



To: Hon Todd McClay, Minister of Agriculture
 Hon Simon Watts, Minister of Climate Change
 Hon Nicola Willis, Minister of Finance, Associate Minister of Climate Change
 Hon Andrew Hoggard, Associate Minister of Agriculture (Animal Welfare, Skills)
 Hon Mark Patterson, Associate Minister of Agriculture

Cc: Hon Simeon Brown, Minister of Energy and Resources, Minister of Transport
 Hon Penny Simmonds, Minister for the Environment

From: Julie Collins Deputy Director-General, Policy & Trade,
 Ministry for Primary Industries
 Sam Buckle, Deputy Secretary, Climate Change Mitigation and Resource Efficiency,
 Ministry for the Environment

Finalising the Terms of Reference for the Methane Science and Target Review Updated

Date	19 June 2024	Reference:	MPI: B24-0406 MfE: BRF-4905
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Decision required	Date decision required by
YES <input checked="" type="checkbox"/> / NO <input type="checkbox"/>	20 June 2024

Other agencies/industries consulted on during the production of this briefing
The Treasury

Purpose

- This briefing seeks your feedback to the amended Terms of Reference (ToR) for the Methane Science and Target Review (the Review) attached as **Appendix One**.
- This update responds to your request to clarify a number of points in the briefing.

Context

1. On 29 May 2024, the Cabinet Economic Policy Committee (ECO) authorised you, as Ministers and Associate Ministers of the Agriculture and Climate Change portfolios, to finalise the ToR, following any feedback from short-listed candidates by 24 June 2024 [ECO-24-MIN-0096 refers]. The final ToR must not be inconsistent with Cabinet decisions and in consultation with relevant Ministers. ECO also noted that officials will provide advice on the baseline year to inform the final ToR.


2. Last week officials also shared the draft ToR with the short-listed panel candidates for their feedback. Professor Laura Revell provided some questions about the nature of the review but did not suggest any changes to the ToR. No other short-listed candidates provided feedback.
3. The aspects of the ToR we are specifically seeking your feedback on and agreement to are detailed below. This includes:
 - a) changes proposed by Ministers; and
 - b) changes proposed by officials for clarification of scope and outputs.

Changes proposed by Ministers of Climate Change and Agriculture

The baseline year **Please note, the meeting referred to in paragraph 4 was mistakenly cited as having happened on 30 June. This should be 30 May.**


4. On 30 June Ministers of Climate Change and Agriculture identified the year 2017 as the baseline year for a no additional warming target. Ministers agreed that 2017 is appropriate as it is the baseline year of the current legislated 2050 target.¹We have included this in the final ToR in paragraph 5(g).

9(2)(g)(i)



¹ Note the baseline year of the current legislated 2050 targets serve a different purpose to the baseline year in a no additional warming target. The year 2017 in the currents targets does not correspond to maintaining or returning to the level of warming in this year.

9(2)(g)(i)



Encourage the Panel to engage with stakeholders

9. Following the discussion with Ministers of Agriculture and Climate Change on 30 May, officials have amended the ToR (see paragraph 8d) to provide a process where interested parties, including iwi/Māori, can submit relevant evidence, including on mātauranga Māori. This will encourage the panel to engage with Māori experts and agribusinesses throughout this process.

Changes proposed by officials

Providing direction on assumptions about global emissions reductions

10. Officials propose the ToR be updated to specify that a target be modelled against a range of global emission reduction scenarios, including one in which the world limits temperature rise to 1.5 degrees Celsius above pre-industrial levels, as per the Paris Agreement goal which is referenced in the purpose section of the Climate Change Response Act 2002 (CCRA). See paragraph 5f in the attached ToR.
11. Making assumptions in the review process about global emissions reductions scenarios is necessary because the warming impact of New Zealand's methane emissions is sensitive to the concentration of methane and other gases in the atmosphere.

Specifying a target year

12. The ToR does not currently specify by which year a state of no additional warming needs to be achieved. We assume Ministers anticipate the year being 2050 in line with the current legislated target and have updated the ToR accordingly.
13. We have also asked the panel to calculate the emissions reductions needed out to 2100 to maintain the state of no-additional warming as we understand, some ongoing reduction will be required to maintain a state of no additional warming. See paragraph 5g in the attached ToR.

Clarifying the science focus of the panel

14. Ministers have expressed a desire for the panel to focus on questions of science as they relate to target setting and avoid pre-empting subsequent policy analysis. Value judgements in the context of target setting include questions of burden sharing between sectors and nations to achieve a climate goal.
15. Officials therefore propose removing a request for the panel to *provide background on different approaches to target setting*. This is because the different approaches to target setting are primarily determined by the goal and how different burden sharing principles are applied to calculating emissions reductions pathway.
16. Officials also propose clarifying that advice on the burden sharing responsibilities of different sectors or nations is out of scope of the review (see paragraph 7a).

Clarifying the scope of the biogenic methane target

17. The Panel may be unsure about what is included in the scope of the target. The Coalition Agreement singles out *agricultural* methane emissions but is silent on whether biogenic methane from waste is included or not.
18. Officials propose clarifying the scope of the methane target under review, to be clear on what sources of biogenic methane emissions are included (see footnote 1 in paragraph 5b). We propose aligning the scope of the target under review with the current scope of the biogenic methane target as defined in the CCRA. The CCRA defines biogenic methane as all methane greenhouse gases produced from the agriculture and waste sectors (91 and 9 percent respectively of all biogenic methane emissions).

Other minor clarifications

19. Officials have proposed several minor changes to clarify the intent of the ToR including in paragraphs 5b, 5c, and 6f.

Next steps

20. The Review will commence by 30 June 2024. A paper that notes your intention to appoint the independent panel will be considered by the Cabinet Appointments and Honours Committee on 18 June and confirmed by Cabinet on 24 June.
21. Following your feedback on the attached ToR, we will brief you with the final ToR so they can be confirmed by 24 June for the Review to commence by 30 June.
22. Concurrently, the Ministry for Primary Industries and the Ministry for the Environment's officials are working on a communications plan with the intention for you to announce the Review following Cabinet approval on 24 June.

Recommendations

23. It is recommended that you:

- a) **Note** your feedback is needed on the attached Terms of Reference by 20 June 2024;

NOTED

- b) **Note** that Cabinet will make subsequent decisions on targets and it will be necessary to consider the change to our domestic targets, burden sharing of emissions reductions between sectors, our international commitments including the NDC and New Zealand's contribution to global efforts to limit warming to 1.5 degrees above pre-industrial levels;

NOTED

- c) **Agree** to identify 2017 as the baseline year in the terms of reference, consistent with the baseline of the legislated target;

YES / NO

- d) **Note** that the choice of baseline year sets the level of future warming allowed under a no additional warming approach;

NOTED

- e) **Note** that any future decisions on the biogenic methane components of the 2050 target are likely to have implications for the wider economy, different sectors and broader ministerial portfolios and could create future costs to the Crown;

NOTED

- f) **Agree** to amend the Terms of Reference to encourage the panel to engage with stakeholders;

YES / NO

- g) **Agree** to amend the Terms of Reference to provide direction to the panel on assumptions about global emissions reductions;

YES / NO

h) **Agree** to amend the Terms of Reference to specify that 2050 is the target year to achieve a state of no additional warming for biogenic methane;

YES / NO

i) **Agree** to amend the Terms of Reference to clarify that the review panel should focus on questions of science rather than value judgements;

YES / NO

j) **Agree** to amend the Terms of Reference to clarify that both biogenic methane emissions from waste and agriculture are included within the scope of the methane target under review; and

YES / NO

k) **Agree** to forward this briefing and the draft Terms of Reference to relevant Ministers for consultation.

YES / NO

9(2)(a)



Julie Collins
Deputy Director-General
Policy and Trade
Ministry for the Primary Industries

Hon Todd McClay
Minister of Agriculture
/ / 2024

A handwritten signature in black ink, appearing to read 'Sam Buckle'.

Sam Buckle
Deputy Secretary
Climate Change Mitigation and Resource
Efficiency
Ministry for the Environment

Hon Simon Watts
Minister of Climate Change
/ / 2024

Hon Nicola Willis
Associate Minister of Climate Change
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Hon Andrew Hoggard
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Appendix One: DRAFT Terms of Reference – Methane Science and Target Review

This appendix is refused under section 18(d) as the Terms of Reference are already publicly available.