

# Low-emissions economy

## Focus group evaluation

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## Context

### The Inquiry

In May 2017 the Government asked the Productivity Commission to identify how New Zealand could transition to a low-emissions economy, while continuing to grow incomes and wellbeing. In 2018 the incoming Government's Minister for Climate Change, Hon James Shaw, signalled a more ambitious agenda and asked the Commission to include in its analysis the target of achieving net-zero emissions by 2050.

The Low-Emissions Inquiry was undertaken by a team of five Commission staff, with specialist input from New Zealand and overseas experts. There were 155 stakeholder engagement meetings, seminars, roundtables and numerous workshops. 403 submissions were received, an unprecedented number for a Commission Inquiry. The Inquiry issues paper was released in August 2017, the draft paper April 2018 and the final report August 2018. Other outputs from the Inquiry can be found here [www.productivity.govt.nz/lowemissions](http://www.productivity.govt.nz/lowemissions). The eventual Inquiry outcomes can only be speculated on at this point.

The Productivity Commission wants to know what stakeholders think of its performance in its undertaking of the Low-Emissions Inquiry. This is important. It provides an element of accountability of the Commission directly back to the community on how well it has exercised its powers and applied its resources. It also provides an opportunity for the Commission to learn so that the performance of future inquiries might benefit.

### The focus groups

The Commission arranged two focus groups to get the views of a range of stakeholders on its performance. This document presents the results of those focus groups. Also, the Commission has undertaken a survey of all parties who registered an interest in the Inquiry and has commissioned an independent expert review of the final Inquiry report. The results can be found here [ ].

The focus groups considered the Inquiry performance against the key dimensions of the Commission's performance measures for inquiries:

- The right focus – the relevance and materiality of the final Inquiry report in meeting the Terms of Reference (TOR)
- Good process management – the timeliness and quality of the Inquiry process
- High quality work – the quality of the analysis, findings and recommendations
- Effective engagement – how well the Commission engaged with interested parties
- Clear delivery of messages – how well the work is communicated and presented in the final report
- Overall quality – the overall quality of the Inquiry taking into account all factors.

Also, the Commission specifically wanted to know what impact stakeholders felt the Inquiry was likely to have on the quality of the debate and policy decisions relating to New Zealand's transition to a low emissions economy.

For the purpose of the focus groups, the performance measures were grouped by inputs; outputs; and expected outcomes (impacts) from the Inquiry.

The focus group participants were selected by the Commission. The Commission sought a representative range of interests and views. The participants were:

Elise Broadbent

Energy Efficiency and Conservation Authority

Vanessa Wills	ChargeNet NZ (formerly Automobile Association)
Paul Alexander	Ministry for the Environment
Brian Cox	Bioenergy Association
Casimir MacGregor	BRANZ
Gayelene Wright	Ministry of Transport
Nick Clark	Federated Farmers
Grenville Gaskell	New Zealand Wind Industry Association

A draft of this report was provided to the participants to correct and add further thoughts to as they felt appropriate.

## Executive summary

### Overall an outstanding Inquiry

At a high level the participants were universally complimentary of the Inquiry. The process, Inquiry team, research and the quality of engagement were all commented upon favourably. It was clear the Commission was enjoying strong goodwill from stakeholders, a position which allowed it to raise and debate issues others couldn't.

The high quality of the final report was acknowledged by all. Its evolution from the issues paper and then the draft report showed the Commission both welcomed challenge and had the processes and people to master complex and interrelated issues to produce an outstanding final report.

A number of participants noted a step change in the quality of debate consequential on the Inquiry. The participants expressed hope that the Inquiry findings and recommendations would not be allowed to drift, and that they would ultimately prove influential on decisions yet to be made. A number noted the final report represented a watershed moment in New Zealand's transition to a low emissions economy.

There were a number of constructive suggestions and questions from participants, mainly covering: how the Commission might have got further, faster; gaps in the final report; and transitioning the final report into action.

### Some opportunities missed?

Some felt opportunities had been missed early in the Inquiry process for the Commission to go further, faster. While the final report was regarded as excellent, it was felt in some areas the Commission could have got to that point more quickly had they talked to the right people and accessed the most relevant research earlier. To this end, the following questions were asked:

- How had the Commission proactively sought the involvement of key stakeholders?
- Had the Commission prepared a stakeholder map to ensure they spoke to the right people early in the process?
- Might there have been value in bringing stakeholders with different views together in one room to debate the issues?
- Did the Commission hold enough meetings outside Wellington?

### Gaps in the final report

A number of focus group participants felt a gap in the final report had been the lack of input from the behavioural sciences. It was felt more emphasis from this discipline might have resulted in a better discussion of non-market barriers to transitioning to a low emissions economy, and non-market solutions. One person suggested this may have been a consequence of the strong economics focus crowding out other disciplines.

It was acknowledged that there was a limit with respect to how far the final report could go. However, a number of people noted significant issues and trade-offs still needed to be worked through. For example:

- The trade-off between the government needing to move quickly yet still taking people along with them
- The merit of transitioning marginal farm land to forestry and managing the associated costs of doing so
- The feasibility of much higher costs for some groups of transport users.

Some (but not all) would have liked to have seen the Commission take these issues further. To a large extent this was driven by a concern that the process and ability of departmental officials to take the Inquiry findings and recommendations forward would not be as good as the Commission's. Participants did not want to see the final report become a doorstop because of failure at the next stage.

One person suggested the final report would have benefitted from a road map on how to implement the package, including a sense of hierarchy with respect to the recommendations and a more precise discussion of what was expected.

Another suggested the final report had underweighted the role of government with respect to promoting infrastructure for electric vehicles. Also, more might have been made of the opportunities for quick wins with new technologies.

### Implementing the final report

The focus groups discussed the importance of selling the final report. It was asked whether enough had been done to target the different audiences likely to be impacted by the final report recommendations.

It was unclear what the Commission's mandate was once the final report had been released. The merit of the Commission taking on a greater role to co-ordinate, oversee and communicate with stakeholders was discussed. Some supported a more active role for longer, with one noting the productivity gains of "preventing chaos" at the next stage.

Another person commented that greater engagement between the Commission and departmental officials following release of the final report could be useful.

## Comments on the overall quality of the Inquiry

High level comments on the Inquiry were overwhelmingly positive.

On the complexity and importance of the Inquiry, one person commented that this Inquiry was in another league. “The breadth and depth of issues covered, stakeholder interest and the politics made it a tremendous challenge, a challenge that was met.”

Another commented how two years ago commitment and debate on emissions reduction was “a shambles”. The thinking had been in silos. Within this context they described the final report as “an exceptional piece of work. The Commission had brought it all together and packaged it well, producing tremendous value. It was 100% what we wanted.”

Another described it as an “amazing piece of work, excellent people, research, it was all there! Engagement, taking on feedback, great. Overall, really good.”

A stakeholder for whom the Inquiry had significant implications for their sector noted of the process, the Commission “listened carefully and engaged effectively with us”. In the end that person said they were “very satisfied with where the team ended up and congratulated them on a solid and robust report.” It was, they said, the “best report they had seen”.

Finally, one person felt the Commission needed to be “congratulated on a magnificent piece of work. The history of New Zealand’s journey to lower emissions would recognise the significance of this Inquiry. We couldn’t have asked for more.”

## Inputs

Inquiry inputs include, in particular, the people, processes, engagement and research applied to the Inquiry. The mix of inputs are for the most part controlled by the Commission and directly impact on the quality of the Inquiry outputs.

## People

The capability, professionalism and focus (what needed to be achieved) of the Inquiry team are critical to the success of the Inquiry.

The focus groups were asked what they thought of the Commission's people. The response was overwhelmingly positive.

- "It was a great team who managed to do a spectacular job."
- "Productivity Commission Inquiries are always good – they are a good bunch of people."
- The team is "very strong".

On their focus on what needed to be done to get a good final report:

- "The Commission asked good questions and showed they were very prepared to listen and take on board what was said."
- "The Commission staff demonstrated they were driven by analysis, not who you are."
- "There was no question of the Commission staff's independence."
- "The Commission staff demonstrated they wanted to get it right for New Zealand."

On their capacity and capability, one person commented on the tremendous interest in the Inquiry as seen by the large number of submissions. While the team was modest in number, "what they managed to achieve was impressive." Another person commented that Commission staff managed to put the work into the draft that was needed in a short amount of time. Finally, it was commented that at presentations the Inquiry team performed well, answering a range of questions credibly.

The team's professionalism was commented upon positively a number of times.

## Engagement

Good engagement is necessary to access the information needed to produce a good report, and the challenge from stakeholders is needed for the Commission to develop robust positions. It is also needed for the credibility of the Inquiry findings.

Overall, engagement with stakeholders was described as excellent. There were plenty of opportunities to engage. One interviewee particularly valued the regular communications with interested stakeholders, describing it as very good. Most identified no engagement issues, and felt the Commission was open to talking. Some commented they had been proactively sought out by the Commission to engage in the Inquiry.

Two exceptions were identified. One person explained how they had wanted to appear directly before the Commission to present and discuss their views. They were not given the opportunity. The Commission had apologised for not agreeing to the meeting, but did not give a reason. The person did not know, for example, whether the refusal to meet had been because their views were not welcome, there had been an oversight or the Commission had simply run out of time.

Another person felt the Commission would have got considerable value and saved time had the Commission sought out and engaged with them earlier in the process. This is covered more below.

A number of suggestions and questions arose in general discussion. One stakeholder asked if the final report was too Wellington centric, that is, whether the Commission needed to travel around the country more to expose groups to their thinking, groups who might find it difficult to travel to Wellington.

It was asked whether a stakeholder map had been prepared at the planning stage. That map would identify the key groups that would need to be engaged with effectively if the final report was to be credible.

One person asked whether there might be value in more actively prompting some key stakeholders to engage.

Another person asked whether there might be value in bringing stakeholders with different views together in one room to debate the issues.

## Research

A good Inquiry will access the most relevant research available and carefully apply it to achieving the Inquiry objectives. On occasion, original research will be needed. This happens where the high cost of original research can be justified by the expected benefits.

The focus group participants recognised the importance of their role in providing the Commission with counter views and research. They felt their input to the Inquiry was used and valued.

However, some felt the review would have benefitted from accessing their material earlier in the process. One commented that the Commission had first sought out the European research on building industry standards when there was more relevant research already available in New Zealand.

The MOTU Economic and Public Policy Research (economic consultancies) roundtables and research were discussed. One interviewee commented that they “couldn’t speak highly enough of the presentations and the people used.”

Another described the modelling as very good, done by credible experts, with appropriate scenarios and caveats around results.

While generally supportive of the modelling, most did not engage strongly with the results.

One commented “What will actually happen will depend on individual and collective actions, and events that in 2018 can neither be foreseen nor lie within our control. This is especially true when looking out into the distant future, such as to 2050. That said, I think it was good that the Commission had modelling done and that it was used and was made available. The modelling certainly exposed the costs and benefits of taking various courses of action.”

Another commented “I have not looked at the modelling in detail but found the Report approach helpful. A lot of the focus comes back to carbon price and given the level of uncertainty I found the scenario’s useful. The counterfactual which would have been interesting is the forecast international carbon price to test domestic mitigation v purchasing international units but this was out of scope.”

Another described the modelling of limited interest. “I know from attending a Motu event some people had comments on the quality of the model, but as a stakeholder I didn’t, as I was aware at the intent of the modelling. As at times (at the Motu event) I thought some of the expectations were a little unrealistic given the tight timeframe.”

The trip taken by the Commission in visiting the United Kingdom was described as “very good and useful”. The United Kingdom experience in putting climate change policies into practice was described as an “important part of the review”.

It was asked whether greater use might have been made of data generated by NZTA’s EVroam, an app that provides information on relative demand across the electric vehicle charging network.

### Processes

The focus groups were asked whether the overall process was appropriate for the Inquiry. One person commented the process used to produce the final report was “excellent; open, inclusive, and robust.” Another described the process as “transparent and pretty good”.

There were no issues identified with respect to the Commission not meeting deadlines.

### A change of government

The Inquiry was mid-stream when the National led Government was replaced by a Labour led Government. The new Government lifted the bar for the Inquiry, inviting the Commission to consider a more ambitious emissions reduction programme while commencing a process to develop a Zero Carbon Bill.

The focus group were asked their views on how well the Inquiry process had coped with these changes.

One person noted this was the first time the Commission had had to contend with a change from a National led to a Labour led government. This person commented some groups had been interested to see how the Commission responded.

The Commission response was described as appropriate, and demonstrated that they were indeed independent. It was not felt the Commission should have done anything different to accommodate the change of Government or the new, related work programmes. Others commented:

- “The Government must keep going, and the Commission did it well.”
- “The Commission continued to engage constructively and with professionalism.”

One person commented the visibility of the Inquiry went up after the change of government and engagement from stakeholders increased as they became more expectant of change.

It was noted other parts of Government had to scramble, but this was not apparent of the Commission who appeared already to be doing what they needed to do.

## Outputs

Outputs are the products produced by the Inquiry, and include the draft and final reports, press releases, supporting research and explanatory materials, for example. The quality of the outputs are expected to have a significant impact on whether and how much the Inquiry will influence policy decision-making, and ultimately make a difference.

### Timeliness versus doing more

A key trade-off in any Inquiry will be between timeliness (a key input) and what is produced (outputs). It is always possible to produce more with more time. Workshop participants were asked to comment on how well the Inquiry managed this trade-off.

One commented that “While it could be argued that the Commission could perhaps have asked for more time following the change in Government to respond to its different imperatives, the final result showed that it wasn’t necessary. I can’t imagine an extra few weeks or months improving the final report.”

Another felt “Overall given the breadth of the investigation, I personally thought it was timely. Timeliness was important especially due to the impending zero carbon bill that we knew was in the pipeline.”

Also, one commented “The timeline was fine and we know there is urgency to take steps to reduce emission levels so would not have supported a longer inquiry.”

### Draft report

For the most part, workshop participants did not have a strong awareness of the many products produced by the Commission over the course of the Inquiry (although one participant did comment they had found the regular updates from the Commission on what they were doing very useful). Rather, participants were very focussed on the draft report, upon which submissions were made, and the final report.

The focus group participants appreciated the Inquiry was a process that, by its nature, would see an evolution in the Commission’s thinking as its views were exposed to challenge and new information was brought to its attention. Key for them was how well the Commission was able to develop its thinking to produce the best final report possible.

A number of participants described the draft report as excellent. One person commented that “The questions asked were on the money.”

Some participants, however, felt the draft report could have been better. For example, it had not accessed the most relevant New Zealand research, instead drawing on European research which was less relevant.

Others noted there had been areas requiring attention, but this had been done by the time of the final report. Similarly, one person commented how they had had serious concerns at the beginning of the Inquiry, but were very happy by the end “opportunities to fix the draft were there, and taken”.

Importantly, it was noted the Commission had been welcoming of the resulting criticism on the draft report, engaged effectively with it and produced an improved document in the final report. One person commented it had been pleasing to see the Commission was secure enough to accept challenge and to change their views where required. “They did a really good job!”

## Final report

The quality of the final report was universally commended. Comments included:

- “We got a very good report in the end. The report answered the questions that needed to be answered.”
- “The report absolutely delivered on the terms of reference.”
- “There was an amazing amount of material to cover, and the focus was about right.”

People were in particular pleased with the development in thinking shown between the draft and final reports. One person compared the final report favourably with the “Better urban planning” (2017) report.

However, some felt the report would have benefitted from a greater focus on non-financial drivers of people’s behaviour, for example, social marketing campaigns, identifying and overcoming knowledge barriers etc, and that there had been an over reliance on market solutions. The usefulness of United Kingdom material was commented on, for example, that took into account the cultural behaviours of farmers.

One person commented that although the terms of reference did not exclude a greater emphasis on the behavioural science, nor did it encourage it.

In the context of the Commission analysis being described as very good “from a high level it seemed to fit perfectly”, a number of participants commented they would have liked the final report to have gone further, “one more step”, suggested one. The following examples were provided:

- It would have been useful if the Commission had been able to explore in greater detail what key conflicts entailed, how to think about them, and how best to manage implementation. For example, a key conflict was identified between the importance of the Government moving quickly and decisively (to save costs later), and needing to take people with it.
- Similarly, the Commission had pointed to the need for significant land use transformation, in particular in favour of forestry over farming if the 2050 emissions target was to be met. However, this would come with a significant social adjustment cost to some groups. It was felt there would have been value in exploring in greater depth the merit of this option, including the management of costs as part of implementation.
- Also, one person asked whether it was possible to continue to grow incomes enough, while also achieving the 2050 emissions goal. Transport was commented on as an area where there would be difficulties, for example, there would be much higher costs for large groups of road users. This was not fully answered by the report and was now the focus of discussion by officials.

One person identified the need for a road map on how to implement the package, including a sense of hierarchy with respect to the recommendations and a more precise discussion of what was expected. They went on to comment “As part of the implementation roadmap we would have liked to see a matrix which ranks implementation difficulty alongside the impact or benefit derived from the recommendation. This would help with prioritisation process and inform the roadmap.”

One person suggested the final report had underweighted the role of government with respect to promoting infrastructure for electric vehicles. Also, more might have been made of the opportunities for quick wins with new technology, but the Commission appeared to have a longer-term focus in its review findings.

One person described the report as, on the whole, very good, although some minor errors remained. This stakeholder was surprised the Commission had ended up where they had on some issues, but this was in the context that most of the report was very good, and the big issues had been covered well. It was unclear to them why the Commission had made some of the choices they had.

On whether there was material in the final report that didn't need to be there, the response was "No. They looked at what needed to be looked at."

#### Other outputs

One participant commented they found the summary of submissions to be very useful for identifying what other stakeholders were saying about the issues they were interested in.

## Outcomes

An Inquiry that is ignored by government and the community is a wasted opportunity. The purpose of inquiries is to either confirm the current policy approach or, more likely, to identify changes to that approach likely to benefit the community. There are a number of avenues through which an Inquiry might facilitate positive change, including directly on government decision making, changing the behaviours of relevant stakeholders including the community more widely, and providing a stronger foundation for further debate and decisions in the future.

### The final report: a doorstep or important catalyst for change

Top of mind for workshop participants was what would happen to the report findings and recommendations. One person commented that it was important the final report not be allowed to become just a doorstep as so many other inquiries had.

One person commented that the process used to produce the final report was excellent; open, inclusive, and robust, but there was now a fear that the process going forward might not be as good. For example, it was commented there was now less engagement with stakeholders and there was concern at a possible loss of independence as the work progressed.

It was noted many different parties were responsible for taking the findings and recommendations forward. It was unclear to participants how well the process was being coordinated and managed, and what progress was being made. With significant issues remaining unresolved after the final report (refer three dot point examples previous page), this was of some concern.

### Selling the final report

The focus groups discussed the importance of selling the final report to a range of quite different audiences. It was noted that Murray Sherwin had achieved some traction in the media. One interviewee noted the draft report appeared to have more profile than the final report, which had perhaps been crowded out by other events at the time of its release.

It was asked if greater effort could be taken in selling the findings of the final report. It was commented that in particular the average person needed to be targeted. Their buy in was important if the proposed solutions were to be politically acceptable, and because their future behaviours were seen as part of the solution in moving to a low emissions economy.

### Contribution to the low emissions debate

A number of focus group participants noted the Inquiry had successfully lifted the standard of debate and general understanding of the issues. In government, this was expected to translate into better advice to Ministers and government decision making. "The debate has been changed for the better. The report would have real consequences for the public".

It was commented on by one and agreed by others that the Commission was able to raise issues officials and politicians simply were not able to raise, and this was a great value and spoke to their credibility.

One stakeholder noted that the emissions reduction debate was now being conducted using the language of the Commission.

### Interface: final report and next steps

Getting the most out of the final report was discussed. It was commented that there were already informal processes in place for extracting further value. One person noted that informal processes

can work well to promote an effective link between the final report and the next stage, for example, conversations with staff, and there was an example of a Government Ministry employing an Inquiry team member. One stakeholder asked whether it was more efficient to leave this process as ad hoc.

Another suggestion was there could be a “wash-up” after the final report to give people an opportunity to dialogue with the team, in particular on those issues government officials were now required to work through as a consequence of the report findings and recommendations.

There was discussion of the Commission taking more responsibility for what happens after the release of the final report. One person commented that from a *productivity* point of view it was important to oversee and co-ordinate the work being done, and communicate with stakeholders on progress. It was important to “prevent chaos” which this person noted was “anti-productivity”.

It was commented that while there was a need to do this, it was unclear what the Commission’s mandate was, or whether they would necessarily be the best placed to take on a greater role following the release of the final report.

Some felt enough had been done “Personally though I think the PC did enough. I don’t agree that their role extends into implementation or monitoring. There is a risk that if the PC does more they will lose the impact that a fresh and independent view can bring.”