Sustainable Business Council | WBC Global Network

CLIMATE LEADERS COALITION

ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

2026 Election Priorities:

Policies for Driving Sustainable Growth

August 2026

Sustainable Business Council | WBC Global Network

CLIMATE LEADERS COALITION

ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

*Members and signatories at 1 July 2026

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Executive Summary

1. The Sustainable Business Council (SBC) and Climate Leaders Coalition (CLC) present this briefing paper to set out practical policy priorities for an incoming Government to unlock and safeguard sustainable economic growth for New Zealand.

2. This paper reflects the collective views of SBC and CLC members: more than 140 leading businesses that together contribute more than 42 percent of New Zealand's private sector GDP.[1] SBC is part of the BusinessNZ network and is the New Zealand Global Network partner to the World Business Council for Sustainable Development.

3. Our flagship report, *Driving Sustainable Growth: Opportunities for New Zealand's Economy*, provides the evidence that an innovation-led, low-emissions economy could add $22 billion to New Zealand's GDP per year by 2035, rising to more than $33 billion per year by 2050, while reducing emissions by a further 6 percent per year by 2035 and 22 percent per year by 2050. Sustainable growth and economic prosperity are not in tension; they are the same opportunity. They are both grounded in transformation and ambition.[2]

4. The opportunity now is not to start from square one, but to move from diagnosis to delivery. New Zealand can build a more prosperous, resilient and low-emissions economy by making the most of its natural advantages: abundant renewable energy resources, productive and innovative land use, high-integrity food and fibre, advanced local manufacturing, natural capital and strong business leadership. New Zealand also benefits from natural capital underpinning export competitiveness, tourism, agriculture, food and fibre premiums, freshwater security, biodiversity, investor confidence and broader productivity.

5. This is not just a story for New Zealand. Globally, 92% of business leaders expect sustainability to be a source of competitive advantage over the next 5–10 years.[3] As a small, export-dependent economy, the right economic, energy, climate, environment, nature and sustainability policies can help New Zealand lift productivity, strengthen resilience and protect international competitiveness. Global buyers are continuing to demand sustainable products, backed by robust evidence, and have a choice of where to purchase from. Over 80% of New Zealand's exports go to countries with mandatory climate-related disclosures in force or proposed,[4] and New Zealand Trade & Enterprise has identified that in global markets, our sustainability settings form part of our competitive advantage.[5] Increasingly, climate change dimensions are being included in trade deals with key markets, including China, Australia, Europe, India, UK, Singapore and others.

6. New Zealand's strong 'clean, green' brand means we are well positioned to capitalise on this dynamic and charge export premiums, but the market is not static. We can be quickly left behind as other nations gain competitive advantage by improving their own sustainability credentials, and by a simple factor of geographical proximity. Mitigating these risks extends beyond the control of individual businesses in New Zealand. For example, the value chain to take New Zealand goods to market is reliant on the national energy needed to produce or yield goods, transport networks and their supporting infrastructure. Moreover, the signal that New Zealand sets on the world stage impacts on perceptions of New Zealand businesses and products.

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[1] Our membership includes a number of Associate Members, who are partner organisations from government, academia and the community who work alongside SBC to support collective progress on sustainability in Aotearoa. This submission should not be taken as an indication of their policy views.

[2] SBC (2026). Source: Driving Sustainable Growth: Opportunities for New Zealand's Economy

[3] WBCSD (2026). Source: Business Breakthrough Barometer 2026

[4] Chapman Tripp (2024). Source: Protecting New Zealand's competitive advantage

[5] New Zealand Trade & Enterprise (2021). Source: 2020/21 Sustainability Report

7. SBC and CLC member companies are already investing in emissions reduction, resilience, innovation and nature-positive outcomes. Government can support this progress by reducing barriers, setting durable rules and enabling private investment, with targeted partnership where clear market barriers are holding back commercially viable investment.

8. This briefing sets out **twenty policy recommendations**, organised under seven themes that would help New Zealand build sustainable growth, strengthen resilience and remain competitive in a decarbonising global economy. The recommendations focus on maintaining New Zealand's climate change response architecture, integrating energy supply and demand, accelerating low-emissions technology adoption, accelerating transport decarbonisation and freight resilience, treating climate and natural hazard risk as an economic resilience issue, improving buildings and resource efficiency, and addressing industry transition risks.

9. Of these twenty recommendations, there are five focus areas for an incoming Government to prioritise. They are:

    1. For **all parties to commit to maintain and uphold New Zealand's climate change response architecture**, providing policy certainty for the direction of travel. Political signalling that New Zealand is not committed to its climate change targets and legislation undermines business confidence and can chill investment in critical asset transition. This includes commitment to our target, budgets, and NDCs. (recommendations 1.1 and 1.2)

    2. **Unlock New Zealand's clean energy advantage through a 30-year whole-of-energy vision**, advised by the Infrastructure Commission and Climate Change Commission to secure durability and credibility across Parliamentary terms. This should integrate electricity, gas, transport, and industrial transition.

    3. Drive **uptake of low-emissions vehicles in the light and heavy fleets** through a mix of targeted tax incentives and regulatory enablers, including removing regulatory barriers to the private sector delivering charging infrastructure.

    4. Improve our national evidence on nature and climate risks, including **through an economic and security assessment of nature risk for the country**, feeding into stronger national governance around resilience and climate adaptation.

    5. **Enhance accelerated depreciation via Investment Boost for low-emissions transport and industrial technologies** which are strategically valuable, commercially viable but face high upfront cost barriers, to accelerate uptake.

10. Above all, we recommend the incoming Government provides clear, consistent and credible direction of travel. Frequent changes in policy between political cycles are costly to business and can have an investment chilling impact. The WBCSD 2026 Business Breakthrough Barometer finds that 85% of global business leaders favour predictable policy strengthening over delay. This is both reinforced by New Zealand businesses and an important factor in retaining and attracting inward investment into New Zealand.

11. The Climate Change Commission's latest annual Emissions Monitoring report[6] is sobering reading, and a useful reality check. It underlines that delay is not a viable option. If we want to grasp the opportunity ahead of us, we need to act now. Moreover, the operating environment for sustainable business has grown more challenging. Geopolitical disruption has pushed climate and nature down political agendas. The regulatory environment for investment has been inconsistent, and economic pressures have shortened business time horizons.

12. Any Government will need to make difficult prioritisation decisions and trade-offs. The recommendations below are not a comprehensive list of actions needed to meet our emissions targets, by any means, but they represent a mix of critical enablers and quick wins which we believe, if implemented, would materially improve our chances of meeting our emissions targets in the next Parliamentary term and put us on a sustainable growth pathway.

13. Ahead of November's General Election, we are calling on whoever forms the incoming Government to adopt these recommendations. We stand ready to work alongside whoever forms the next Government to take action on the practical next steps in driving New Zealand's sustainable growth pathway.

SBC and CLC member companies are already investing in emissions reduction, resilience, innovation and nature-positive outcomes. Government can support this progress by reducing barriers, setting durable rules and enabling private investment, with targeted partnership where clear market barriers are holding back commercially viable investment.

[6] Climate Change Commission (2026). Source: 2026 Monitoring report: Emissions reduction

Summary of recommendations

Theme	No.	We recommend that the Government:
1. Maintain and uphold New Zealand's climate change response architecture	**1.1**	Reaffirm commitment to the Climate Change Response Act, including all its core features.
	1.2	Reaffirm commitment to the Paris Agreement and deliver a proof-of-concept on international investment into domestic climate mitigation.
	1.3	Convene a New Zealand Emissions Trading Scheme Future Forum to discuss and develop options to strengthen incentives over the long term.
2. Unlock New Zealand's clean energy advantage through better system coordination	**2.1**	Set a 30-year vision for New Zealand's energy future to unlock our clean energy advantage.
	2.2	Make efficient and flexible energy use a national energy resilience priority through a Government Policy Statement.
3. Build a more resilient, efficient and future-ready transport system	**3.1**	Retain and optimise the Clean Car Standard to protect access to efficient, competitive vehicle technology.
	3.2	Remove regulatory and pricing barriers to low-emissions vehicle uptake.
	3.3	Streamline charging infrastructure regulation and grid connections.
	3.4	Strengthen supply-chain resilience through freight mode diversification.
4. Accelerate commercialisation and adoption of low-emissions technologies	**4.1**	Create a clean technology commercialisation mechanism, modelled on AgriZeroNZ whilst aligning regulatory settings to drive innovation.
	4.2	Enhance accelerated depreciation for strategically important low-emissions technologies.
	4.3	Expand funding to AgriZeroNZ and ensure recognition of new approaches through regulation.
5. Treat climate and natural hazard risk as an economic resilience issue	**5.1**	Strengthen national governance and accountability for resilience and adaptation.
	5.2	Improve the national evidence base on nature and climate risks, including through a national nature risk security assessment.
	5.3	Support consistent implementation of the National Policy Statement for Natural Hazards.
	5.4	Develop the market architecture and maturity for voluntary nature and carbon markets.
6. Improve building and resource efficiency	**6.1**	Improve transparency on energy use and embodied emissions in commercial buildings.
	6.2	Establish a Circular Economy Expert Advisory Panel.
	6.3	Continue work on extended producer responsibility.
7. Address industry transition risks	**7.1**	Establish a transparent framework for strategic industry transition and closure-risk decisions.

1. Maintain and uphold New Zealand's climate change response architecture

Key recommendations

1.1. Reaffirm commitment to the Climate Change Response Act, including all its core features of legislated targets, emissions budgets, emissions reduction plans, adaptation planning requirements and the independent Climate Change Commission.

1.2. Reaffirm commitment to our Nationally Determined Contributions to the Paris Agreement and deliver a proof-of-concept pilot project on international investment into New Zealand climate mitigation to deliver on the NDCs.

1.3. Convene an ETS Future Forum to discuss and develop options to strengthen the incentives over the long term.

1.1. Reaffirm commitment to the Climate Change Response Act, including all of its core features

The creation of the Climate Change Response (Zero Carbon) Amendment Act in 2019 was strongly supported by CLC signatories and SBC members, who advocated for its cross-party support. The legislation has been and remains critical to realising the economic opportunity presented by the transition to a low-carbon, climate-resilient economy.

It has provided a meaningful signal to the private sector about the country's trajectory towards 2050, and allowed investment and innovation to flow. It enables the creation of opportunities and implementation of new strategies by businesses, aligned with the objectives we have collectively set for New Zealand. As a result, we have seen real action on reducing emissions over the past seven years in the New Zealand private sector.

Long-term policy stability is particularly important for sectors with long-lived assets, like energy, buildings and transport infrastructure. It is critical that the following core features of our legal climate change architecture don't change, even if the Government does:

- committed cross-party agreement
- a legislated 2050 net zero carbon target
- a system of five-yearly emissions budgets and accompanying emissions reduction plans that are demonstrably capable of achieving the emissions budgets and maintaining a trajectory consistent with the long-term target
- the requirement for the Government to develop and implement policies for climate change adaptation, including a National Adaptation Plan; and
- the independent Climate Change Commission, to provide an independent evidence base for decision-making, and to hold Government to account on progress to meeting budgets and targets.

We recognise that no legislation is set in stone, and that improvements and amendments may be required as circumstances change. Regulatory mechanisms within the legislation should be reviewed regularly to ensure they remain effective, support investment in emissions reduction, and avoid unintended disincentives for early action.

The 2026 emissions monitoring report from the Climate Change Commission shows that there are significant risks to New Zealand meeting its second and third emissions budgets. The credibility of the architecture relies on the Government taking steps to address those risks, based on best available evidence, with a clearly communicated vision for a sustainable productive economy, to retain market confidence in the framework.

The Climate Change Response (2050 Target and Other Matters) Bill reduces the requirement for public consultation on ERPs, because of the Climate Change Commission no longer providing advice on them. The business community has an important role to play in reducing emissions and therefore should be engaged early in the policy process to ensure workability and consistency of policy recommendations and identify opportunities for cooperation between business and government to deliver emissions budgets.

Often, public consultation processes for strategic cross-government documents, like emissions reduction plans and national adaptation plans, occur late in the policy process with limited opportunity for genuine input or new policy development. We invite Ministers and officials to engage early with the SBC and CLC memberships in developing any additional policies to reduce risk to meeting the second emissions budget, and in developing the third emissions reduction plan.

We recommend

- all parties reaffirm commitment to the Climate Change Response Act (2019) and its core features.
- the incoming Government take steps to address risks to meeting the second and third emissions budgets.
- future Governments engage early with the business community in developing policies for emissions reduction plans.

1.2. Reaffirm commitment to the Paris Agreement, and deliver a proof-of-concept on international investment into domestic climate mitigation

New Zealand's commitment to the Paris Agreement, through its Nationally Determined Contributions (NDCs) is an important part of our international reputation, export brand and market access. Ongoing commitment to our climate change architecture is critical to ensure business confidence and maintain New Zealand's international reputation with our top trading partners.

We recognise that meeting the NDC carries fiscal risk to the Crown, including through purchasing offshore mitigation if domestic reductions are insufficient or international units are costly or constrained. But **meeting the NDC should not only be treated as a potential offshore cost. It can also be a domestic investment opportunity** if New Zealand develops credible pathways for capital to flow into high-integrity nature-based carbon removals, biodiversity outcomes and wider ecosystem restoration.

We therefore encourage the incoming Government to maximise domestic abatement where it is lower cost than offshore purchasing, or where it delivers clear wider economic value for New Zealand through productivity, resilience, energy security, export competitiveness or retained investment onshore.

There are also underexplored opportunities to use the NDC to attract inward investment into New Zealand's high-integrity nature-based carbon removals, through Article 6 of the Paris Agreement. Currently, any inward investment from another country into additional New Zealand-based emissions reductions (known as an Internationally Transferred Mitigation Outcome – ITMO) requires a Corresponding Adjustment to our Nationally Determined Contribution, making it more difficult to meet, and disincentivising the sale of New Zealand-based ITMOs. There is the potential to develop investment mechanisms that do not penalise an ITMO project host country – for example, through sharing the emissions reduction benefit on a 50/50 basis between host and investor country, and corporate buyers (e.g., airlines subject to CORSIA requirements[7]).

We do not underestimate the challenge of doing so. Further negotiation is required through the United Nations Framework on Climate Change and there will be complex technical arrangements needed to make this a reality. Importantly, developing such a mechanism should not come at the expense of continuing to make best efforts to meet the NDC domestically.

However, we believe that there is an additional opportunity here for New Zealand, as an attractive destination for green capital, and it's worth working through those complexities and setting a clear Ministerial mandate to Ministry for Cities, Environment, Regions and Transport (MCERT) and Ministry of Foreign Affairs and Trade (MFAT) officials to prioritise this, through: a report back within 12 months on options for realising this opportunity, and delivering a 'proof-of-concept' pilot project with an international buyer within the Parliamentary term to explore what might be feasible.

We recommend the incoming Government

- Reaffirm New Zealand's commitment to the Paris Agreement and its Nationally Determined Contributions.
- Maximise domestic abatement where it is cheaper than offshore purchasing or delivers wider economic value for New Zealand.
- Direct officials to report back within 12 months on options to attract inward investment into New Zealand climate mitigation through Article 6, including treatment of corresponding adjustments.
- Deliver a proof-of-concept pilot project for international investment into New Zealand climate mitigation within the Parliamentary term.

[7] Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a market-based measure established by the International Civil Aviation Organization (ICAO), requiring aeroplane operators to purchase offsets, for the growth in carbon dioxide emissions covered by the scheme.

1.3. Convene an ETS Future Forum to discuss and develop options to strengthen the incentives over the long term

The central policy intervention within New Zealand's climate policy architecture to meet our budgets and targets is the New Zealand Emissions Trading Scheme (NZ ETS). However, as the Climate Change Commission found in its 2026 annual Emissions Reduction Monitoring report, evidence suggests the NZ ETS is not efficiently driving emissions reductions now, due to fragile market confidence, price volatility, and uncertainty about the long-term future of the scheme.[8] Industrial allocation and forestry units will provide supply up to (or exceeding) the emissions cap and no further auctioning of units will be possible, limiting the ability to drive scarcity. The NZ ETS is therefore not expected to incentivise further emissions reductions or removals from around 2034 onwards without further interventions.

The significant uncertainty facing both emitters and removal producers creates risks for the Government in meeting its emissions targets, investment risk for low-emission innovators and foresters, and pressure on business and government balance sheets. There are no quick fixes or silver bullets – indeed, ongoing tweaks over the last decade have undermined confidence in the market. Instead, a transparent consultative process is needed, so that any changes are predictable, well-signalled and well-understood.

We recommend that all political parties commit to engaging in dialogue with ETS participants, alongside the Climate Change Commission, about the long-term future of the ETS and complementary markets, through an ETS Future Forum.

We recommend this Forum consider how the ETS and voluntary markets can retain and attract more investment to New Zealand by creating high-integrity pathways for domestic and overseas capital to support New Zealand removals and nature-positive projects, including native as well as exotic forestry. Likewise, a mechanism to curb the import of higher carbon products and incentivise local manufacturing of lower carbon products, for example through establishing Carbon Border Adjustment Mechanisms (CBAMs) for key import sectors, recognising that industrial allocation is misaligned with the 2050 target and trade partners like the EU are introducing CBAMs.

Any changes to the ETS will take time and careful consideration. Together with several foundations, SBC is helping fund independent research by Motu Economic and Public Policy Research to identify pathways and options for a removals investment mechanism alongside improvements to the NZ ETS and would welcome the opportunity to engage with the incoming Government as our thinking develops.

We recommend the incoming Government

- Convene an ETS Future Forum to facilitate transparent dialogue with NZ ETS participants, the Climate Change Commission and relevant stakeholders on the long-term future of the NZ ETS and complementary markets.

[8] Climate Change Commission (2026). Source: Monitoring report: Emissions reductions

2. Unlock New Zealand's clean energy advantage through better system coordination

Key recommendations

2.1. Set a 30-year vision for New Zealand's energy future to unlock our clean energy advantage.

2.2. Make efficient and flexible energy use a national energy resilience priority through a Government Policy Statement.

New Zealand's abundant renewable energy resources are a strategic advantage and a potential economic "x factor". In addition to lower input costs and greater 'clean' product differentiation offered by powering New Zealand goods and products from low-emissions energy, it offers the opportunity to strengthen energy security through its inherently non-scarce characteristics, reducing exposure to global fossil fuel price shocks and improving domestic energy reliability.

Our electricity system is already largely renewable – around 85 - 95%[9] - but our energy supply is just 45.5% renewable[10], reflecting the fact that transport, industrial heat and process fuels are largely met through fossil fuels. New Zealand's renewable energy supply reached a record high in 2025, so we are building on a strong foundation and moving in the right direction, but there is a clear opportunity to shift from a highly renewable electricity system to a more renewable energy system.

Realising this opportunity in full will require a clear and enduring direction for the energy system that provides businesses with confidence to invest in renewable generation, transmission and distribution capacity to support electrification and the production of low-emissions fuels.

New Zealand's transition will require a mix of electrification, energy efficiency and other low-emissions energy solutions, with different pathways playing different roles across sectors.

SBC members and CLC signatories consistently identify policy uncertainty as a barrier to investment in the energy system. Energy assets, networks and industrial equipment are capital intensive and long-lived, while future demand is becoming increasingly uncertain. Decisions about the pace of transport electrification, fuel switching, and demand growth from emerging industries like data centres will significantly influence future energy needs, and current market prices do not incentivise investment ahead of clear, confirmed demand, creating a chicken-and-egg dynamic which is dampening the potential of greater electrification. Policy settings that support greater certainty of direction and demand are needed.

Our recommendations for New Zealand's energy future are as follows.

[9] Ministry of Innovation, Business and Employment (2025). Source: Factsheet: Challenges facing the electricity system

[10] Ministry of Innovation, Business and Employment (2025). Source: Energy in New Zealand 2025: Renewables

2.1. Set a 30-year vision for New Zealand's energy future to unlock our clean energy advantage

The Government should work closely with business to set a 30-year whole-of-energy-system vision and framework plan to improve affordability, resilience, energy security, investment certainty and emissions performance. To provide certainty to the market, this needs to be supported by the broadest possible cross-party agreement, akin to the Government's Response to the National Infrastructure Plan 2026.[11]

The purpose of the vision is to provide a durable whole-of-energy view across electricity, gas, transport, industrial energy use (including data centres), storage, demand flexibility, distributed energy resources and emerging fuels.

It should establish common assumptions for planning, reduce coordination barriers, and give businesses and investors greater confidence about the direction of travel, while allowing markets to determine the most efficient mix of technologies and investments over time. A durable national vision would help energy market participants plan infrastructure, workforce, supply chain, firming, and demand-side investments more effectively, improving alignment between long-lived assets and future demand and reducing the risk of underinvestment, network constraints, and avoidable cost shocks.

To provide greater confidence in the durability of this vision, we recommend Government task the Infrastructure Commission and Climate Change Commission to work with business to jointly provide independent advice within the Parliamentary term, drawing on the strong body of existing evidence and their previous analysis. Updated advice on the vision should be provided every five years with appropriate consultation and cross-party engagement to preserve durability, while allowing elected governments to choose their preferred delivery tools.

Electrification will be central to improving New Zealand's energy security, reducing operating costs and emissions, where supported by sufficient generation, transmission, storage and demand-side flexibility. However, some sectors, including aviation, shipping, steel, fertiliser production and certain industrial heat processes, may continue to require alternative fuels or energy carriers where electrification is not yet commercially or technically viable. The advice should therefore identify where scarcer low-emissions fuels (for example, biofuels) should be prioritised to achieve highest value allocation.

Done well, a 30-year energy vision and framework plan would help New Zealand build a secure, affordable and low-emissions energy advantage that supports households, business competitiveness and long-term sustainable growth.

We recommend the incoming Government

- Work with business to establish a 30-year whole-of-energy system plan covering electricity, gas, transport, industrial energy use, distributed energy resources and emerging fuels.
- Seek broad cross-party support for the plan to provide greater investment certainty.
- Task the Infrastructure Commission and Climate Change Commission to jointly provide independent advice within the Parliamentary term, including identifying where scarce low-emissions fuels should be prioritised where electrification is not commercially or technically viable and where workforce gaps exist to enable delivery.
- Update formal advice every five years, with public consultation (including business) and cross-party engagement.

[11] Source: Government Response to the National Infrastructure Plan 2026

2.2. Make efficient and flexible energy use a national energy resilience priority through a Government Policy Statement

Expanding energy supply infrastructure alone will not deliver the lowest-cost transition, particularly as peak demand continues to grow significantly faster (5.81%) than average demand (0.89%).[12]

Energy efficiency should be treated as a 'first fuel', to reduce relative energy demand on an enduring basis. The impacts of demand flexibility and batteries on the system are significant. Peak demand could be reduced by 25% by moving more electricity use off-peak,[13] and recent analysis by the Energy Efficiency & Conservation Authority (EECA) and the BusinessNZ Energy Council[14] demonstrates that:

- demand flexibility and battery technologies can generate between $5.4 billion and $20.8 billion in economy-wide system value through to 2050, by lowering peak demand, reducing infrastructure costs, supporting greater electrification and improving energy security; and
- greater energy efficiency, along with more electrification and lower clean technology costs, could reduce energy system costs by $42.6 billion through to 2050.

Energy efficiency, demand-side flexibility, distributed energy resources and storage should be treated as core and active parts of the energy system rather than secondary considerations, to lower overall system costs, enhance energy resilience, maximise existing asset utilisation and reduce peak pressures.

The Government should establish energy efficiency and demand-side flexibility as national energy resilience priorities, through a Government Policy Statement (GPS), with defined objectives, outcomes and metrics. The use of a GPS allows the Government to articulate desired outcomes without prescribing how they must be achieved. This could precede the development of a 30-year energy vision as the 'first cab off the rank' and sit underneath it once established. It should be developed with business, who can provide a clear sense of where the market is and what could be achieved.

Demand-side flexibility can be achieved through various means, including load shifting, peak shaving and valley filling to balance supply and demand more effectively, with cost-savings for consumers in many cases. Implementation of demand flexibility can also stimulate greater innovation in energy technologies and services, contributing to the productivity 'flywheel effect' identified in our *Driving Sustainable Growth* report.[15]

Several SBC members are already exploring demand flexibility arrangements, and this is an area for growth. However, remaining technological, behavioural and regulatory barriers exist. For many businesses, there are real and perceived operational risks associated with changing energy use profiles. Limited adoption of smart appliances, and lack of clear legislation and standardised contracts for demand flexibility participation and lack of economic incentive for industrial consumers stand in the way. There are several smaller interventions required and greater system coordination.

We recommend the incoming Government

- Publish a Government Policy Statement on efficient and flexible energy use as a first step to an energy vision.

[12]Transpower (2026). Source: Energy Transition Framework Summary scorecard

[13]EECA (2026). Source: Understanding the full potential of flexible electricity use in New Zealand

[14]BusinessNZ Energy Council and EECA (2026). Source: TIMES-NZ 3.0 Results and Insights

[15]SBC (2026). Source: Driving Sustainable Growth: Opportunities for New Zealand's Economy

3. Build a more resilient, efficient and future-ready transport system

Key recommendations

3.1. Retain and optimise the Clean Car Standard to protect access to efficient, competitive vehicle technology.

3.2. Review transport pricing, taxation and regulatory settings to identify and remove unintended barriers to low-emissions vehicle uptake and extend the zero-emissions heavy vehicle RUC exemption to at least 2030.

3.3. Streamline charging infrastructure regulation and grid connections.

3.4. Strengthen supply-chain resilience through freight mode diversification.

New Zealand has an opportunity to reduce dependence on imported fuels, increase resilience to international fuel price volatility and reduce cost-of living pressures whilst reducing emissions. This can be achieved through fleet electrification, use of alternative low-emissions fuels for hard-to-electrify modes, and diversification of freight and passenger options.

Vehicle purchasing decisions are medium-term, with fleet assets often remaining in service for many years through first and second-hand markets. As more operators adopt battery electric or other low-emissions technologies, efficiency and emissions benefits can scale across fleets, and shared charging or refuelling infrastructure becomes more cost effective. Businesses are taking action to transition their light and heavy fleets already: the Sustainable Business Council recently launched the Low Emissions Freight Certificate Registry with 123Carbon, supported by EECA, to enable verified emissions reductions from freight to be recognised and traded, creating stronger incentives for investment in lower emissions vehicles, fuels and infrastructure.[16]

Meanwhile, costs of lower-emissions vehicles are coming down to near cost parity, and demand is rising as a result of 2026 fuel price shocks. Technological advancement in low-emissions vehicles is moving rapidly in other countries, for example BEV trucks utilising swappable batteries are emerging as commercially preferable alternatives to diesel trucks in China. This revolution in heavy freight transport is something New Zealand needs to be prepared for as it is happening at pace.

We are near a tipping-point, and the incoming Government has a clear window of opportunity to nudge low-emissions transport into the mainstream, and to maximise the advantages of EVs as batteries to support energy system flexibility and optimisation. Accelerating uptake of low-emissions vehicles and fuels across light, commercial and heavy fleets should therefore be a priority for the incoming Government. Clear and consistent policy direction in the next parliamentary term is needed to enable investment and avoid locking in higher-emissions technologies for extended periods.

[16]SBC (2025). Source: Low Emissions Freight Certificate (LEFC) Resources

Our recommendations for transitioning the transport sector are as follows:

3.1. Retain and optimise the Clean Car Standard to protect access to efficient, competitive vehicle technology

New Zealand is a small, import-dependent vehicle market and relies heavily on international supply chains for both new and second-hand vehicles. If our standards fall materially behind comparable markets, New Zealand risks becoming a dumping ground for less efficient, higher-cost and lower-quality vehicles that other markets no longer want.

That would increase whole-of-life transport costs for households and businesses, slow fleet renewal, reduce access to newer vehicle technologies, and weaken the economics of domestic electrification investment. For business, access to efficient vehicles is increasingly a competitiveness issue: lower fuel and maintenance costs improve productivity, while lower-emissions fleets help meet customer, investor and export-market expectations.

Retaining and optimising the Clean Car Standard would help ensure New Zealand businesses and consumers continue to access high-quality, efficient and increasingly cost-competitive low-emissions vehicles. It would also provide an important supply and demand signal to vehicle importers, fleet operators, charging providers and electricity networks, supporting better investment planning across the transport and energy systems.

The Standard should be implemented in a way that maintains consumer choice and vehicle affordability, while ensuring New Zealand does not fall behind global technology trends or lock in higher operating costs across the vehicle fleet.

We recommend the incoming Government

- Retain the Clean Car Standard and strengthen the Standard over time so New Zealand's vehicle settings remain broadly aligned with comparable overseas markets.

3.2. Remove regulatory and pricing barriers to low-emissions vehicle uptake

With petrol and diesel prices elevated in 2026, the opportunity for more stable and predictable running costs associated with low-emissions vehicles is becoming more economically attractive. However, a range of transport pricing, taxation and regulatory settings can still create barriers to adoption. For example, based on long run average petrol prices, the current Road User Charging (RUC) regime results in some petrol vehicles paying materially less in road-use charges than comparable EVs. Whilst heavier EVs may have greater impact on road wear and tear, they also have broader economic value (including for public health and energy system optimisation). The RUC settings therefore weaken the price signal supporting vehicle electrification and can reduce or eliminate the operating-cost advantage of EVs in some circumstances.

We welcome announced changes to licensing rules to ensure barriers to low-emissions vehicle technology are reduced.[17] The incoming Government should ensure that policy settings support efficient investment decisions and do not unintentionally disadvantage lower-emissions vehicle technologies, enabling the transport sector to transition at a commercially viable pace, whilst ensuring that regulations keep pace with changes in vehicle technology.

[17] Beehive (2026). Source: Cutting red tape for freight operators

A quick win within the RUC regime is to extend the exemption for zero-emissions heavy vehicles to at least 2030. The existing exemption is a powerful policy signal, but heavy fleets turn over slowly and charging, refuelling and vehicle supply are still developing. Hydrogen and battery-electric trucks and associated infrastructure have only just come to market, so the incentive has not yet had the opportunity to deliver its intended benefits. This should be time-limited, preserving long-run incentives to move freight to rail and shipping where economically attractive in the medium-term.

We recommend the incoming Government

- Review transport pricing, taxation and regulatory settings to identify and remove unintended barriers to low-emissions vehicle uptake.
- Extend the zero-emissions heavy vehicle RUC exemption to at least 2030.

3.3. Streamline charging infrastructure regulation and grid connections

Like the purchase of EVs themselves, charging infrastructure installation will largely be undertaken by the private sector. For this reason, we would like to see charging infrastructure regulation and grid connection regulation streamlined and simplified so that charging companies can meet and anticipate demand.

Good progress has been made on public charging infrastructure through the Supercharging EV Infrastructure work programme. There is remaining low-hanging fruit for regulatory reform to address in the next parliamentary term to enable faster roll-out of EV charging infrastructure by the private sector.

This includes faster approvals and connection processes for installing new charging connections, simplified pricing and network connection arrangements, improved access to electricity capacity and infrastructure upgrades in industrial and logistics areas.

This will be particularly valuable for heavy vehicles. In the near term, the primary barrier to wider adoption of low-emissions heavy vehicles will no longer be the capability of the vehicles, but the charging infrastructure required to support them. The cost and complexity of installing, operating and maintaining charging infrastructure at individual depots is significant, particularly for operators that lease their premises or do not have sufficient space, electrical capacity or security of tenure to invest in depot charging. MCERT should explore options for Supercharging EV Infrastructure to unlock a nationwide public heavy vehicle charging network along key high-capacity freight routes and urban freight centres, alongside the private sector.

We recommend the incoming Government

- Streamline approvals and connection processes for new charging connections.
- Simplify pricing and network connection arrangements for charging infrastructure.
- Improve access to electricity capacity and infrastructure upgrades in industrial and logistics areas.
- Explore how to maximise private investment into a nationwide public heavy vehicle charging network.

3.4. Strengthen supply-chain resilience through freight mode diversification

Many businesses are looking to diversify their freight supply chains for greater resilience and to reduce emissions, particularly outside of first- and last-mile services. This includes greater rail and coastal shipping freight routes.

There is a role for government in aligning incentives and investing in enabling infrastructure where wider public benefits of improved supply-chain resilience, reduced congestion, lower emissions, and reduced pressure on road infrastructure can be demonstrated.

Maintained investment in renewal, maintenance and resilience of key transport infrastructure assets, including road, rail and coastal shipping, will be the critical foundation for a more resilient domestic supply chain.

MCERT should work with industry to identify barriers and opportunities for freight mode diversification. Targeted support for enabling infrastructure, business-case development, pilot projects and intermodal connections that improve the commercial viability of rail and coastal shipping options should be explored where there is a clear public benefit.

We recommend the incoming Government

- Maintain investment in renewal, maintenance and resilience across road, rail and coastal shipping infrastructure.
- Work with industry to identify and remove barriers to freight mode diversification where this delivers demonstrable resilience, productivity, congestion and emissions benefits.

4. Accelerate commercialisation and adoption of low-emissions technologies

Key recommendations

4.1. Create a clean technology commercialisation mechanism, modelled on AgriZero^{NZ}, while aligning regulatory settings to drive innovation.

4.2. Introduce targeted accelerated depreciation for commercially proven low-emissions technologies with high upfront costs.

4.3. Expand funding to AgriZero^{NZ} and ensure recognition of new approaches through regulation.

New Zealand performs well in research and innovation. Our opportunity is not only to generate new ideas but to turn them into economic value. We can do so by commercialising new technologies and positioning ourselves as an early deployment test bed for emerging low-emissions technologies in sectors where we hold natural competitive advantages, such as agritech, clean technology, advanced manufacturing and next-generation transport.

We also have a clear opportunity to increase widespread adoption of commercially available low-emissions technologies across the economy. Strengthening the pathway from innovation to deployment can improve productivity, reduce emissions, and support the growth of internationally competitive sectors.

Achieving this requires attention at three stages of the innovation pipeline: developing technologies where New Zealand has a comparative advantage; helping proven technologies reach commercial scale and accelerating uptake of commercially available technologies.

The successful commercialisation and adoption of low-emissions technologies will also depend on having the workforce capability to deploy them. Skills gaps in digital systems, electrification, energy management, low-emissions transport, agritech and industrial technology adoption could slow investment even where technologies are commercially available.

Our recommendations to maximise the opportunities from technology are as follows:

4.1. Create a clean technology commercialisation mechanism, modelled on AgriZero^{NZ} whilst aligning regulatory settings to drive innovation

We expect that a lot of the technology needed to increase productivity and decarbonise will be developed offshore. Nonetheless, much of that technology will need to be adapted to the New Zealand context, and there is an opportunity to make New Zealand a testbed for key technology innovations. This is analogous to the challenge of reducing agricultural emissions.

New Zealand lacks a dedicated commercialisation mechanism focused on scaling and demonstrating low-emissions technologies in hard-to-abate sectors. By contrast, the Australian Renewable Energy Agency (ARENA) demonstration and commercialisation programmes,[18] the UK's Net Zero Innovation Portfolio[19] and the US Department of Energy's Industrial Demonstrations Program[20] are structured around moving emerging low-emissions technologies from pilot stage to commercial deployment.

The industry and transport sectors are New Zealand's greatest sources of emissions beyond agriculture, and there are limited commercially available technologies in key areas, such as aviation and high-temperature industrial heat processes.

A Government-industry co-investment platform for clean industrial and transport transition solutions should be developed to support the demonstration and commercialisation of emerging technologies in hard-to-abate sectors, with a view to making them applicable in New Zealand where there is clear public benefit. AgriZero^{NZ} provides a blueprint for a successful early-stage co-investment platform where there is a clear market need, technologies face high scale-up risk or uncertain early demand.

Alongside any co-investment, Government should extend R&D tax credits to target hard-to-abate sectors where emissions reductions are lagging, to help proven technologies move from pilot stage to commercial scale. It should also embrace regulatory sandboxes for emerging technologies to enable faster deployment of innovation, providing test and demonstration opportunities, and learning from fintech, energy-tech and Artificial Intelligence testing environments world-wide.

We recommend the incoming Government

- Develop a government-industry co-investment platform to commercialise clean industrial and transport transition solutions.
- Extend R&D tax credits in target hard-to-abate sectors and use regulatory sandboxes to fast-track approvals processes for emerging technologies.

4.2. Enhance accelerated depreciation for strategically important low-emissions technologies

Commercially available low-emissions technologies can deliver significant economy-wide benefits through emissions reductions and lower lifetime costs, but do not yet provide a compelling private return for early adopters in many cases, due to high upfront capital costs, uncertain savings, risk-averse decision-making, and preferences for capital expenditure (CapEx) minimisation over reducing lifecycle costs.

While Investment Boost has improved investment incentives across the economy, we argue that additional incentives for strategically important low-emissions technology are merited, to improve productivity and accelerate emissions reductions.

The Government should consider a higher-rate or targeted version of Investment Boost for technologies such as industrial electrification equipment, process heat upgrades, energy-efficiency technologies, low-emissions freight vehicles and charging infrastructure. This could be more specifically targeted at small and medium-sized enterprises, as appropriate.

[18]Australian Renewable Energy Agency (ARENA). Source: https://arena.gov.au

[19]HM Government Department for Energy Security & Net Zero (2025). Source: Net Zero Innovation Portfolio and the Advanced Nuclear Fund

[20]U.S. Department of Energy. Source: Industrial Demonstrations Program

We recommend the incoming Government

- Enhance Investment Boost with a higher rate of accelerated depreciation for targeted, commercially proven low-emissions technologies, focused on industrial electrification equipment, process heat upgrades, energy-efficiency technologies, low-emissions freight vehicles, and charging infrastructure.

4.3. Expand funding to AgriZero^{NZ} and ensure recognition of new approaches through regulation

Low-emissions agritech represents one of New Zealand's most significant opportunities to simultaneously improve productivity, reduce emissions, and strengthen export competitiveness. Our agricultural sector is key to the recipe for sustainable growth, contributing to 51 percent of the GDP uplift in the *Driving Sustainable Growth* modelling and the majority of emissions reductions. Emissions-intensity reducing agritech, including methane-reducing tools, digital systems and precision technologies, can lift productivity, support broader environmental outcomes, and protect export value in markets that increasingly expect food and fibre with lower environmental impact.

Currently, the critical missing lever is a strong incentive for farmers to adopt new technologies. Doing so on farm presents operational risk and adds upfront costs for farmers, which are often not able to be recouped through improvements in efficiency. The market is providing direct adoption incentives and working hard to get customer funding to support adoption of new technologies, but there are limits to how much customers are willing to fund.

The AgriZero^{NZ} Early Adoption Accelerator is a welcome initiative, and should be expanded for greater impact, following the success of initial funding rounds. The incoming Government should also explore options through voluntary markets for methane reductions to be rewarded and monetised, or alternative mechanisms to recognise on-farm nature-based solutions, such as benefits from predator control and wetland restoration.

In addition to funding, the incoming Government should ensure new emissions-reducing technologies and natural capital-enhancing practices can be consistently recognised in national inventories, farm planning tools, emissions accounting systems and market claims, giving businesses greater confidence that investments have a route to be rewarded. This will make the economics of technology adoption and nature-positive actions clearer.

Regulatory processes should also be made faster and clearer to enable new methane and nitrogen technologies to come to market through a timely, predictable regulatory pathway, and to reduce consenting and practical deployment barriers for on-farm infrastructure.

We recommend the incoming Government

- Expand the AgriZeroNZ Early Adoption Accelerator's funding pool following the success of initial funding rounds.
- Explore options for methane reductions to be recognised and monetised through voluntary markets.
- Ensure new emissions-reducing technologies are consistently recognised in national inventories, farm planning tools, emissions accounting systems and market claims.
- Make regulatory pathways for methane and nitrogen technologies faster, clearer and more predictable.

5. Treat climate and natural hazard risk as an economic resilience issue

Key recommendations

5.1. Strengthen national governance and accountability for resilience and adaptation.

5.2. Improve the national evidence base on nature and climate risks, including through a nature risk security assessment.

5.3. Support consistent implementation of the National Policy Statement for Natural Hazards.

5.4. Develop the market architecture and maturity for voluntary nature and carbon markets.

Resilience to climate-enhanced natural hazards and nature degradation is an economic resilience issue. Extreme weather and natural hazards are already affecting communities, infrastructure, supply chains, insurance availability and public finances. At an average of over $4 billion in direct costs per year over the past 15 years, that is approximately 1% of New Zealand's economy, representing a significant drag on economic performance and growth,[21] and risking undercutting the economic growth made possible by the actions set out elsewhere in this paper.

Resilience cannot be built through hard infrastructure alone. New Zealand's natural systems provide flood protection, water filtration, erosion control, carbon sequestration, temperature regulation, biodiversity, cultural value and the natural resource base that supports numerous industries and wellbeing. New Zealand's natural capital also underpins our long-term productivity, resilience, export competitiveness and national prosperity. There is an opportunity is to make nature-related risks more visible, improve the evidence base for decision-making, and create credible market settings that allow private investment to flow into high-integrity nature-positive outcomes.

We welcome the recently announced legislation to help New Zealand manage growing climate risks by requiring councils to plan for how high-risk communities prepare for the impacts of climate change.[22] We also welcome the National Policy Statement for Natural Hazards. Climate change adaptation is a complex problem, and the solution will evolve over time. These are positive steps forwards, but the incoming Government should not take their foot off the pedal.

Although our national conversation around climate risk has matured in recent years, due in no small part to the increasing number of extreme weather events and associated damage experienced across the country, we still are not taking consistent, proactive steps to manage that risk. Nationwide action to adapt is not keeping pace with growing climate risks.[23]

A remaining gap is in taking a comprehensive, equitable approach to where and when to invest in risk reduction across the country to manage the impacts of climate change. Although local planning and delivery will be critical, New Zealand needs a stronger national system that can identify risk, prioritise investment and support risk management decisions before disasters occur. The system is currently fragmented, without clear accountabilities.

[21] IAG (2026). A long-term approach to natural hazard risk reduction.

[22] Beehive (2026). Source: Improving how New Zealand plans for climate risks

[23] Climate Change Commission (2026). Source: 2026 Progress report: National adaptation plan

5.1. Strengthen national governance and accountability for resilience and adaptation

New Zealand has established processes for identifying and assessing national risks, for example through the Department of the Prime Minister and Cabinet (DPMC)'s National Hazards Board, but responsibility for managing long-term environmental and climate resilience remains fragmented across climate adaptation, emergency management, infrastructure, insurance and land-use planning.

We need a clear, nationally agreed view of what constitutes an acceptable level of risk and resilience in the face of increasing natural hazard risks. Without this, agencies and local authorities are often left to make significant decisions about risk, investment and adaptation using different assumptions and risk thresholds. Stronger national governance is needed to establish common objectives and guide consistent decision-making, as well as clarifying where new funding and financing tools are required, and to clarify roles and support for iwi/Māori-led adaptation.

Government should strengthen governance arrangements for climate and environmental resilience by creating clear accountability for coordinating natural hazard risk and climate adaptation across agencies. We do not think this would solve the problem in itself but would be a valuable step to support the coherence and pace of all further work on climate risk adaptation.

We recommend the incoming Government

- Strengthen or elevate cross-government resilience governance mechanisms to develop and maintain nationally consistent objectives for resilience, risk tolerance and adaptation.
- Set clear national expectations for the levels of risk that critical infrastructure, communities and essential services should be designed to withstand.

5.2. Improve the national evidence base on nature and climate risks, including through a national nature risk security assessment

Many of our climate and nature policy and investment decisions are subject to long time horizons and significant uncertainty. This speaks to the need for better information and evidence to inform our decisions as a country.

This recommendation is in two parts.

Firstly, we do not have a good understanding of our nature dependencies and risks, as a country. Many companies are undertaking nature risk assessments for their own businesses, but there are significant dependencies and risks they cannot manage alone. Nature is a strategic and economic asset. Agriculture, tourism, fisheries, freshwater security, infrastructure resilience, insurance availability, Māori economic interests and export-market access all depend on healthy natural systems. If we do not understand the risks of nature loss, we risk undermining the economic growth we are seeking.

DPMC, with the input of appropriate agencies, should commission an economic and security assessment to understand the nature risks facing New Zealand. This builds on a UK Government national security assessment, released in early January 2026, which assessed how nature collapse could affect the UK's resilience, security and prosperity, finding it could trigger food insecurity, economic instability and geopolitical disruption.[24]

[24]HM Government, DEFRA (2026). Source: Nature security assessment on global biodiversity loss, ecosystem collapse and national security

A clear-eyed assessment of how nature degradation, biodiversity loss and ecosystem collapse may affect New Zealand's security should provide an evidence base, to be integrated into our investment prioritisation under the National Risk and Resilience Framework.

Secondly, we do not have a good understanding of how climate-related costs will fall. Much of the adaptation debate has centred around how the costs of managing risk and responding to events will be met. A critical piece to the puzzle of unpicking how costs should be shared across ratepayers, taxpayers, investors, insurance policyholders, consumers, and businesses is understanding what costs are likely to arise, where, and when. Better evidence can inform private and Government decisions on where to prioritise risk management and investments across regions, to determine the most effective solutions to managing risks, and therefore where costs may fall.

Improving the national evidence base on costs should be a priority for the next phase of work. This includes the size, location and likelihood of potential climate impacts, likely direct and indirect costs, and implications for key economic sectors, infrastructure, private and public finances and Māori. Included in this is how central and local government record the costs of natural hazards, increased borrowing costs and avoided future losses; the costs and benefits of natural infrastructure, such as wetlands, floodplains, and urban green spaces, as risk management tools with numerous co-benefits; and transparent, public reporting on the condition of our critical infrastructure assets and their resilience. Information can then be shared with businesses, who currently lack decision-useful information required to make business cases for adaptation and resilience investment.

Analysis that identifies high-risk locations, the infrastructure interdependencies and critical vulnerabilities in those places is a pragmatic way to scope the issue, to improve investment prioritisation and strengthen resilience across interconnected infrastructure systems. Place-based pilots can build on national exposure and vulnerability datasets, such as those contained in the Climate Change Commission's National insights relevant for adaptation planning.[25] Whilst this analysis can be done by business, the Government should have a seat at the table, to ensure analysis is done consistently with national-level risk analysis, and to escalate issues requiring a government response.

We recommend the incoming Government

- Commission an economic and security assessment of nature risks facing New Zealand and integrate the findings into investment prioritisation under the National Risk and Resilience Framework.
- Work with business to improve the national evidence base on climate and natural hazard risks, including assessing the size, location and likelihood of potential impacts, direct and indirect costs, and implications for key sectors and public finances.
- Engage in place-based pilot schemes to identify infrastructure interdependencies and critical vulnerabilities.

[25]Climate Change Commission (2026). Source: National insights relevant for adaptation planning: Metrics on exposure and vulnerability to climate-related hazards

5.3. Support consistent implementation of the National Policy Statement for Natural Hazards

While the National Policy Statement for Natural Hazards 2025 is a welcome development, providing stronger nationally consistent direction for managing natural hazard risk, uncertainty remains about how it will be applied in practice across different regions and by different decision-makers.

The Government should work with councils, insurers, lenders and infrastructure providers to develop implementation guidance, share best practice and promote greater consistency in risk assessment and consenting decisions. This should include greater clarity around resilience expectations, planning horizons, and the levels of risk that critical infrastructure should be designed to withstand. A more coherent and consistent national approach would improve certainty for communities, investors and property owners while supporting effective local decision-making.

We recommend the incoming Government

- Convene councils, insurers, lenders and infrastructure providers to develop a consistent national approach to implementing the National Policy Statement for Natural Hazards 2025.
- Work with these key stakeholders to publish practical guidance on risk assessment, mitigation and consent decision-making to improve consistency across regions.

5.4. Develop the market architecture and maturity for voluntary nature and carbon markets

Corporates, and farmers and landowners are interested in nature restoration, but these services are often not measured or priced, are frequently undervalued in public and private investment decisions and - without financial incentive or non-monetary support - are traded off against other priorities, creating a structural underinvestment problem.

Nature-based carbon and biodiversity credits are a powerful tool to unlock domestic and international investment into high integrity restoration and conservation projects needed to safeguard our economic and physical resilience.[26] Recent New Zealand research reinforces this point, finding that many farmers and rural landowners are interested in participating in nature restoration, but need clearer financial returns and practical, multi-year advisory support to participate in native reforestation, wetland restoration and riparian planting at scale.[27]

We welcome the Government's Guidance for Voluntary Climate Change Mitigation published in May 2026, particularly its emphasis on integrity through the six core principles and its guidance on claims, double counting, and the use of carbon credits. These are important steps that provide greater clarity and establish clear expectations for good practice across voluntary markets. We also welcome the Government's recent work to support trusted voluntary nature and carbon markets, including the development of recognition and endorsement pathways for high-quality schemes. These measures help build confidence in market integrity and provide a foundation for future growth.

[26] Deloitte New Zealand, BNZ and The Nature Conservancy (2026). Source: Connecting nature, climate, and capital: How to unlock domestic and international market potential for voluntary nature-based credits from New Zealand

[27] The Bioeconomy Science Institute Maiangi Taiao and The Nature Conservancy (2026). Source: Choice modelling for native revegetation incentives in Aotearoa New Zealand

The next phase of work should focus on implementation: reducing transaction costs, building market infrastructure, creating practical participation pathways, and enabling scalable private investment in both climate and nature outcomes. To support this, we recommend greater investment in market infrastructure, including:

- national environmental baseline datasets
- interoperable registry architecture
- shared measurement, reporting and verification tools
- improved data accessibility and transparency.[28]

Government has a role here, as a trusted neutral facilitator. These investments would help reduce costs, improve comparability, and strengthen market confidence. They would also support the development of lower-cost, proportionate verification pathways for smaller projects, iwi and Māori landowners, farmers, and community-scale initiatives while maintaining high-integrity standards.

We encourage the Government to play a stronger cornerstone role in accelerating market maturity. This could include acting as an early purchaser, co-investor or aggregator of high-integrity environmental outcomes, particularly for nature-based projects that deliver adaptation, biodiversity and resilience benefits which support public good outcomes.

We recommend the incoming Government

- Invest in market infrastructure for voluntary nature-based carbon and biodiversity credits, including datasets, registry arrangements, verification requirements and measurement methodologies.
- Act as a cornerstone investor and support aggregation of smaller restoration and conservation projects into investable portfolios to increase market maturity.

[28] Refer to our February 2026 submission on the voluntary nature and carbon markets which contains more detailed recommendations on market design, governance, verification pathways and market infrastructure.

6. Improve building and resource efficiency

Key recommendations

6.1. Introduce a commercial buildings disclosure programme.

6.2. Establish a Circular Economy Expert Advisory Panel.

6.3. Continue work on extended producer responsibility.

6.1. Improve transparency on energy use and embodied emissions in commercial buildings

Buildings are major energy users, with 15% of natural gas/LPG and 23% of electricity being used to heat space and water in commercial and residential buildings. Buildings are also a critical part of the solution, with numerous proven technologies and design approaches that can dramatically reduce energy waste, ease pressure on the electricity system and lower costs.[29]

Commercial building investors and occupants are well incentivised to maximise their energy efficiency and lower energy costs, but information is not always readily available, limiting their ability to make well-informed decisions. Reducing friction by requiring transparent disclosure of the energy efficiency of large buildings would help investors and tenants understand how efficient buildings are before investing or moving in. In practical terms, larger buildings (those over 1,000 m^2) should display their energy efficiency with energy efficiency certificates at point of sale or lease. This came into effect in Australia in 2009 via the NABERS (National Australian Built Environment Rating System) scheme and has helped save $2.2 billion in energy bills for Australian businesses and saved 15.5 million tonnes CO_2.[30]

Building standards should also require large non-residential buildings (e.g. those worth over $5m) seeking a building consent to submit embodied carbon impacts, using established embodied carbon methodologies as endorsed by MBIE.

Embodied emissions of the built environment are 9% of New Zealand's emissions. It is difficult to manage what you cannot measure, and it is not technically challenging or costly to calculate the emissions of building projects, but there is currently no requirement or incentive to do so. New South Wales has introduced a requirement to include embodied carbon calculations for non-residential building projects when submitting consent, and the European Union is requiring measurement from 2028. The construction industry is supportive of moving to this for non-residential projects in New Zealand. The Government should require whole-of-life embodied carbon measurement for large new non-residential buildings ($5m+) through the building consent process, using MBIE's Whole-of-Life Embodied Carbon Assessment Methodology.

We recommend the incoming Government

- Require larger buildings over 1,000 m^2 to display energy-efficiency information at point of sale or lease.
- Require non-residential building projects worth $5m+ to measure embodied emissions.

[29]NZGBC (2026). Source: 2026 Manifesto: Building a smarter, lower cost energy future for Kiwi families

[30]NABERS. Source: https://www.nabers.gov.au/

6.2. Establish a Circular Economy Expert Advisory Panel

There are significant opportunities to increase the efficiency and utilisation of resources within the economy to support greater productivity and reduce emissions. Circular economy and domestic resource recovery can reduce exposure to global supply-chain shocks, retain more value onshore, improve material security for critical sectors, and lower embodied emissions in infrastructure and manufactured products.

This is also of increasing interest to businesses looking to reduce scope 3 emissions in their supply chains. There are explicit circular economy provisions in our Free Trade Agreements with the UK and EU. Failure to comply with international standards and practices may mean reduction in market access, additional trade costs, or loss of competitive advantage.

Government should establish a cross-industry circular economy and resource efficiency business advisory panel to guide and coordinate industry leaders with prioritised taskforces: connecting the evidence and the investment required for circularity to be implemented across the systems where the most value is unrealised, for example in products, food, mobility and housing. The panel should also advise on economy-wide and sector-specific resource recovery standards. This builds on Australia's Circular Economy Ministerial Advisory Group, informing a national Circular Economy Framework in 2024, setting a national ambition to double Australia's circularity by 2035, and setting targets.[31]

We recommend the incoming Government

- Establish a Circular Economy and Resource Efficiency cross-industry panel to guide and coordinate action on circular economy.

6.3. Continue work on extended producer responsibility

We recommend the incoming Government continue progressing proposed waste legislation reforms that would establish an Extended Producer Responsibility framework, making use of the substantial policy and design work already undertaken to deliver a quick win for the environment portfolio. Supporting the development of this framework would support other producer responsibility schemes, such as a container return scheme.

We recommend the incoming Government

- Pass waste legislation establishing a modern Extended Producer Responsibility framework.

[31] Australian Government Department of Climate Change, Energy, the Environment and Water (2025). Source: Circular Economy Ministerial Advisory Group

7. Address industry transition risks

Key recommendation

7.1. Establish a transparent framework for strategic industry transition and closure risk decisions.

7.1. Establish a transparent framework for strategic industry transition and closure risk decisions

Several emissions-intensive firms provide economic, employment, regional, supply-chain and strategic value to New Zealand, and may receive support on this basis – including through free industrial allocation in the NZ ETS. There may be strategic risk to the country from industrial closure, which has from time to time resulted in ad-hoc funding. Public intervention to support individual firms or facilities should not be assumed, automatic or open-ended. Where closure risks arise, the Government should assess them through a transparent and consistent framework that considers strategic importance, regional impacts, domestic resilience, emissions consequences, available alternatives and previous public support, as part of any policy response, assessed against a 'do nothing' assumption.

The purpose of such a framework should be to support clear-eyed decision-making, not to protect all existing production. We are sensitive to the risk of moral hazard in developing such a framework but argue that it is better to have a clear and agreed 'playbook' to follow.

Where intervention is justified, support should be conditional, time-limited, transparent, with clear requirements for decarbonisation, productivity improvement, private co-investment and credible transition planning. In some cases, earlier support for economically viable decarbonisation investment may deliver better value than later crisis-driven assistance to manage disorderly closure. That should be considered through this framework.

Policy work around the framework should consider workforce transition strategies for at-risk industries. Where emissions-intensive firms face material transition or closure risks, Government should work with business, education providers, unions, iwi/Māori and local government to identify transferable skills, retraining pathways, redeployment opportunities and regional supply-chain impacts. This would help avoid unnecessary loss of capability, support affected communities and reduce the long-term economic cost of disorderly closure.

We recommend the incoming Government

- Establish a transparent framework for assessing strategic industry transition and closure-risk decisions.
- Assess closure risks against strategic importance, regional impacts, domestic resilience, emissions consequences, available alternatives, previous public support and the cost-benefit of any policy response.
- Require credible workforce, skills and regional adjustment plans where public support is provided or where closure would have material regional impacts, including early engagement with affected workers, local government, iwi/Māori, education providers and businesses.

About the Sustainable Business Council

The Sustainable Business Council (SBC) is a CEO-led membership organisation with around 120 businesses from all sectors, ambitious for a sustainable New Zealand. Members represent $170 billion of collective turnover, 38% of GDP, and nearly 255,000 full-time jobs. Our network gives members unparalleled influence and the ability to take large-scale collective action. SBC is part of the BusinessNZ network and is the New Zealand Global Network partner to the World Business Council for Sustainable Development.

www.sbc.org.nz

CLIMATE LEADERS COALITION

ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

About Climate Leaders Coalition

The Climate Leaders Coalition (CLC) was launched in July 2018 with a mission of having business CEOs leading the response to climate change through collective, transparent, and meaningful action on mitigation and adaptation. Coalition signatories collectively represent around 28% of GDP, employ around 8% of NZ's full-time employees, and have a collective turnover of $126 billion. To be a signatory, organisations are held to account for delivering on commitments outlined by a 'Statement of Ambition'.

www.climateleaderscoalition.org.nz

Appendix: Full list of sub-recommendations and portfolio responsibilities

No.	Sub-recommendation	Ministerial Portfolio Responsibility
1.1	All parties reaffirm commitment to the Climate Change Response Act (2019) and its core features	Climate Change
	Take steps to address risks to meeting the second and third emissions budgets	Climate Change
	Engage early with the business community in developing policies for emissions reduction plans	Climate Change
1.2	Reaffirm New Zealand's commitment to the Paris Agreement and its Nationally Determined Contributions.	Climate Change; Foreign Affairs
	Maximise domestic abatement where it is cheaper than offshore purchasing or delivers wider economic value for New Zealand.	Climate Change
	Direct officials to report back within 12 months on options to attract inward investment into New Zealand climate mitigation through Article 6, including treatment of corresponding adjustments.	Climate Change
	Deliver a proof-of-concept pilot project for international investment into New Zealand climate mitigation within the Parliamentary term.	Climate Change
1.3	Convene an ETS Future Forum to facilitate transparent dialogue with NZ ETS participants, the Climate Change Commission and relevant stakeholders on the long-term future of the NZ ETS and complementary markets.	Climate Change
2.1	Work with business to establish a 30-year whole-of-energy system plan covering electricity, gas, transport, industrial energy use, distributed energy resources and emerging fuels.	Energy
	Seek broad cross-party support for the plan to provide greater investment certainty.	Energy
	Task the Infrastructure Commission and Climate Change Commission to jointly provide independent advice within the Parliamentary term, including identifying where scarce low-emissions fuels should be prioritised where electrification is not commercially or technically viable and where workforce gaps exist to enable delivery.	Energy

No.	Sub-recommendation	Ministerial Portfolio Responsibility
2.2	Publish a Government Policy Statement on efficient and flexible energy use as a first step to an energy vision. This would set a clear long-term outcome desired by Government, and enable greater market development and regulatory alignment.	Energy
3.1	Retain the Clean Car Standard and strengthen the Standard over time so New Zealand's vehicle settings remain broadly aligned with comparable overseas markets.	Transport
3.2	Review transport pricing, taxation and regulatory settings to identify and remove unintended barriers to low-emissions vehicle uptake.	Transport
	Extend the zero-emissions heavy vehicle RUC exemption to at least 2030.	Transport
3.3	Streamline approvals and connection processes for new charging connections.	Energy; Transport
	Simplify pricing and network connection arrangements for charging infrastructure.	Energy; Transport
	Improve access to electricity capacity and infrastructure upgrades in industrial and logistics areas.	Transport; Infrastructure
	Explore how to maximise private investment into a nationwide public heavy vehicle charging network.	Transport
3.4	Maintain investment in renewal, maintenance and resilience across road, rail and coastal shipping infrastructure.	Transport; Infrastructure
	Work with industry to identify and remove barriers to freight mode diversification where this delivers demonstrable resilience, productivity, congestion and emissions benefits.	Transport
4.1	Develop a government-industry co-investment platform to commercialise clean industrial and transport transition solutions.	Economic Development
	Extend R&D tax credits in target hard-to-abate sectors and use regulatory sandboxes to fast-track approvals processes for emerging technologies.	Revenue
4.2	Enhance Investment Boost with a higher rate of accelerated depreciation for targeted, commercially proven low-emissions technologies, focused on industrial electrification equipment, process heat upgrades, energy-efficiency technologies, low-emissions freight vehicles, and charging infrastructure.	Revenue

No.	Sub-recommendation	Ministerial Portfolio Responsibility
4.3	Expand the AgriZeroNZ Early Adoption Accelerator's funding pool following the success of initial funding rounds.	Agriculture
	Explore options for methane reductions to be recognised and monetised through voluntary markets.	Agriculture
	Ensure new emissions-reducing technologies are consistently recognised in national inventories, farm planning tools, emissions accounting systems and market claims.	Agriculture
	Make regulatory pathways for methane and nitrogen technologies faster, clearer and more predictable.	Agriculture
5.1	Strengthen or elevate cross-government resilience governance mechanisms to develop and maintain nationally consistent objectives for resilience, risk tolerance and adaptation.	Prime Minister and Cabinet
	Set clear national expectations for the levels of risk that critical infrastructure, communities and essential services should be designed to withstand.	Prime Minister and Cabinet
5.2	Commission an economic and security assessment of nature risks facing New Zealand and integrate findings into investment prioritisation under the National Risk and Resilience Framework.	Prime Minister and Cabinet
	Work with business to improve the national evidence base on climate and natural hazard risks, including assessing the size, location and likelihood of potential impacts, direct and indirect costs, and implications for key sectors and public finances.	Climate Change
	Engage in place-based pilot schemes to identify infrastructure interdependencies and critical vulnerabilities.	Climate Change
5.3	Convene councils, insurers, lenders and infrastructure providers to develop a consistent national approach to implementing the National Policy Statement for Natural Hazards 2025.	Climate Change; Environment
	Work with these key stakeholders to publish practical guidance on risk assessment, mitigation and consent decision-making to improve consistency across regions.	Climate Change; Environment
5.4	Invest in market infrastructure for voluntary nature-based carbon and biodiversity credits, including datasets, registry arrangements, verification requirements and measurement methodologies.	Environment; Climate Change
	Act as a cornerstone investor and support aggregation of smaller restoration and conservation projects into investable portfolios to increase market maturity.	Environment; Climate Change

No.	Sub-recommendation	Ministerial Portfolio Responsibility
6.1	Require larger buildings over 1,000 m2 to display energy-efficiency information at point of sale or lease.	Building and Construction
	Require non-residential building projects worth $5m+ to measure embodied emissions.	Building and Construction
6.2	Establish a Circular Economy and Resource Efficiency cross-industry panel to guide and coordinate action on circular economy.	Environment
6.3	Pass waste legislation establishing a modern Extended Producer Responsibility framework.	Environment
7.1	Establish a transparent framework for assessing strategic industry transition and closure-risk decisions.	Economic Development
	Assess closure risks against strategic importance, regional impacts, domestic resilience, emissions consequences, available alternatives, previous public support and the cost-benefit of any policy response.	Economic Development
	Require credible workforce, skills and regional adjustment plans where public support is provided or where closure would have material regional impacts, including early engagement with affected workers, local government, iwi/Māori, education providers and businesses.	Economic Development

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