

**The
Aotearoa
Circle**

Mā te Kaitiakitanga
ko te Tōnuitanga
Prosperity Through
Guardianship

Fenwick Forum Report 2020

The Aotearoa Circle is a unique partnership of public and private sector leaders, unified and committed to the pursuit of sustainable prosperity for Aotearoa New Zealand by reversing the decline of our natural resources. Collectively, this partnership has been formed to promote transformational change.

Fenwick Forum (FF) by numbers

3

Separate Forum events
held across two weeks in
June 2020

219

Participants across the
three Forum events

85%

Senior Leaders polled
would change or accelerate
investment plans to
collaborate for a bigger goal

63%

Senior Leaders polled
wanted a balance between
sustainable, value principles
and 'shovel ready'
job creation

76%

Senior Leaders polled think
we are being too timid
addressing the environment
in our recovery plans

CONTENTS

01 — About the Fenwick Forum

A Forum initiated in Covid-19 lockdown with a focus on ensuring a balanced recovery that considers our natural capital.

The purpose of The Aotearoa Circle is to bring leaders from both government and business together with a focus on action. New Zealand's Covid-19 recovery provided both the backdrop and the opportunity to focus a group of business and government leaders on a specific challenge:

To identify actions for inclusion in New Zealand's Covid-19 recovery plans that would have a positive impact on the restoration and protection of New Zealand's natural capital.

The Fenwick Forum was named after the late Sir Rob Fenwick who co-founded The Aotearoa Circle. Sir Rob had a unique ability to not only 'see the complexity' associated with systems level change but also to 'cut through the complexity' and identify pragmatic actions that could move New Zealand forward in a way that supports a productive, sustainable and inclusive economy.

The Fenwick Forum brought together a wide range of participants to explore how Covid-19 recovery plans might support the transformation of New Zealand's food systems, energy systems and transport systems.

The aim of the Forum was to identify a pragmatic set of actions to accelerate progress on a list of existing initiatives/ ideas. Whilst new initiatives and ideas are important, due to the time pressures to commence the next phase of our recovery, it was felt that an increased level of focus should be given to more mature initiatives as they have the potential to move quickly to implementation.

“
We are borrowing from future generations and if our global post Covid stimulus does not go into investment in creating a sustainable future, nothing will change
”

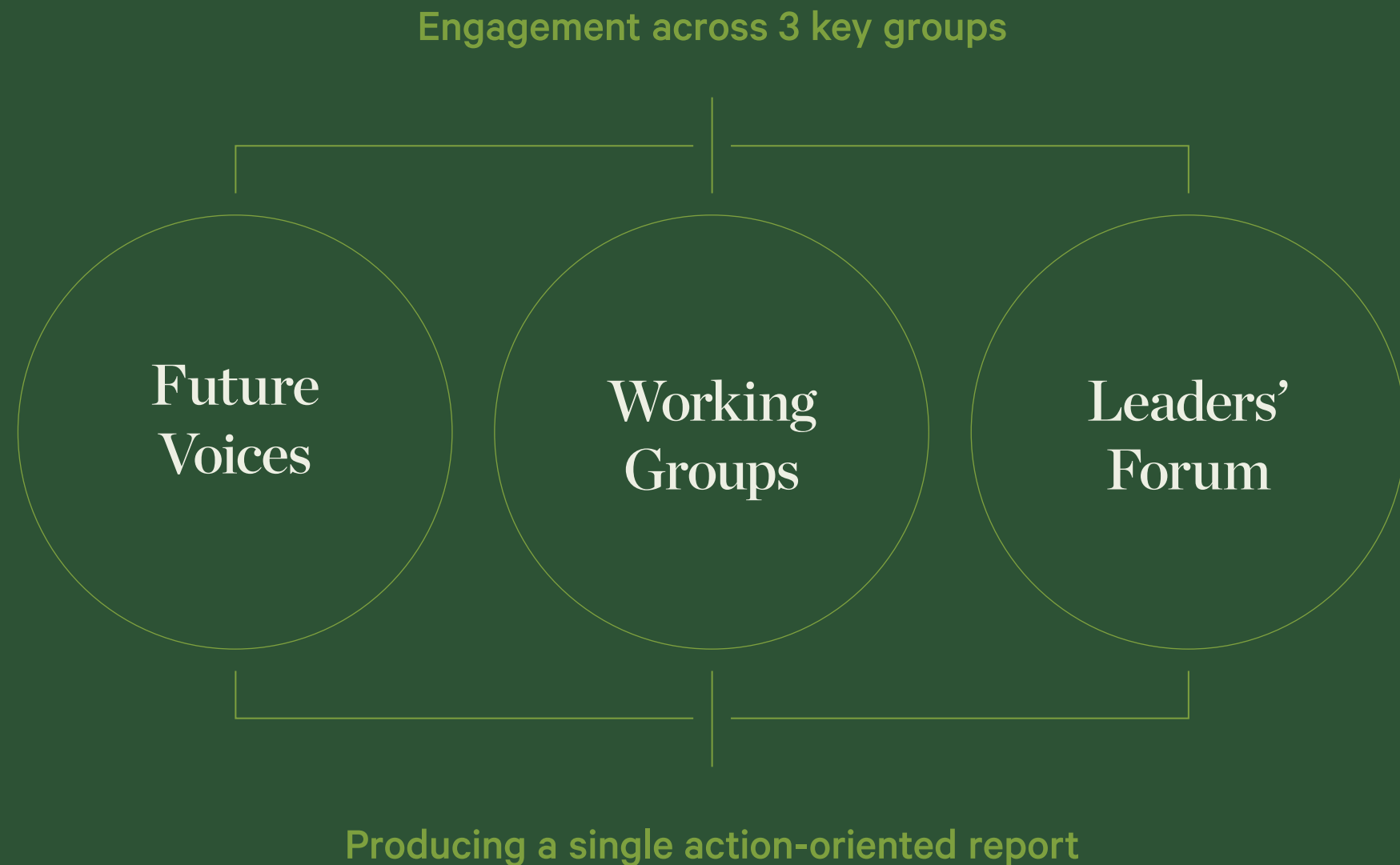
Rt Hon Dame Patsy Reddy
Governor General of New Zealand
Patron of the Aotearoa Circle

01 — About the Report

Three Forums producing a single action-oriented report

This report represents the collective and voluntary efforts from a wide range of participants undertaken in June 2020. The report captures the key output and recommendations resulting from the three forums run under the banner of the Fenwick Forum. The three forums included Future Voices, Working Groups and the Leaders' Forum.

The Fenwick Forum was built on a set of principles including being non-competitive, value adding, pragmatic, apolitical, non-binding and action oriented. Accordingly the Fenwick Forum, and this report, aims to identify pragmatic actions to accelerate initiatives that have been identified by others rather than adding new initiatives to an ever growing list for consideration by government and business.





Patron of the Aotearoa Circle – Rt Hon Dame Patsy Reddy

Opening speech for the Fenwick Forum

E nga rangatira, e nga kaiārahi, e nga kaiāwhina o nga rōpū maha me nga tini kaupapa.

Tēnā koutou, tēnā koutou tēnā koutou katoa Tēnā tātou kua ara ake nei, i nga mauheretanga o te urutā – me te mohio hoki, he nui nga mahi kei mua i ā tātou

In the past few months groups of experts have been gathering in zoom meetings like this to manage the COVID-19 emergency. It has proven to be a highly effective way to get our best minds to address an imminent threat.

That’s the ethos behind the Aotearoa Circle. We can thank the late Sir Rob Fenwick for bringing sector leaders together to address the threats to our nation’s sustainability and prosperity.

In the best possible way, we were all captured by his goodwill, his vision and his determination to make things better.

As Patron of the Aotearoa Circle, I thank you all for giving up your time – and for your commitment to carry on his mission.

The Aotearoa Circle exists to assist change. It acknowledges that changes to the fundamental ways we live and do business cannot be driven by the government alone – and that it is only by using the same collaborative approach we have seen in the last few months, that we can succeed in addressing the threats to our survival.

It feels like the Aotearoa Circle is ramping up at a hugely important juncture in our nation’s story. Your ability to make things happen and take people with you will be crucial, today, and in the months ahead.

COVID-19 has made us put public good as our number one priority. It has made us work together as a team of 5 million, guided by good science.

We can harness that sense of collective responsibility as we pivot towards recovery and renewal.

How and where our next tranche of recovery funding is spent is particularly crucial.

Christiana Figueres, who headed up the Paris climate accord, recently said that we don’t have 10 years to get things right to avert a 2 degree global warming – at the very most, we have 18 months.

What she meant is, that if the trillions of dollars being pumped into national economies simply represent a return to the past – then nothing will change.

“*Inaction is not an option. Neither is failure*”

And we can’t expect a further injection of funds down the track to address climate issues and the renewal of ecosystems.

We are borrowing from future generations and we owe it to them to get it right.

Inaction is not an option. Neither is failure.

There is no economy if our environment collapses, because as our Parliamentary Commissioner for the Environment, Simon Upton put it, “The economy is a subset of the environment”. We have to learn to live within its limits.

“
*Thank you for taking
on this challenge to be
change-makers*
”

Any evaluation of economic initiatives has to include their impact on our soil, air and water. He oranga taiao, he oranga tangata. If the environment is well, so too are the people.

Our young people must have opportunities to learn about natural systems if we want New Zealanders to better understand that we live as part of our environment and depend on it for our survival, rather than somehow existing separately from it.

There is work to do to foster and achieve fundamental change in social norms – based on sustainability, so that our interventions in the natural world are considered, thoughtful and informed; so that we can make better lifestyle choices, and make more accurate assessments of environmental impact in our decision-making.

Our response to COVID-19 has drawn international plaudits.

We now have an opportunity to lead the way in the response to even greater existential threats to the planet.

We can be a nation where green technologies and initiatives are prioritised and regenerative practices in agriculture are the norm.

It’s an approach that reflects Mātauranga Māori and has increasing support amongst New Zealanders.

The very existence of the Aotearoa Circle and your commitment to this meeting is further evidence that sustainability is becoming mainstream, across every sector in Aotearoa New Zealand.

As leaders of those sectors, you have the ability to direct your influence up, down and sideways, and help set the agenda for change.

Today your expertise and perspectives will help us develop solutions that are workable and effective.

Today’s forum is timely, and builds on the Aotearoa Circle’s work on sustainable finance, the contributions from Koi Tū, and the contributions of the working group and Future Voices forum last week.

I am excited to see how many of you are

present today, from so many sectors across our economy and our society, because your participation shows that we have a realistic prospect of achieving a reset that takes account of the environment and a future that works for us and for our planet.

Thank you for taking on this challenge to be change-makers.

I look forward to hearing your vision for energy, transport and food in Aotearoa/ New Zealand and the steps we can take to achieve it.

No reira kia kaha, kia manawanui i runga i te korero – “Mauri tu, mauri ora”.

Kia ora tātou katoa.

Letter from the Aotearoa Circle Board

The Fenwick Forum was named in honour of the late Sir Rob Fenwick, the Circle's co-founder and co-chair. Rob was very clear that the Aotearoa Circle is about commitment to action and working together. We cannot make the changes required to prioritise nature as government alone, business alone or civil society alone.

Research by leading global economists at Oxford University has suggested that green stimulus measures are often more beneficial for the economy. This is a critically important point – investing in green programmes can deliver win-wins for the economy and the environment – and is precisely what the Fenwick Forum was looking to identify and action. Vivid Economics has assessed the environmental orientation of Covid-19 stimulus in 11 major economies as part of its Green Stimulus Index.

The Index shows that those stimulus packages are likely to reinforce negative environmental impacts in countries with inadequate existing environmental policies or those who are reliant on polluting sectors. It has found that to date, approximately 11 per cent of the total announced stimulus is directed towards negatively impactful sectors. Further, there is no evidence of attempts to improve medium-long term sustainability and resilience.

In New Zealand, these challenges are real for us too. We must continue to collaborate in order to both restart the economy and keep an eye on the long term. If we don't, we leave ourselves exposed to future shocks and disruptions that will ultimately undermine both our economic and environmental progress.

The youth attending our Future Voices Forum were strong in their conviction that New Zealand needs to take the opportunity in front of us to transform our food, energy and transport systems; indeed for them there is no turning back to what we had before.

What is so exciting for our recovery is that we are investing at a time when there is alignment between what our next generations are crying out for in their own visions for the future, and what our scientific and economic experts are telling us we need.

Our aim for the Forum was to bring together leaders, including youth leaders, who could generate ideas and action to deliver on New Zealand's mission of a truly sustainable recovery.

This report identifies a set of tangible and pragmatic actions that can help shape the next phase of New Zealand's recovery plans. Thank you to all the leaders who came together on 11 June 2020 for the Fenwick Forum, and to all those who are taking action in support of our long term goals and the memory of Sir Rob.



Vicky Robertson
Co-chair of the Aotearoa Circle

A handwritten signature in black ink, appearing to read 'Vicky Robertson'.



Sir Chris Mace
Co-chair of the Aotearoa Circle

A handwritten signature in black ink, appearing to be 'Chris Mace'.

Voices of the Forum

A summary of the sentiment and perspectives of the Fenwick Forum key presenters

“
Recent research has shown that multipliers are higher for green stimulus
Caralee McLiesh

“
It is the work of all of us
Caralee McLiesh

“
Nature has a huge role in building future resilience
Vicky Robertson

“
We need a “what if” mindset – a focus on what can be done instead of what is wrong
Izzy Fenwick

“
We have an opportunity to lead the way in response to even greater existential threats to the planet
Rt Hon Dame Patsy Reddy

“
Our assumptions about cashflow won't hold up unless our natural capital is sustained
Fraser Whineray

“
Capital needs clear, long-term objectives
Fraser Whineray

“
Focus on what we can do, rather than what we can't do
Grant Frear

02 — Vision & Approach

The vision

Our starting hypothesis was that the natural environment, and consideration for New Zealand’s natural capital, was at risk of being unintentionally left off plans for New Zealand’s Covid-19 economic recovery. The scale of the economic challenge and the speed of the response created the perfect conditions for ‘errors of omission’. We believed that The Aotearoa Circle and its partners could provide practical and pragmatic guidance to ensure that New Zealand’s environment and natural capital was not subject to ‘errors of omission’ within our recovery plans.

The Aotearoa Circle is uniquely positioned to do this by being a group made up of business and government leaders. We believed that by coming together through the Fenwick Forum we could help to ensure the next wave of recovery was being best designed. A clear set of pragmatic actions can provide the conditions for business and government leaders to ‘push through an open door’ and invest with confidence in areas that are critical to restoring and protecting our natural capital.

To achieve this vision the Fenwick Forum developed a Theory of Change and chose to focus on three key systems as follows:

- New Zealand’s food system. Our Covid-19 recovery is likely to have a significant component led by the primary sector supporting our food system.
- New Zealand’s transportation system. The desire to invest in ‘shovel ready’ projects provides the perfect opportunity to not only bring forward investment in transport but to transform patterns of mobility for people and freight.
- New Zealand’s energy system. Co-ordinated investment in our energy system underpins any vision of a sustainable recovery plan.

\$5tn

At least this amount has been committed by governments internationally for Covid-19 response and recovery

11%

Global Covid-19 stimulus investment directed in areas that have a negative impact on long term sustainability and resilience

\$20bn

As yet unallocated in New Zealand’s recovery budget which has the potential to shape the future of New Zealand

02 — Vision & Approach

Our approach

The following approach was taken to organising and delivering the Fenwick Forum:

- **Theory of change**

This was developed to provide framing and context for the Forum participants and to provide a framework within which to aggregate a range of existing initiatives. The remainder of this report includes the ‘1 page’ change theories for food, energy and transportation.

- **Literature review**

A literature review was undertaken to collate a starting list of initiatives to support the Theory of Change. The review included international examples from recent reports from Project Drawdown, WBCSD, Koi Tū and a global review of Covid-19 responses undertaken by Sir Jonathon Porritt (Build Back Better).

- **Future Voices Forum**

Given the scale of the Covid-19 recovery investment we wanted to ensure that we included a perspective from potential future leaders. A specific Forum was held to engage with a cohort of potential future leaders to ensure that their perspectives were included in this report.

- **Working Group Engagement**

Prior to the Fenwick Forum engagement was undertaken with a range of participants such as corporate sustainability managers and domain experts to ‘pre-work’ the materials for input to the leaders/CEOs in the Fenwick Forum.

- **Fenwick Forum (Leaders/CEOs)**

The final engagement point was with leaders where the focus was primarily on actions that businesses and government agencies could take together to bring about the change in the areas identified.

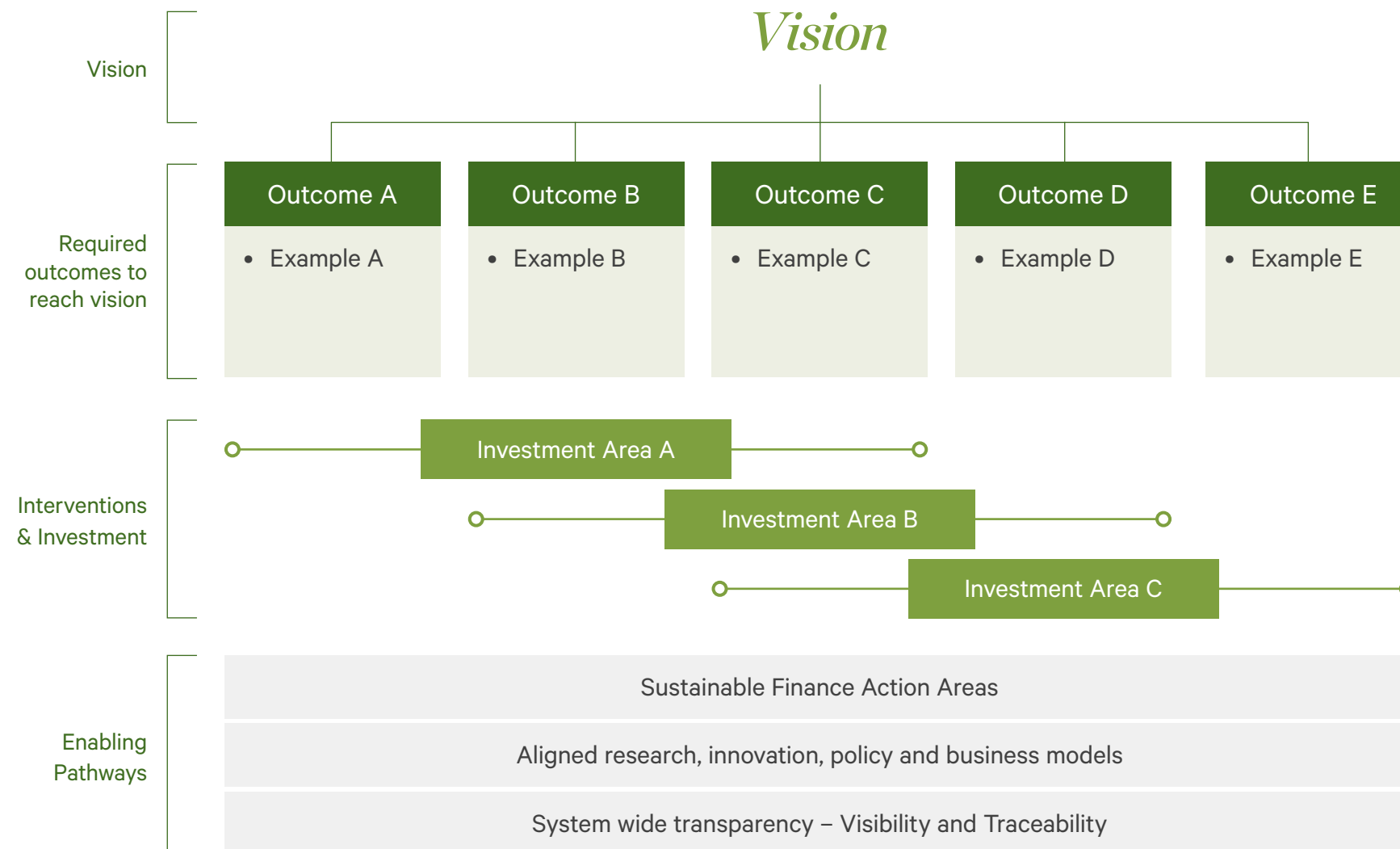
- **Final Report**

This report summarises the Forum itself and the key actions identified. This is a final report and is intended to capture outputs and act as a guide for a variety of government agencies, business groups, NGOs etc.

03 – Theory of Change

The Theory of Change model developed for each of the three systems follows the same pattern and structure.

- Vision**
 Each theory of change is based around a vision of a productive, inclusive and sustainable sector.
- Outcomes**
 For each system, a set of outcomes have been identified that describe what a productive, inclusive and sustainable system would include.
- Interventions/Investments**
 This is the primary focus of the Fenwick Forum. These are the pragmatic actions that government and business can take through Covid-19 recovery to deliver the outcomes identified.
- Enabling Pathways**
 Common across all of the focus areas, the enabling pathways create the conditions for action to be taken.



03 — Theory of Change

Enabling Pathways

The Theory of Change included the concept of enabling pathways. These are commitments and action areas that were identified as critical to underpin successful transformation across the three systems considered by the Fenwick Forum.

Aligned research, innovation, policy and business models

- Research and innovation is aligned with the mission to deliver on sustainability goals.
- The Paris Agreement and Sustainable Development Goals are central parts of all strategies (policy and business).
- Key enabling policies are in place such as bottom line environmental regulations, an effective carbon price, carbon budgets and effective monitoring and oversight around these policies.
- Business models are also aligned with the same transformation, with long term value creation and purpose central.

System wide transparency – visibility and traceability

- There is transparency regarding how the systems are operating – there is good understanding of the vision they are seeking to achieve and progress towards that vision.
- There is transparency in the system in that buyers and sellers have good understanding of where the products they are buying and selling come from, their attributes and their environmental and social impacts.

Sustainable Finance Forum action areas

- A supportive financial system with actors in the financial system helping those in the real economy to deliver on sustainability goals. In particular, three shifts have occurred based on changing mind-sets, financing green and greening finance.
- As highlighted in the Sustainable Finance Forum’s interim report, if New Zealand is to reach its vision of a sustainable financial system, significant business leadership is required, particularly to genuinely realign corporate purpose with sustainability goals. This work remains as important as ever in the post-Covid context. As a country we have made early progress in pursuit of this vision, but much is still to be done.

04 — Future Voices

The Future Voices Forum was asked what they believe is important and what is holding them back from being more materially involved in the transformation of the key systems identified.

Given the intergenerational impact of the investment decisions being made through the Covid-19 recovery, we sought the perspective of future leaders and wanted to hear their voices. The approach with this Forum was to take an unconstrained view on the future. The participants were provided with a challenge to develop a vision for the food, transport and energy systems that was meaningful to them.

The Future Voices Forum’ participants provided some real insights into what was important from their perspective and demonstrated a mature view of what constitutes a sustainable system, and were realistic about the challenges we face in transforming what we have to achieve their vision.

What also became clear was the need to invest further in formal learning on systems thinking and models for systems level change. As the Future Voices Forum participants wrestled with the topics it became clear to them that there was significant complexity sitting behind each of the challenges we set.

Participants highlighted a gap in the toolset of both today’s leaders as well as our future leaders to tackle the complexity inherent in systems level transformation. Training to develop systems thinking capabilities was identified as an important next step.

**Food
system video
presentation**

[LINK TO WATCH](#)

**Energy
system video
presentation**

[LINK TO WATCH](#)

**Transport
system video
presentation**

[LINK TO WATCH](#)

04 — Future Voices

In addition to thinking through a sustainable future for our food, transport and energy systems the Future Voices Forum also captured what a sustainable and inclusive future looks like for their generation.

Three themes emerged from the qualitative research undertaken in the lead up to the Future Voices Forum. Each of these themes highlights an area of concern identified by the participants who expressed a feeling of being powerless to influence the current generation of businesses. They did however feel empowered to collaborate with each other to create new ventures and invent the next generation of businesses, of which there were numerous examples of ‘sustainable start-ups’ brought to the attention of the Forum facilitators.

Education

Teaching students, young and old, about the systems within which we live and work was identified as a gap that needs to be addressed. Leaders across business and government also need to seek out these capabilities and provide the environment for systems thinking to flourish.

Leadership

Power to make big things happen often sits with our most senior leaders in government and business. The Future Voices Forum’ participants felt today’s leaders should be deliberate and unrelenting in using this power to incentivise, design and enforce the changes needed for a more sustainable Aotearoa.

Industry Agnostic Collaboration

Doing what is right requires collaboration, not competition. The sharing of knowledge, methods and opportunities that positively impact New Zealand should be widely embraced. When we collaborate we actually create more opportunities.

“
Living with my father, Rob Fenwick, taught me that change was necessary. He normalised uncomfortable discussions that challenged status quo. Above all, I saw action over everything else.

Izzy Fenwick

”

04 — Future Voices

| 2020 Aotearoa Youth Declaration on Energy, Transportation and Food

Kiwi youth believe that progress in agriculture, energy and transport plays a fundamental role in securing a productive and sustainable future for Aotearoa.

The 2020 Aotearoa Youth Declaration seeks greater investment in sustainability – orientated agricultural technology. Youth see a need for technology which reduces the amount of land taken up by agriculture and minimises the related, harmful effects of methane emissions and nitrogen fertilisers.

Youth recognise that climate change presents a serious threat to our agricultural industry and that we need to make real commitments towards carbon neutrality to mitigate this.

They call for greater investment in renewable energy and sustainable transport, as key steps towards an economically sustainable nation. Notably, youth desire expanded public transport availability in regions of Aotearoa lacking public transport infrastructure. Improved access to carbon neutral transport such as electric vehicles is another action point seen as crucial.

What is Aotearoa Youth Declaration?

Aotearoa Youth Declaration (AYD) is an annual civics conference for young people hosted by the United Nations Youth Association of New Zealand. Due to the Covid-19 Pandemic, AYD 2020 was held digitally. Nearly 200 rangatahi from Kaitaia to Invercargill spent weeks determining and discussing the issues which they felt are most pressing for decision-makers in Aotearoa to take action on. Their proposed solutions to these challenges are compiled into the 2020 Youth Declaration. A full copy of the Declaration can be found [here](#).

“
*E korero ana mātou.
E whakarongo ana
koutou?
We’re speaking.
Are you listening?*

Henry Seaton
Aotearoa Youth Declaration 2020 Co-ordinator

”

Areas of Focus

05



05 — Areas of Focus

Six focus areas were initially identified for discussion of which three areas were then chosen: food system, transport system and energy system.

The other areas were:

- **A sustainable and inclusive financial system** is critical. However given the ongoing work of the Sustainable Finance Forum, we chose not to include this in the Fenwick Forum.
- **A productive, inclusive and sustainable tourism system** has a significant impact on our natural capital. However given the impact of Covid-19 on tourism and the work underway across the sector, we opted not to focus on this area.
- **A productive, inclusive and sustainable urban system** while important, this was also left out of the Fenwick Forum as we felt that many significant actions would be captured through considering the transport and energy systems.



A productive, sustainable and inclusive food system

Vision

Required Outcomes

Interventions & Investment

Widespread adoption of regenerative practices and tools to manage sustainability

- Evidence-based.
- Practical actions based on the concept of Taiao.
- Agritech to measure and manage.

Food & fibre producers can access transition support

- Extension services via local 'Regeneration Hubs'.
- Transition Banks offering low-cost patient capital.

Widespread adoption of circular economy practices across entire value chains

- Manage and utilise waste.
- Sustainable packaging.
- Circularity of export-orientated food and fibre.

Compelling brand & story

- Regeneration of land, watersheds, oceans and people.
- Increase credibility in international markets.

Domestic food security

- Everyone has access to affordable and nutritious food.

1 | Increase investment in the food innovation system

2 | Regeneration Hubs and access to Transition Finance

3 | National Strategy for A Secure Regenerative Food Future

05 | A productive, sustainable and inclusive food system



Underlying themes

New Zealand's food and fibre sector is dependent on being able to utilise natural capital to grow and harvest the biological products we sell to the world. Some current farming, horticulture, forestry and fishing practices have had negative impacts on our water sheds, soil quality and surrounding oceans. All these issues are already being exacerbated by climate change. There is a need to shift the sector to practices that regenerate the health of the entire system – including our own domestic food security. The issues to be addressed are:

- A lack of robust research on the benefits of regenerative practices and integrated land use in a New Zealand context is holding the sector back from transition.
- Poor capabilities and tools among food and fibre sector producers to measure and manage impacts to natural capital.
- Inadequate financial support – in the form of concessionary patient capital – to enable food and fibre sector producers to adopt evidence-based practices that are sustainable and regenerative.

- A lack of forethought on what the food system (including 'sunrise' agri-food sectors resilience to climate change and shifting consumer preferences) will look like in the longer-term, as well as the types of knowledge and skills that the workforce will need to first enable and then engage in this future.
- Equity issues associated with unequal access (in terms of education, affordability, and physical connection) to affordable and nutritious food.

Achievable Goal

A productive, sustainable and inclusive agri-food system that is resilient to the impacts of climate change, is guided by the principle of taiao, supports farmers to transition to evidence-based practices that regenerate and protect our natural capital and communities, and that meets the needs of New Zealanders by enabling access to affordable and nutritious food.

Outcome Areas

- Widespread adoption of evidence-based practices by food and fibre sector producers that regenerate and protect natural capital, encompassing the confident use of technology to manage whole farm system health.
- A compelling brand/story around food production to increase credibility in international markets, including processes, to increase transparency for consumers.
- Enhanced domestic food security. Everyone has access to nutritious food, people are educated about healthy eating, connected to local food and purchasing power is no barrier.
- Food and fibre sector producers can access support (extension services and low-cost patient finance) to transition to sustainable evidence-based practices.
- A talented and motivated workforce are equipped with the appropriate knowledge and skills to drive the transition.



Potential Investments/Initiatives

1. A food innovation system which requires investment in research on regenerative and integrated land use practices to build a robust-evidence base of the benefits of these practices in a New Zealand context (build on existing knowledge and relevant technology to accelerate implementation). Include the identification of ‘sunrise’ sectors – including opportunities to utilise our oceans in a more considered manner. Also include research and innovation on agritech and circular economy solutions to increase sustainability throughout entire value chains in the food and fibre sector. Overall a mission-oriented approach is required.
2. Create locally based Hubs providing support (including extension services and access to finance) for food and fibre sector producers to transition to practices that regenerate and protect natural capital dependences, and/or into sunrise sectors.
3. Develop a whole systems national food strategy based on the concept of taiao, with a long-term outlook – encompassing land, oceans, export resilience, and domestic food security.

Increase investment in the food innovation system



WHAT IS THE ACTION?

- Research the benefits of regenerative practices and integrated land and ocean uses in a New Zealand context, building on existing knowledge/solutions.
- Based on the above research, shape the concept of Taiao into practical steps producers can take to shift towards more regenerative farming systems.
- Research 'sunrise sectors' for export which are resilient to long-run climate projections and shifting consumer preferences with co-benefits to natural capital and community health, as well as 'value added' processing (e.g. plant-based milks).
- Social science research on effective institutions and processes to bolster domestic food security (e.g. urban food hubs to connect people to locally grown food, plus education services).
- Research and innovation on agritech to measure and manage the health of whole farm systems.
- Apply a mission-oriented approach and leverage the learnings from similar initiatives.

WHO NEEDS TO BE INVOLVED?

- Manaaki Whenua.
- Farm2050.
- Agritech New Zealand.
- Food and Fibre Aotearoa New Zealand.
- NZTE, MPI, MBIE, MFE.
- Farmers, growers, foresters, and fishers.
- Plant and Food, Callaghan Innovation, AgriResearch, AgResearch, Scion.
- Universities with Agricultural Science Departments.
- International expertise such as Mariana Mazzucato's Institute for Innovation and Public Purpose.

HOW MUCH CAN BE ACHIEVED?

- Robust evidence based on the benefits of regenerative and integrated land use practices.
- Practicable steps (based on taiao) identified for producers to shift to regenerative practices.
- Identification of sunrise sectors.
- Accelerate existing pilots on agritech to manage whole farm systems.
- Significant progress on identifying effective institutions and processes to bolster domestic food security.

NEXT STEPS

- Short term opportunities exist as part of Wave 3 spending to increase investment in the food innovation system.
- Longer term collaborations need to be established after considering links with other work and the possibility of a mission.



WHAT IS THE ACTION?

- Establish locally based Regeneration Hubs to provide extension support services for food and fibre producers – as well as access to low-interest patient finance.
- Extension services: education on the evidence-based benefits of regenerative and integrated land use practices; advice on agritech adoption; a platform for peer-to-peer knowledge exchange; showcase farmers that have transitioned from conventional to regenerative practices (overseas experience suggests this is ‘the most effective strategy’ to get others on board).
- Transition finance: Link Hubs to Transition Banks with revolving loan schemes, and other appropriate finance to enable rapid transition. Government to seed Transition Banks directly with input from industry participants, and other capital to be mobilised from providers with an interest in the regeneration and resilience of our food and fibre sector.
- Commitment from industry participants to actively support initiatives and to encourage food and fibre sector producers to utilise transition services.

WHO NEEDS TO BE INVOLVED?

- Leaders in regenerative agriculture who are already providing support and training.
- Designers of successful transition hubs overseas.
- Farmers that have shifted from conventional to regenerative practices.
- Scientists, researchers and communicators on regenerative practices.
- Treasury.
- Industry participants.
- Philanthropic Trusts/Foundations with an interest in food and fibre sector transition, and other providers of long-term patient capital.

HOW MUCH CAN BE ACHIEVED?

- Establish connections with successful transition hubs overseas for the purpose of learning.
- Regeneration Hubs and Transition Banks designed.
- Appropriate locations for transition services identified.
- Estimations on the amount of seed capital per Transition Bank established (based on local contexts) to kick-start revolving loan schemes.
- Local pilots up and running (with seed capital in place), and first tender round for community development banks completed.

NEXT STEPS

- Further scope Regeneration Hubs and find interested parties.



WHAT IS THE ACTION?

- Develop a whole systems food strategy with a long-term outlook, encompassing land, oceans, export resilience and domestic food security.
- Build on the concept of Taiao and long-term thinking by working with Māori to identify values and a whole systems approach to guide strategy – land, watersheds, communities and oceans are integrated systems, the health of one is interdependent on the health of the whole.
- Identify strategic actions to transition into sunrise sectors, and to establish value added processing industries. (including appropriate stakeholders and capacity building).
- Identify strategic actions to bolster domestic food security so that everyone has access to affordable and nutritious food (address education, spatial and affordability barriers).
- Take a mission-oriented approach as part of the strategy.
- Develop a compelling marketing brand/ story around food production that regenerates our landscapes, watersheds, oceans, climate and people.
- Identify strategic pilots for circular economy practices that can be scaled across entire value chains.

WHO NEEDS TO BE INVOLVED?

- Iwi and Māori leaders.
- Farmers, growers, foresters, fishers and consumers of their products.
- Treasury, MBIE, MPI, MFE, MOH.
- NZTE.
- Industry participants.
- Scientists, researchers and communicators on New Zealand's food system, climate projections, and consumers.
- Designers of initiatives to bolster domestic food security.
- Banks and investors.

HOW MUCH CAN BE ACHIEVED?

- Strategy scoped properly, secretariat established and resources dedicated.
- Engagement and consultation with stakeholders completed – and interim or draft strategy consulted on widely.

NEXT STEPS?

- Further collaboration is needed among the various organisations now calling for a national food strategy, from economic, health and environmental perspectives.
- A secretariat needs to be established to begin scoping and planning a food system strategy, and to begin discussions with the IIPP and other key parties. Data, science and existing research need to be brought together in a way that promotes an inclusive and informed approach.

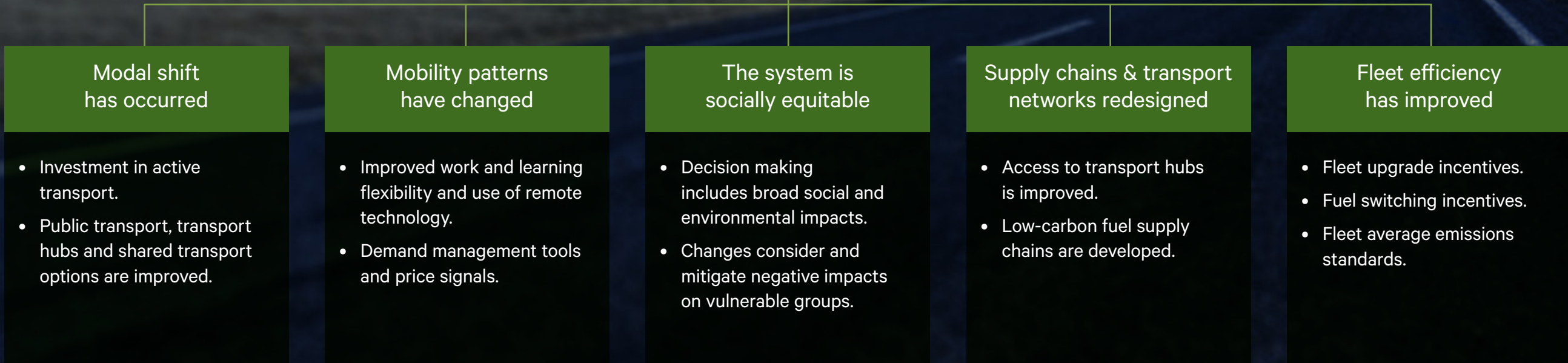


An efficient, sustainable and inclusive transport system

Vision

Required Outcomes

Interventions & Investment





Underlying themes

- A price on externalities, such as the carbon price, should incentivise a transition to alternative fuels. However, this transition is not happening at the necessary pace. This means pricing signals need to be clearer and supported by regulation and subsidies.
- Behaviour changes from Covid-19 have the potential to significantly reduce mileage and deliver positive financial, environmental and social benefits. Offices, education and other magnets for commuters, need to look at options to lock-in these benefits before we revert to business-as-usual.
- All transport decision-making needs to consider social equity and impacts. They also need to be assessed at a broader level (e.g. does the project provide access to existing transport hubs or affordable housing).

Achievable Goal

An efficient, sustainable and inclusive transport system that serves the needs of society, the environment and the economy supported by decision making that is integrated, well-informed, transparent and facilitates sustainable development.

Outcome Areas

- Economic transformation as a result of a rapid shift in transportation fuels to alternatives, across all fleets and modes (air, road, sea, rail).
- Behaviour changes seen during Covid-19 have translated into travel demand management tools and reduced, unnecessary and under utilised movements.
- Natural capital is protected or enhanced as part of the expected uplift in transport related infrastructure initiatives through our recovery investments and all new projects align with our climate change commitments.
- Decision making is based on transparent and integrated cost benefit analysis, including broad environmental and social impacts.

Potential Investments/Initiatives

1. Implementation of price signals, funding mechanisms and incentives to fast track alternative fuels across all fleets.
2. Coordinated initiatives from the public and private sectors to reshape urban mobility patterns and behaviours including pricing (congestion, usage, parking), capacity management (restricted access) and incentives (car-pooling, work from home, cycling infrastructure).
3. Implementing requirements on transport infrastructure projects to have “net zero” natural capital impacts and transparent decision making based on financial, environmental and social comparisons.



WHAT IS THE ACTION?

- To accelerate the use of alternative fuels, a greater price signal showing fossil fuels costs will comparatively increase compared to alternative fuels is required.
- Different approaches should be considered, including a range of previously proposed or repealed mechanisms including: Biofuels Levy, Clean Car Standard, EV “Feebate” Scheme, FBT exemptions for EVs and increased funding for EECA Low-Emissions Contestable Fund.
- A price signal could also be sent by setting a minimum petrol price which would increase over time. Any revenue collected would be reinvested in alternative fuels or other low carbon initiatives.

WHO NEEDS TO BE INVOLVED?

- Government is the key stakeholder for implementing these types of price signals and for increasing funding for low-carbon funds.
- Businesses are willing to show support for these types of mechanisms and commit to using them, should they be introduced, such as the Biofuels Levy.
- The Sustainable Business Council, Sustainable Business Network and membership bases could be used to provide support and commitments required to accelerate these initiatives.

HOW MUCH CAN BE ACHIEVED?

- Providing a long-term and stable price signal for alternative fuels will change decision-making for fleet conversion, locking-in long-term emissions reductions.
- Many of the proposed mechanisms are likely to be beneficial using cost benefit analysis. Multiple approaches should be introduced to increase the speed of the transition and maximise the positive impacts.
- Social equity needs to be considered to avoid unintended consequences to vulnerable groups.

BY WHEN?

- Medium term – 3-6 months. Decarbonising the transport sector is the low hanging fruit of Aotearoa New Zealand’s emissions profile so work needs to begin as soon as possible.

NEXT STEPS

- Engage further with Government agencies to understand what is required from business to assist in the implementation of these types of mechanisms. Eg. public support, commitments to use mechanisms (eg. commitments to buy x litres of biofuels), and in-kind contributions.
- Collaborate established between business and Government to accelerate business case building for initiatives.

Mainstreaming flexible working and learning



WHAT IS THE ACTION?

- Increased working/learning from home due to Covid-19, has significantly dropped congestion and GHG emissions.
- A collaboration is needed to look at how we can lock-in these changes, in combination with other congestion management tools.
- This group would identify leading organisations who are mainstreaming being flexible by default. They would establish a platform whereby others can learn from their experiences and the benefits to their organisation. From there, voluntary business actions could be identified for other organisations and the role of demand/congestion management tools such as road pricing.

WHO NEEDS TO BE INVOLVED?

- A collaborative group comprising business, the education sector and Government should be established to lead this work.
- The Sustainable Business Council, or similar organisation may be the vehicle to establish this type of group, working with a university or similar.

HOW MUCH CAN BE ACHIEVED?

- Reducing commuting to work or university from 5 days to 3 days a week could reduce travel emissions by 40% and significantly improve peak-hour congestion.
- This can potentially improve business resilience, staff wellbeing and health benefits, reduce business costs (eg. rental, services), and may have a positive impact on productivity through time savings.
- Should congestion management tools such as road pricing be considered, these tools should be used to reduce congestion and not collect revenue. This would mean in periods of low congestion (eg. school holidays) they could be removed.

BY WHEN?

- Next 1-2 months. People's behaviours have changed due to Covid-19 and these changes need to be locked-in before we resume business as usual.

NEXT STEPS

- The Aotearoa Circle to set- up a group to conduct this work which includes leading organisations and those looking to learn.
- This group will have a clear mandate, timeframe and outputs and will report back into Government.

Decision making involves broad natural capital impacts



WHAT IS THE ACTION?

- Current transport valuation methods just evaluate project impacts and not system-wide impacts.
- In addition, natural capital impacts of projects are not transparently disclosed.
- There are a range changes to decision making and required disclosures that could improve impacts on natural capitals.
- **These types of changes include:**
 - Considering system-wide social and environmental project impacts in valuations.
 - Requiring the Task Force on Climate-related Financial Disclosures (TCFD) or emissions per \$million spend disclosures.
 - Requiring “net zero” natural capital impacts or alignment to Paris Agreement for all projects.

WHO NEEDS TO BE INVOLVED?

- Government is required to review requirements for new projects to assess the suitability to incorporate these types of changes.
- Pilot projects could be selected to see the impact these types of changes have on project costs and improve project outcomes.

HOW MUCH CAN BE ACHIEVED?

- Disclosure can be a powerful tool for behaviour change. By simply requiring disclosure on metrics such as emissions per \$million spent, both Government and project developers will more actively manage emissions intensity.
- Should wider social and environmental impacts be included in valuations, this will improve project selection and lock-in greater long- term economic, environmental and equitable benefits.
- Putting “net zero” type requirements on projects will transition the way transport projects are implemented, as project costs will account for externalities.

BY WHEN?

- Next 1-2 months. Easy changes such as public disclosure on emissions intensity could occur rapidly.
- Changes to valuation methods or “net zero” requirements could occur through pilots and be implemented over the long-term.

NEXT STEPS

- Government to work with project developers and experts to identify most appropriate and workable ways to improve decision making and disclosures.
- Scope pilot projects/case studies for longer-term changes.

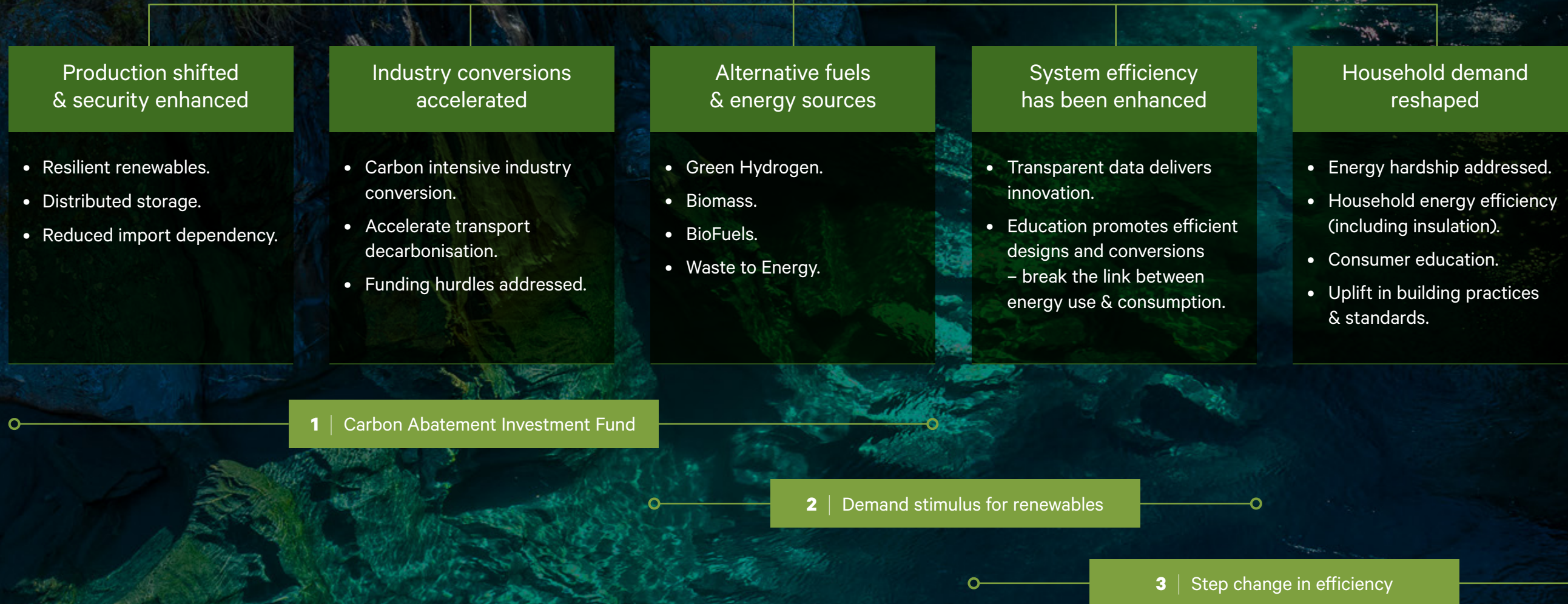


A productive, sustainable and inclusive energy system

Vision

Required Outcomes

Interventions & Investment





Underlying themes

New Zealand has an enviable position (85% renewable electricity) but still requires significant gains across the full energy system.

We have ample renewable generation options for the current demand profile. With such abundant options we have explored what is holding back more significant conversion and therefore investment in renewable generation. The issues to be overcome fall into the following broad categories:

- Offsetting upfront costs – while interest rates are low, servicing capital is not seen as a major issue. The upfront capital cost, however, remains a significant barrier at all levels from the household to major energy user.
- Equity issues associated with incentives exacerbate energy hardship issues. Incentives can be seen as regressive given those that can afford upfront capital get the benefit.

Achievable Goal

A productive, sustainable and inclusive energy system that serves the needs of society, the environment and the economy supported by decision making that is well-informed, transparent and facilitates sustainable development.

Outcome Areas

- Affordability issues are addressed, creating a more equitable system.
- Sustained investment that improves resilience of the system to climate change impacts.
- Large energy users (e.g. stationary energy) and the transport sector have a co-ordinated action plan to fast track decarbonisation.
- Use of open data leads to greater innovation and gains in energy efficiency/demand side responses.
- Alternative fuel ‘pilot programmes’ ensure we maintain all options available and gain scale to enable decarbonisation at speed and at scale.

Potential Investments/Initiatives

1. A renewables investment roadmap linking and co-ordinating investment across the sector.
2. Green financing mechanisms reward early movers to enable faster migration to renewables and low carbon alternatives.
3. Investment in, and incentives for, a step change in home/building efficiency (including insulation) to reduce consumption.

Other potential initiatives taken into the Forum but not discussed in detail include:

- Open energy strategy.
- Demand side interventions to address barriers to renewables conversion (e.g. addressing regressive nature of conversion economics).
- A strategy and roadmap to attract new industries (e.g. green data centres) specifically addressing financial mechanisms to attraction.
- Alternative fuels investment (including hydrogen) with clear commitment from both sides of the market (supply commitments and demand commitments).



WHAT IS THE ACTION?

- Create a contestable fund to support conversion projects and carbon abatement initiatives.
- Keep sources of abatement as broad as possible (don't pick winners).
- Develop simple criteria for drawing down from the fund based on abatement benefit – regular funding rounds, carefully spaced.
- Seed fund, minimum \$2b from the unallocated recovery Budget.
- Replenish fund over time through ETS auction proceeds to promote the shifts required to manage our future liabilities.
- Complement government contributions to the fund as private capital invests alongside as project sponsors.

WHO NEEDS TO BE INVOLVED?

- Ministry for the Environment (as steward for the NZ ETS).
- EECA (runs Low Emissions Vehicles Contestable Fund).
- Electricity Authority.
- Iwi.
- Designers of similar funds offshore.
- Treasury.
- IRD.
- Private sector (large stationary energy users/building owners).
- Crown Law (enforceability of make good provisions).

HOW MUCH CAN BE ACHIEVED?

- Ultimately the creation and deployment of a fund which complements the ETS and Green Investment Finance Ltd (NZGIF).
- Fund designed with a business case complete within 6 months.
- Fund up and running with seed capital in place.
- First tender round submissions completed.
- First project underway in 18 months.

BY WHEN?

- 3-6 months business case for the introduction of the fund.
- 18 months to fully establish fund and first funding round completed.

NEXT STEPS

- Initial market scan of private sector to determine likely abatement opportunities, building off existing materials.
- Legal opinion on enforceability of make good provisions/liquidated damages for abatements not delivered.
- MfE to consider how to deal with adverse interactions with ETS (e.g. forestry).
- NZGIF to identify boundaries of funding/ investments.



WHAT IS THE ACTION?

- Shifting from focus on renewable generation to a proper functioning renewable system supported by demand side stimulus.
- Create framework to aggregate improve certainty of demand so investors (including households) can commit to renewables investment.
- Provide clarity to all participants in the market to support investment over the longer term allowing them to manage investment risk.
- Identify non-regressive EV incentive models to address the equity issues associated with shifts.
- Address structural and economic issues regarding grid/distribution connection barriers that prevent renewables conversion (first movers are disadvantaged, paying for a connection).

WHO NEEDS TO BE INVOLVED?

- Local Government.
- Large fleet owners (including bus operators where contracted).
- Stationary energy consumers with scale that can be converted.
- NZTA (contributing existing modelling and integrated transport thinking).
- Finance sector (green and traditional) including considerations for leveraging KiwiSaver funds.
- Transpower/Electricity Distribution Businesses.
- Electricity Authority (particularly around pricing structures for co- ordination across network and renewables, grid connection costs).

HOW MUCH CAN BE ACHIEVED?

- Advanced plans for the electrification of public transport.
- Procurement policies in place across government to shift demand (e.g. EV fleet policies).
- Business procurement policies in place to shift demand (e.g. fleet and light vehicles).
- Creation of mechanism to ensure first movers are not discouraged (range of possibilities including capacity rights, renewable energy zones etc).
- Pilot of a finance market in place that stimulates the demand (e.g scale what is already existing in green bonds etc).

BY WHEN?

- 12 months – significant commitment from central government procurement.
- 18 months – mechanism in place to ensure connection barriers removed.

NEXT STEPS

- Treasury – commission study to identify options for non-regressive incentive models.
- LG/NZTA – evaluate post Covid-19 options to electrify the bus fleet.
- Electricity Authority – expand work on pricing structures and connection costs to address the issues identified.



WHAT IS THE ACTION?

- Mobilise the recently displaced workforce to create jobs, insulate homes and address energy poverty at scale.
- Identify financing models to offset the upfront cost through combining government funding, private sector and banks.
- Evaluate changes to the building code increasing the ratings to drive efficiency uplift.
- Establish incentives for investment property owners to 'step up'.
- Evaluate rapid phase-out of incandescent bulbs whilst leveraging government procurement as a 'deep demonstration'.

WHO NEEDS TO BE INVOLVED?

- Government as policy maker for regulation (light bulbs).
- Kāinga Ora.
- Iwi.
- MBIE.
- MHUD.
- EECA.
- Green Building Council.
- Industry Training Organisations in New Zealand (rapid upskilling of workforce).
- Financial institutions.
- NZGIF.
- Climate KIC.

HOW MUCH CAN BE ACHIEVED?

- Significant progress on simple interventions such as incandescent bulb phase-out (following on from plastic bags and straws).
- Government procurement practices result in complete LED conversion across government facilities (hospitals, schools etc).
- Workforce plan in place for the development of skills required for both basic and deeper energy efficiency retrofits.
- Step change in home efficiency/insulation delivered to those most in need.
- Clear incentives in place for property investors to upgrade well beyond minimum regulated standards.

BY WHEN?

- 12 months – phase out of incandescent lightbulbs.
- 18 months – development plan in place for conversion of all central government workplaces and leading businesses.

NEXT STEPS

- Businesses review their procurement policies for fleet and facilities to identify near term opportunities for shifts.
- Engage with Iwi on this specific initiative.
- EECA – lead the definition of an aspirational goal that creates the target for a transformational shift.
- Kāinga Ora – review current workplan and identify step change opportunities in efficiency through refurbishment/refit.

06 — Taking action

Key shifts required across government and business to take action forward

Action in the near term, and success in the long term, requires commitment and follow through from both business and government. Government has a critical role to play and holds key levers for change that create the conditions for business action, including regulation, investment, education and incentives. Co-ordinated action across each of these levers creates the conditions for business to commit to substantial change and to invest with confidence. The Fenwick Forum has highlighted opportunities for co-ordinated action that businesses understand are both necessary and in New Zealand's long term interests. It is difficult for businesses to achieve systems change alone, yet they play an equally critical role in leading. As noted by the Sustainable Finance Forum, a mindset shift is required and we need 'leaders committing to sustainability as core to the organisation's purpose and long-term vision, championing sustainability as a strategic priority and driving a cultural shift.'

What we expect in the next 6 months

With a general election on the 19th of September and possible coalition agreements flowing from this we are realistic about what can be achieved by government. We expect the next six months to shape up as follows:

- Working teams form around key initiatives requiring collaboration – please reach out if you have an interest in being involved in next steps.
- Government agencies review the identified initiatives to determine what can be achieved within existing work programmes and funding and where new funding and/or programmes are needed.
- Political parties review the report to inform their policies and work plans as desired.
- Businesses take action where they can, particularly in areas where they can do so independent of government (e.g. modifying their procurement practices etc).

What we expect in 12+ months

As we look out 12 months and beyond we expect:

- Government to have allocated Wave 3 funding to the most impactful initiatives identified.
- Government to have included changes to regulation and price incentives in their plans.
- The independent actions of business have resulted in significant changes that will build momentum over time.
- Collaboration between businesses, industry/sector groups and government have delivered on several of the identified initiatives.



| Global reflections – Sir Jonathon Porritt

This report is 35 pages long. Ten of them are devoted to Priority Initiatives – what should happen next, and who should take responsibility for ensuring those things do happen. This is the mark of the Fenwick Forum’s success, with the voice of Sir Rob ringing out loud and clear: enough of the analysis and endless circular debate. Let’s get it done – and let’s hold ourselves to account for making that happen.

It’s clear to me that the influence of those Future Voices involved in the Forum (pages 14-16) permeates this entire process. “We’re speaking. Are you listening?” Intergenerational justice lies at the very heart of the idea of sustainable economic development. Sadly, however, this has commanded little more than lip service up until now, as politicians the world over have consistently prioritised short-term economic growth over long-term value creation.

Particularly when it’s a question of ‘trading off’ the environment against economic growth.

It’s no exaggeration to say that the next 18 months are going to be the most significant in the history of humankind. As governments around the world set out to rebuild their shattered economies, it’s already clear that up to \$10 trillion will be deployed to restore purchasing power, create jobs and protect capital markets.

If those dollars are well-spent, prioritising measures to address the climate emergency and restore nature, then we have a real chance of avoiding runaway climate change and ecosystem collapse. If they’re spent on taking us back to carbon-intensive, pre-coronavirus days, it will be too late to stabilise the climate. And too late to prevent further massive environmental damage. The prospects for young people will be very grim indeed.

So what has ‘a little country at the bottom of the world’, with its projected stimulus package, got to offer at this critical junction in all our lives. When Sir Rob and I were first ‘moodling’ the idea of the Aotearoa Circle, one question loomed large: is there anything genuinely distinctive about New Zealand that can serve now, in these troubled times, as a beacon for other countries?

We believed there was. And the work programme emerging now, after the inspirational Fenwick Forum on June 11 already speaks volumes. But there’s something much deeper going on in the Aotearoa Circle, true to the spirit of a nation trying to make sense of its shared historical culture, intent on serious collaboration between the public and the private sectors, and on putting its natural wealth (in its lakes and rivers, soils, forests, biodiversity and coastal areas), at the heart of its plans for future prosperity.

This is a truly distinctive approach – whilst facing up to a shared global destiny. If New Zealand gets it right over the next six months, then its young people may well come to feel that a new era is dawning. And young people the world over will be immensely heartened by that.

Thank you to our great partners and some of the individuals that made the Fenwick Forum possible

Deloitte.



Grant Frear
Deloitte Partner



David Morgan
Deloitte Partner

KPMG



Ian Proudfoot
KPMG Partner



Charles Ehrhart
KPMG Director

EY



Chris Money
EY Partner



Pip Best
EY Director

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



Belinda van Eyndhoven
Principal



Jack Bisset
Senior Analyst

DNA 



Izzy Fenwick
Experience Designer



Shirlee Xue
Experience Designer

 **THE UNIVERSITY OF AUCKLAND**
Te Whare Wānanga o Tāmaki Makaurau
NEW ZEALAND



Wendy Kerr
Director

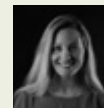


Dr Jamie Newth
Lecturer

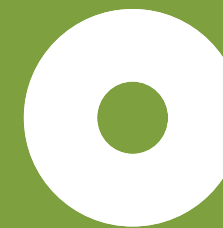


Darsel Keane
Associate Director

+ WUNDERMAN THOMPSON



Tasha McDonald
Client Lead – Experiential



**The
Aotearoa
Circle**

**Mā te Kaitiakitanga
ko te Tōnuitanga**
Prosperity Through
Guardianship