development (NPS-UD).</p>	<ul style="list-style-type: none"> • This action supports your priority to reduce the upfront costs of building. Modular designed buildings can help to improve building efficiency and reduce costs. • MfE are progressing work to support this action as part of the Government’s Going for Housing Growth program. This includes strengthening the intensification provisions in the NPS-UD. • Both MBIE and MfE are progressing this action by reducing the consenting the requirements to build a small secondary dwelling or “granny flats”. This may include developing national direction to support this. • MBIE and Standards NZ are making it easier to build medium density buildings by expanding the scope of one of the Acceptable Solution (NZS 3604) that comply with Clause B1 Structure of the Building Code, to apply to three storey buildings. • MBIE is progressing the implementation of BuiltReady (the modular component manufacturer scheme) and considering developing an Offsite Manufacturing Standard, supporting a shift to modular designed buildings.
<p>Action 12.3.2 Encourage and enable emissions reduction from existing buildings.</p> <p>Delivery action: Explore how incentives, support or requirements could reduce existing residential and non-residential buildings’ emissions.</p> <p>Proposed outputs: Research about barriers and enablers for building owners to undertake major energy efficiency retrofits, refits or recommissioning. Options and cost-benefit analysis to inform potential incentives and other Government investment.</p>	<ul style="list-style-type: none"> • This action aligns with your interest in exploring opportunities to make it easier to retrofit existing houses to make them warmer, drier, and healthier. • Reducing emissions from existing buildings represents a key opportunity to reduce emissions as 66 per cent of building related emissions between now and 2050 will come from existing buildings. • The Climate Change Commission has noted that reducing emissions from existing buildings is necessary to achieve sufficient emissions reductions from buildings.
<p>Focus area 5: Establish foundations for future emissions reductions.</p> <p>Delivery action 12.5.2: Change behaviours of households and the sector through a behaviour change program to support the uptake of low-emissions practices.</p> <p>Proposed outputs: Behaviour change programme to support uptake of low-emissions products and more adaptive building practices and drive regulatory compliance. The programme will target households, building owners, producers (building sector and building product producers) and building consent authorities.</p>	<ul style="list-style-type: none"> • This action aligns with your priorities as your climate change work program will support behaviour change by providing people with the information and tools to support well-informed choices and voluntary action to reduce their emissions. • BRANZ’s Future of Work programme is creating practical and relevant learning pathways for people across the industry to better deliver zero-carbon construction.
<p>Focus area 5: Establish foundations for future emissions reductions.</p> <p>Delivery action 12.5.4 Support the workforce transition to ensure the sector can build for climate change.</p> <p>Proposed outputs: Options to facilitate building and construction workforce planning and sector education, developed with the Construction Sector Accord and industry. Options for targeted funding or initiatives to train or retrain building professionals, encourage changed practice among key worker groups and support on-the-job mentoring.</p>	<ul style="list-style-type: none"> • BRANZ’s Future of Work programme is creating practical and relevant learning pathways for people across the industry to better deliver zero-carbon construction. This action supports the Government to uphold its legal obligations under the <i>Climate Change Response Act 2002</i> to mitigate the impact reducing emissions will have on the workforce. • The Climate Change Commission has noted that supporting the workforce to transition to net zero is necessary to achieve sufficient emissions reductions from buildings.
<p>Focus area 5: Establish the foundations for future emissions reductions.</p> <p>Delivery action 12.5.5 Establish an enabling legislative framework.</p> <p>Proposed outputs: Options to address existing legislative barriers. Legislative amendment to clarify that action to address climate change and reduce emissions falls within the scope of the <i>Building Act (year)</i>.</p>	<ul style="list-style-type: none"> • You have indicated that changing the <i>Building Act 2004</i> to clarify that action to address climate change and reduce emissions is unlikely to be a portfolio priority. • However, MBIE considers it may be beneficial to retain this action for now as: <ul style="list-style-type: none"> • This is a foundation action which could, at some point, be used to reduce emissions or improve resilience. Retaining this action preserves your ability to pursue regulatory changes in future, should you wish. For example, potential changes you are considering making to the Building Levy to incentivise green buildings are likely to be easier if this action is progressed. • The Climate Change Commission recently considered that this action was critical to achieving sufficient emissions reductions from buildings in line with achieving the net zero 2050 target.

Table 2: Actions that are implemented through other portfolios and are proposed to be continued as they align with your Ministerial colleague’s portfolio priorities

Action	Lead Minister and agency	Implementation progress
--------	--------------------------	-------------------------

<p>Action 12.1.3: Realise cross-sector opportunities to reduce whole-of-life embodied emissions.</p> <p>Delivery action: Support Kāinga Ora's waste minimisation programme and share lessons learned.</p>	<ul style="list-style-type: none"> Minister for Housing, Hon Chris Bishop. Kāinga Ora. 	<ul style="list-style-type: none"> Kāinga Ora are progressing this action by prioritising relocation and deconstruction over demolition to clear sites. They aim to divert over 60 per cent of material from landfill and relocate 7 per cent of houses.
<p>Action 12.2.2 Use the Government's purchasing power to drive market change.</p> <p>Delivery action: Support implementation of Government procurement guidelines and rules for buildings.</p>	<ul style="list-style-type: none"> Minister for Economic Development, Hon Melissa Lee. MBIE's Government Procurement team. 	<ul style="list-style-type: none"> MBIE's Government Procurement team are implementing the Carbon Neutral Governance Program (CNGP) rules. These rules require Government agencies to meet low-emissions and energy efficiency standards such as NABERSNZ or Green Star for the buildings they own or lease.
<p>Action 12.3.2 Encourage and enable emissions reduction from existing buildings.</p> <p>Delivery action: Explore options to expand the Warmer Kiwi Homes programme, such as eligibility criteria, to better achieve equitable outcomes.</p>	<ul style="list-style-type: none"> Minister for Energy, Hon Simeon Brown. Energy Efficiency and Conservation Authority (EECA). 	<ul style="list-style-type: none"> EECA is progressing this action by integrating basic home repairs into the Warmer Kiwi Homes heating and insulation programme. They are also working to improve community outreach.

Annex Two: One action in the building chapter of ERP1 proposed to be changed

Table 1: One action that could be changed to align with your priorities

Action	Proposed change	Rationale, impacts and risks
<p>Action 12.3.2: Encourage and enable emissions reduction from existing buildings.</p> <p>Delivery action: Introduce mandatory energy performance certificates for certain building types.</p> <p>Proposed outputs: Legislative and regulatory proposals developed and consulted on. Requirements introduced with appropriate transition plan. Sector guidance and support provided. Options for voluntary or mandatory energy efficiency ratings for residential buildings identified.</p>	<p>Action 12.3.2: Encourage and enable emissions reduction from existing buildings.</p> <p>Delivery action: <i>Promote voluntary</i> energy performance certificates for certain building types.</p> <p>Proposed outputs: Explore expanding the New Zealand licence of the National Australian Built Environment Rating System (NABERSNZ) to include more building typologies.</p>	<p>Rationale for the proposed change:</p> <ul style="list-style-type: none">• This action aligns with the climate change work programme action to explore expanding the New Zealand licence of the NABERSNZ to include more building typologies like shopping malls and hotels.• This action supports the Government’s international commitment to double the average annual rate of energy efficiency improvements by 2030. <p>Impacts and risks:</p> <ul style="list-style-type: none">• The previous Government agreed to implement mandatory energy performance certificates for large commercial buildings. This means Cabinet will need to agree to rescind this decision.• At the time, the proposed mandatory energy performance certificates were generally supported by the building and construction sector.• The proposed mandatory energy performance certificates were expected to reduce emissions by 0.1 Mt by 2030. Voluntary energy performance schemes are likely to have a smaller impact on emissions as voluntary schemes typically have low uptake.• Previous analysis indicated that mandatory energy performance certificates were expected to be cost effective. The benefits that tenants and building owners receive from lower energy bills were expected to usually outweigh the initial cost of the assessment.

Annex three: Actions in the building chapter of ERP1 proposed to be discontinued

Table 1: Actions proposed to be discontinued as they are unlikely to align with your portfolio priorities

Action	Rationale	Risks and mitigations
<p>Action 12.1.1: Progress regulatory changes to reduce embodied emissions of new buildings.</p> <p>Proposed outputs: Sector advisory group established. Options to address barriers in existing regulations identified. Regulations discussion document consulted on in late 2022. New Building Code requirements introduced. Associated guidance, tools and compliance methods introduced.</p>	<ul style="list-style-type: none"> Unlikely to align with your priorities as it creates additional mandatory regulatory requirements for building owners and could increase the upfront costs of building. 	<ul style="list-style-type: none"> High risk. At the time, this action was supported by the building and construction sector. Mandatory reporting (not caps) was estimated to reduce domestic emissions by 0.61 Mt CO₂e by 2030 if introduced by 2026. Further reductions were expected in later emissions budget periods, especially if caps are introduced. The action supports the Government's priority to boost domestic wood processing. The Climate Change Commission has noted that progressing this action is important to achieve sufficient emissions reductions from buildings. These risks can be mitigated by progressing the actions to reduce embodied carbon in Annex One and communicating this to the sector.
<p>Action 12.2.1: Shift expectations and grow the market for low-emissions buildings.</p> <p>Delivery action: Test emissions reporting and caps for buildings.</p> <p>Proposed outputs: Finalised reporting processes and emissions caps that have been trialled with sector partners and are implementation ready.</p>	<ul style="list-style-type: none"> This action supports the implementation of Action 12.1.1 by introducing embodied carbon reporting and caps. As Action 12.1.1 does not appear to align with your priorities and may be discontinued, this action is unlikely to be necessary. 	<ul style="list-style-type: none"> Low risk. This action is expected to have a limited direct abatement impact. It was intended to ensure the introduction of embodied carbon reporting occurs as smoothly as possible.
<p>Action 12.1.2: Spark and foster innovation across the sector.</p> <p>Delivery action: Explore providing independent specialist advice to households and grants to support households to reduce their carbon impact.</p> <p>Proposed output: Options to deliver independent advice and support to address information asymmetry between households and the sector. Scope an associated grant programme.</p>	<ul style="list-style-type: none"> Would likely require significant additional funding. Unlikely to secure funding in the current challenging economic context to provide independent specialist advice and grants to households. This action has not started due to budget constraints. 	<ul style="list-style-type: none"> Low risk. Abatement impact for this initiative was not modelled at the time it was included in ERP1. There is likely to be some abatement impact, however, this is difficult to quantify at this time.
<p>Action 12.2.1: Shift expectations and grow the market for low-emissions buildings.</p> <p>Delivery action: Explore providing business change advice and support.</p> <p>Proposed outputs: Options to deliver independent business change advice and support for construction businesses to move to a low-emissions business model. Scoping an associated grant programme.</p>	<ul style="list-style-type: none"> Would likely require significant additional funding in a challenging economic context to provide business change advice and support. Ability to deliver this action is affected by the discontinuation of the Construction Sector Accord. Action has not started due to funding and resource constraints. 	<ul style="list-style-type: none"> Low risk. Abatement impact for this initiative was not modelled at the time it was included in ERP1. There is likely to be some abatement impact, however, this is difficult to quantify at this time.
<p>Action 12.3.1: Amend the Building Code to improve new buildings' operational efficiency.</p> <p>Delivery action: Consult on proposed Building Code changes, to introduce new requirements for building operational efficiency.</p> <p>Proposed outputs: Regulations discussion document consulted on in late 2022. New Building Code requirements introduced. Sector guidance, tools and compliance methods introduced.</p>	<ul style="list-style-type: none"> Unlikely to align with your priorities as it creates additional mandatory regulatory requirements for building owners and could increase the upfront costs of building. MBIE have limited resources to support this action. The technical expertise required to progress it are focused on reviewing the compliance pathways for the H1 Energy Efficiency clause of the Building Code. Note that this action differs from the action in the building chapter of ERP1 which has already been completed; to amend the compliance pathways for Clause H1 of the Building Code to 	<ul style="list-style-type: none"> Medium risk. At the time this action was well supported by the building and construction sector. Lost opportunity to reduce emissions by 0.02 Mt CO₂e by 2030 if embodied carbon reporting (not caps) is introduced by 2026. This action supports the Government's international commitment to double the average annual rate of energy efficiency improvements by 2030. The Climate Change Commission has noted that progressing this action will be critical to achieve sufficient emissions reductions from buildings.

	improve the energy efficiency requirements for new buildings. This action was intended to build on the H1 changes by introducing mandatory requirements for building owners to measure and report on a new buildings' predicted operational emissions when they apply for a building consent. Limits on the operational emissions from new buildings were intended to be introduced over time.	
<p>Action 12.5.1 Work with Māori to identify new opportunities to support an equitable transition.</p> <p>Proposed outputs: Coordinated approach to engage with Māori to inform and develop building and construction initiatives. Research on Māori innovation and leadership in climate change and building and construction, eg industry partnerships, iwi, hapū and local government climate response plans. Established systems to enable representation of Māori views within the building and construction sector, such as a Mātauranga Māori reference group.</p>	<ul style="list-style-type: none"> • MBIE was developing a Mātauranga Māori reference group. However, budget constraints mean this won't proceed. • Informal engagement with Māori can continue on a case-by-case basis. 	<ul style="list-style-type: none"> • Low risk. • Abatement impact for this initiative was not modelled at the time it was included in ERP1. There is likely to be some abatement impact, however, this is difficult to quantify at this time. • Discontinuing this action increases the risk that the Government does not fulfil its legal obligations under the <i>Climate Change Response Act 2002</i> to mitigate the impact that reducing emissions will have on iwi and Māori. • This risk is partially mitigated if you are not pursuing actions that require people to reduce emissions from buildings (formal transition is not required).
<p>Focus area 4: Shift energy use from fossil fuels.</p> <p>Deliver action: Identify potential regulatory and other barriers to shifting away from fossil fuel use in buildings and investigate options to address these.</p> <p>Proposed outputs: Review of requirements for installation of solid biofuel heating in buildings (eg wood pellet heaters and boilers).</p>	<ul style="list-style-type: none"> • It is unclear what was originally intended by this action. • This action has not started due to funding constraints. 	<ul style="list-style-type: none"> • Low risk. • Abatement impact for this initiative was not modelled at the time it was included in ERP1. There is likely to be some abatement impact, however, this is difficult to quantify at this time.
<p>Focus area 4: Shift energy use from fossil fuels.</p> <p>Delivery action: Assess the equity impacts of shifting away from fossil gas.</p> <p>Proposed outputs: Research into distributional impacts that may be created where other emissions reduction initiatives affect the supply of, and demand for, fossil gas. Options for support or incentives to manage these impacts.</p>	<ul style="list-style-type: none"> • This action was previously implemented through another ERP1 action led by the Minister for Energy "Action 11.3.1 Develop a gas transition plan". This action has been discontinued. This indicates that this complementary action does not align with the Government's priorities. 	<ul style="list-style-type: none"> • Medium risk. • Abatement impact for this initiative was not modelled at the time it was included in ERP1. There is likely to be some abatement impact, however, this is difficult to quantify at this time. • Discontinuing this action creates equity risks if rising carbon prices increase the cost of gas. This could increase energy hardship for low-income and vulnerable households, and businesses who can't afford the upfront costs of electrifying.
<p>Action 12.1.3: Realise cross-sector opportunities to reduce whole-of-life embodied emissions.</p> <p>Delivery action: Explore requiring waste minimisation or recovery plans for building consent.</p> <p>Proposed outputs: Proposals for legislative and regulatory requirements that could minimise construction waste and increase diversion from landfill.</p>	<ul style="list-style-type: none"> • Unlikely to align with your priorities as it imposes additional mandatory regulatory requirements on building owners. • You have indicated that you do not intend to introduce mandatory waste minimisation plans. 	<ul style="list-style-type: none"> • Medium risk. • The abatement impact of this action has been estimated. However, MBIE does not consider it to be accurate. • This action supports the Minister for the Environment's work to reduce waste. • The previous Government agreed to implement waste minimisation plans. This means Cabinet will need to agree to rescind this decision.