

18-D-00048

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 15 January 2018 requesting the following information under the Official Information Act 1982 (OIA):

*““Could the Ministry please provide any reports, memos, internal briefings, background notes, thought pieces or other documents shared within the Ministry for Environment for the purposes of preparing for the introduction of new climate change legislation or bills in 2018, such as a Zero Carbon Bill.”*

On 13 February 2018 an extension request for 20 work days effective from 13 February 2018 was sent to you advising that this request requires a large quantity of official information to be searched and analysed.

Your request has been interpreted as all internally shared reports, memos, internal briefings, background notes, thought pieces or other documents for the purposes of preparing for the introduction of the Zero Carbon Bill between the dates of 23 September 2017 and 15 January 2018.

It excludes emails, advice to the Minister and drafts that have not been shared internally. It also excludes internally shared documents that relate to a specific part of the bill as opposed to the whole of the bill. We note you have already received internally shared documents on the climate commission and the 2050 target as it related to methane in response to your other OIA requests.

There are 14 documents that fall within the scope of this request. Of those 4 are being withheld in full under S9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinion of officials. For the 10 documents being released in part, we have redacted parts of the documents that are not in scope and information under section 9(2)(a) in order to protect the privacy of natural persons, S9(2)(f)(iv) to protect the confidentiality of advice tendered to Ministers and officials and S9(2)(g)(i).

There are a number of matters pertaining to the Zero Carbon Bill that are still under active consideration. There will be public consultation on the scope of the Zero Carbon Bill in mid-2018. This consultation will focus on the definition of the 2050 target, and the role, function and powers of the Commission. We have commissioned a range of research to help inform the impacts of proposed targets.

Under section 28(3) of the OIA, you have the right to ask the Ombudsman to review my response to your request.

Yours sincerely

  
Roger Lincoln  
Director, Climate Change

### List of documents

Doc #	Date	Title	Decision	OIA Section/s applied
1	24 October 2017	One pager - climate change legislation, targets & commission	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
2	26 October 2017	Policy Work Package - Climate Change 100 Day Legislation Project	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
3	1 November 2017	Note of Dep Sec DCE meeting on climate change 30 Oct 2017	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
4	16 November 2017	Climate Change 100 Day Project Plan	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
5	4 December 2017	Memo - Proposed approach to assess economic impact of 2050 climate targets	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
6	12 December 2017	Memo - Overview of T-hub Evidence team's work programme	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
7	12 December 2017	Adaptation in UK Climate Change Act	Release in full	n/a
8	14 December 2017	Stakeholder session for Climate Change Zero Carbon (Emissions) Act Announcement	Release in full	n/a
9	21 December 2017	19 December 2017 – Q&A stakeholder session with the Minister for Climate Change (Hon James Shaw) - post event notes, list of invitees and attendees	Release in part	S 9(2)(a) S9(2)(g)(i)
10	9 January 2018	Interagency Project team meeting - 25 Oct	Release in part	S 9(2)(a) S9(2)(g)(i) S 9(2)(f)(iv)
11	13 December 2017	Adaptation in ZCA and Commission	Withhold in full	S 9(2)(f)(iv)
12	18 December 2017	100 Day Climate Change Project Communications and Engagement Plan	Withhold in full	S9(2)(g)(i)
13	10 January 2018	[title withheld]	Withhold in full	S9(2)(g)(i)
14	10 January 2018	[title withheld]	Withhold in full	S9(2)(g)(i)

### Climate Change Legislation

S 9(f)(iv)-Ministerial consideration

*This models the UK; have been proposed by Generation Zero & the Parliamentary Commissioner for the Environment.*

S 9(f)(iv)-Ministerial consideration

#### **Status quo**

- Under the CCRA, targets can be set by either Gazette notice or regulation. The Minister has set targets by Gazette notice in 2008 and 2011 but no target has been set by regulation.
- Targets are typically set through international dialogue – eg, NZ's 2030 target was communicated in NZ's first Nationally Determined Contribution for the Paris Agreement.
- New Zealand has a provisional carbon budget for meeting its 2030 target, set by the Ministry for the Environment.

S 9(2)(f)(iv) -Active consideration

#### **Options to achieve abatement**

S 9(f)(iv)-Ministerial consideration

[Redacted]

[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

[Redacted]

S 9(2)(f)(iv) -Active consideration

[Redacted]

**Establish a Climate Commission**

There are options for how you establish an independent CCC. MfE first cut is:

- S 9(2)(f)(iv) -Active consideration [Redacted]

S 9(2)(f)(iv) -Active consideration

S 9(2)(f)

Active

S 9(2)(f)(iv) -Active consideration

S 9(2)(g)(i) -Active

#### Implementation - timeframes for a bill

- **Options to amend CCRA or new Act:** Whether a bill amends the CCRA or establishes a separate piece of legislation will be dependent on conversations with Parliamentary Counsel Office once policy is developed. What's important is the policy underpinning the legislation, not the final form of primary legislation.
- **Public consultation:** could occur during Select Committee. Ideally it would be better to have a separate public consultation process during detailed policy development.

S 9(2)(f)(iv) -Active consideration

S 9(2)(f)(iv) -Active consideration



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# Climate Change 100 Day Legislation Project

## Policy Work Package

### Work Package identification

Author:	S 9(2)	Date:	25 October 2017
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### Description of the work

What is the purpose? (Why are you doing it?)	To implement policies agreed by the incoming Government in its coalition agreement between the NZ Labour Party and NZ First, and in its confidence & supply agreement between the NZ Labour Party and the Green Party	
Linkages – Objectives	As above, implements policies agreed by incoming Government. Links to the Ministry's objective to transition New Zealand to a low-emission and climate-resilient economy.	
What's the scope for this work?	<b>In scope</b>	<b>Out of scope</b>
	<p><i>Phase 1</i></p> <ul style="list-style-type: none"> <li>• <b>Targets workstream:</b> sits within Transition Hub &amp; provides input into this project's 9(2)(f)(iv)- Ministerial consideration</li> <li>• <b>Climate Commission workstream:</b> Advice on Climate Commission</li> <li>• <b>CE Board workstream:</b> Advice on cross-agency climate change board of public sector Chief Executives</li> </ul> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p>	<p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p> <p>■ [Redacted]</p>

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	<p><b>climate change</b></p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p><b>Out of scope</b></p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
<p><b>How are you going to deliver it and by when?</b></p>	<p><b>Activity / Deliverable / when needed to be done?</b></p> <p>Standup meetings 8.45am every day</p> <ul style="list-style-type: none"><li>• 15 min max</li><li>• Purpose is to raise risks, obtain decisions, and keep the core project team informed</li></ul>	

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<b>occur?</b>	<p>Workstream leads responsible for raising risks. Project manager is responsible for raising risks, ensuring decisions are made, following up, ensuring links made, communication.</p> <p>Key message reporting to relevant government agencies by project coordinator when required.</p> <p>Reporting to Minister initially through Executive Leadership Team.</p>
<b>Where will documents be filed?</b>	<p>13 - Climate Change Legislation <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/9387851">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/9387851</a></p> <p>Put documents in the appropriate sub-folder.</p> <ul style="list-style-type: none"> <li>• Planning – project management folder</li> <li>• Analysis – all background policy documentation &amp; consultation</li> <li>• Legal Advice</li> </ul> <p><b>Briefing papers</b> must use this template: <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/overview/9286782">http://tepuna.mfe.govt.nz/otcs/cs.dll/overview/9286782</a></p> <p>...and be filed here: <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/8450768">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/8450768</a></p> <p><b>Cabinet papers</b> in appropriate sub-folder here: 04 - Cabinet papers, Lodgement Forms and related talking points <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/107720">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/107720</a></p>
<b>What relevant background information is there?</b>	<p>Parliamentary Commissioner for the Environment <i>Stepping Stones to Paris &amp; Beyond</i></p> <p>NZ Labour Party/NZ First Coalition Agreement 24 October 2017</p> <p>NZ Labour Party/NZ Greens Confidence &amp; Supply Agreement 24 October 2017</p> <p>S [redacted] Climate Commission paper</p> <p>S 9(2) [redacted] targets paper</p>

## Approvals

<b>Authorised by:</b>	Janine Smith	<b>Date:</b>	
<b>Accepted by:</b>	S 9(2) [redacted]	<b>Date:</b>	

## Note of Programme Governance Group (PGG) Climate Change – 30<sup>th</sup> Oct 2017

Those present:

Penny Nelson (Mfe – Chair), Paul Stocks (MBIE), Bryn Gandy (MoT), Grace Campbell-MacDonald (Tsy), John Scott (DPMC), Chappie Te Kani (SSC), Bernadette Cavanagh (MFAT), Deborah Roche (MPI), DIA name?. In attendance: Roger Lincoln, Paul Alexander, Janine Smith - MfE

### Key actions:

1. Out of scope [REDACTED]
2. Agreed to schedule a meeting 7 Nov to review advice on zero carbon emissions goal, climate commission and CE Board options. S 9(2)(g)(i)- Free and frank [REDACTED]
3. Out of scope [REDACTED]

### Comment / Discussion

- S 9(2)(g)(i)-Free and Frank [REDACTED]
- Noted need to get further clarity on implementing 100 day commitment to ‘Set the zero carbon emissions goal and begin setting up the independent Climate Commission’ and comments to have legislation on the order paper at that point.
- S 9(2)(g)(i) - Free and frank [REDACTED]
- Noted confirmation via SSC that Ministers want advice on implementing a CE ‘Board’.
- The Group discussed how the UK Committee on Climate change operated. More information on the models set out here from the PCE <http://www.pce.parliament.nz/media/1714/stepping-stones-final-web.pdf> and the Productivity Commission <https://www.productivity.govt.nz/sites/default/files/Examining%20the%20UK%20Climate%20Change%20Act%202008.pdf>
- There are some useful working models that Ministers may want to consider (for example regular monthly meetings with relevant Ministers on progress).
- S 9(2)(f)(iv) Under consideration [REDACTED]
- S 9(2)(f)(iv) - Active consideration [REDACTED]
- Out of scope [REDACTED]

s 9(2)(f)(iv)-Ministerial consideration

s 9(2)(a)-  
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[Redacted]

s 9(2)(g)(i)-Free and frank

s 9(2)(f)(iv)-Ministerial consideration

s 9(2)(f)(iv)-Ministerial consideration

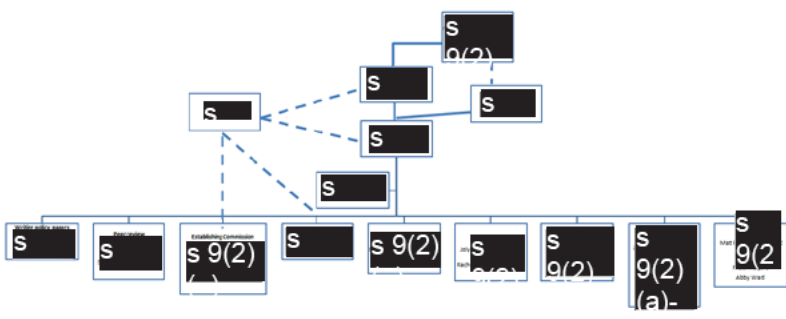
MfE has a unique opportunity to:

- work across government, with businesses and society to get real action on climate change
- use systems thinking, and
- develop new and innovative ways of engaging with the public, to bring them along on developing climate change policy and solutions.

s 9(2)(f)(iv)-Ministerial consideration

In terms of engagement, we plan to think creatively about new and innovative ways to engage with the public to achieve real and meaningful input into the policy, and engage a strategic communications expert to assist us to handle this differently.

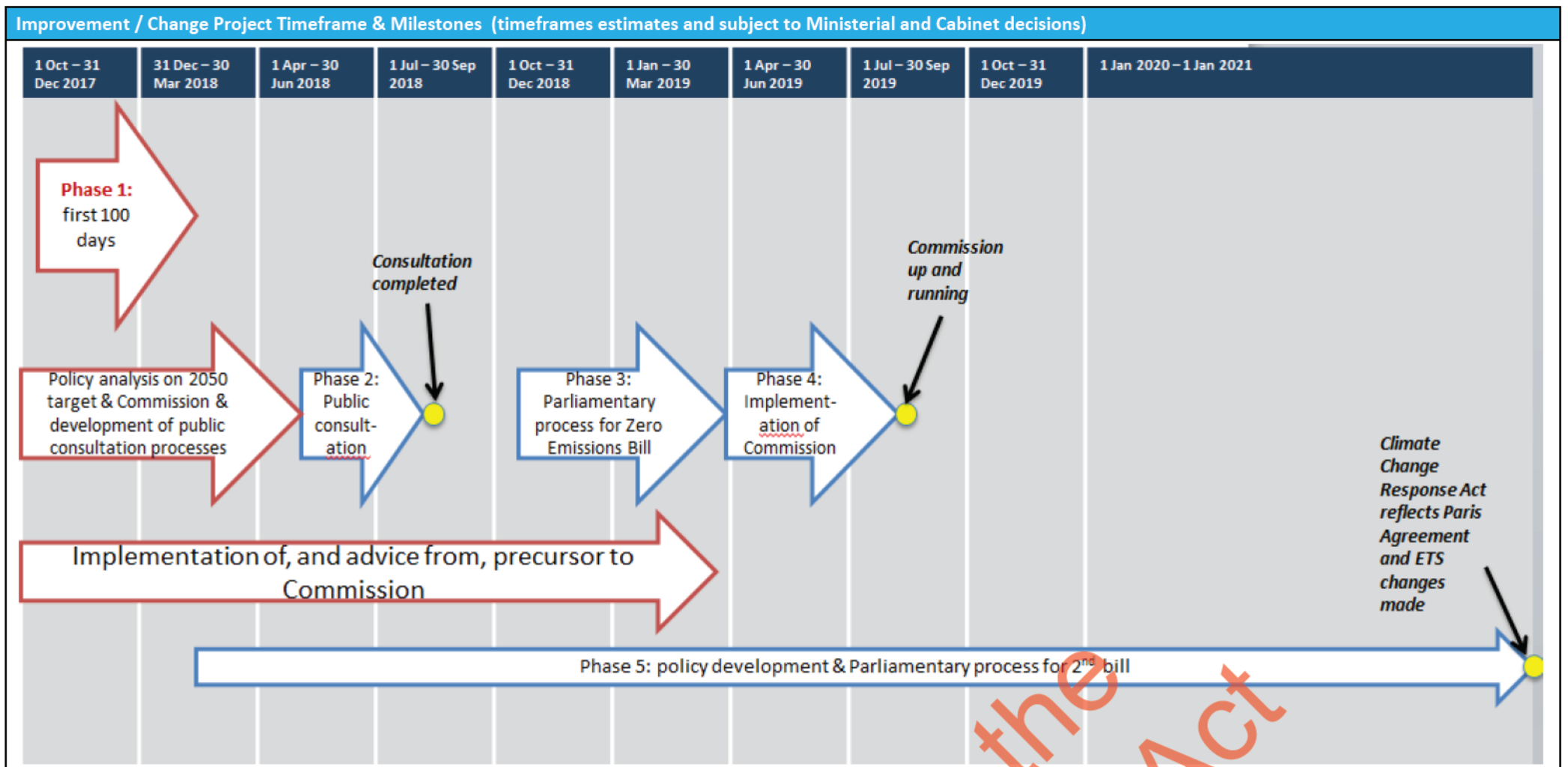
Latest Start	Commitment Date	Target Operational Date
24 October 2017	3 February 2018 (phase one)	1 Jan 2021 (phase 3, all CC legislative changes)

Governance	Reporting	Key Partners / Stakeholders
<p><b>Project Sponsor:</b> Janine Smith  <b>Governance Owners:</b> Roger Lincoln, Penny Nelson                      ELT will kept informed through Penny Nelson, Deputy Secretary EPIC.</p> <p>The project organisation including management and delivery layers is shown in Figure 2 below and via this <a href="#">link</a>.</p>  <p><b>Figure 2: Project organisation for 100 Day Legislation Project</b></p> <p>Governance of the wider Climate Change Programme (ETS Review, Adaptation, and Transition to Low Emissions) will be under the Programme Governance Group (PGG) sub-group on Climate Change.</p>	<p><b>Phase one:</b> A stand-up meeting inclusive of the project team, sponsor and Dep Sec occurs daily at 8.45am every day for 15 minutes. The purpose is to ensure focus on delivery and monitor progress of phase one, 100 Day Plan. A free standing whiteboard is used daily to capture deliverables progress, risks, decisions needing action and key points for context.</p> <p>Weekly meetings between project manager and workstream leads.</p> <p><b>Future phases:</b> reporting to be confirmed.</p>	<p>s 9(2)(g)(i) -Free and frank</p> <p>[Redacted]</p>



Work Stream	Work involved	Deliverables / Products	Resource	Detail
Legal advice	Legal advice	Legal advice as required Writing drafting instructions to send to Parliamentary Counsel Office	S 9(2)(f)(iv) -Active consideration [Redacted]	
Quality assurance	Providing guidance and support to the team	Guidance & support, quality assurance	S 9(2)(f)(iv) -Active consideration [Redacted]	
Communications and engagement	Develop public consultation processes; ensure early engagement with Iwi & Māori	<ul style="list-style-type: none"> <li>New and innovative ways of working with the public</li> <li>Press releases</li> <li>Q &amp; A</li> <li>Communications &amp; engagement plan</li> <li>Input into policy papers including public consultation document</li> </ul>	S 9(2)(f)(iv) -Active consideration [Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]
Establishing a Commission	Analysis on establishment of Climate Commission and associated institutional arrangements	Policy analysis and input into policy papers	S 9(2)(f)(iv) -Active consideration [Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]
s 9(2)	s 9(2)(f)(iv)-Ministerial consideration [Redacted]	s 9(2)(f)(iv)-Ministerial consid [Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]
Targets	Policy process including legislative process for setting a target and fiscal implications, (draws from transition hub economic & distributional impacts modelling)	Policy analysis and input into policy papers	S 9(2)(f)(iv) -Active consideration [Redacted]	
s 9(2)(f)(iv)-Ministerial	s 9(2)(f)(iv)-Ministerial [Redacted]	[Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]	
s 9(2)(f)	[Redacted]	[Redacted]	S 9(2)(f)(iv) -Active consideration [Redacted]	
s 9(2)(f)(iv)-Ministerial consideration [Redacted]			S 9(2)(f)(iv) -Active consideration [Redacted]	

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Dependency	Relationship	Impact	Owner
PHASE ONE:			
Transition Hub	Dependency – the targets workstream sits within the hub.	Impacts on resourcing and direction of transition hub work.	Paul Alexander
PHASE TWO AND THREE	Significant dependencies with a number of projects in wider climate change work programme, particularly Emissions Trading Scheme Project	TBC	s 9(2)

Assumptions	Constraints
Suitably skilled MfE people are available in the timeframe required. Clear ministerial / government direction on the timeframes required	Resource availability (currently being addressed through reprioritisation of MfE work programme). There is no contingency time within the timeframe available (which also introduces risk).

Financials	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2018/19	2019/20	Total
External Costs – Refer <a href="#">mini budget bid.</a>															
Internal Costs	E.g. All cost to be accounted for by internal resource Manager's OPEX budget														

Risks
See risk register: <a href="#">Risk Register</a>

Approval:			
Name:	Position:	Signature:	Date:
Penny Nelson	Deputy Secretary, EPIC Division		

Project Documents
13 - Climate Change Legislation <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll?func=ll&amp;obild=9387851&amp;obiAction=browse">http://tepuna.mfe.govt.nz/otcs/cs.dll?func=ll&amp;obild=9387851&amp;obiAction=browse</a>
<b>Briefing papers</b> must use this template: <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/overview/9286782">http://tepuna.mfe.govt.nz/otcs/cs.dll/overview/9286782</a> ...and be filed here: <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/8450768">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/8450768</a> <b>Cabinet papers</b> in appropriate sub-folder here: 04 - Cabinet papers, Lodgement Forms and related talking points <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/107720">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/107720</a>
Copies of all emails and other documents sent to the Ministers' office to be filed here: 13 - Post-election advice to 3 February 18 2018 <a href="http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/9398802">http://tepuna.mfe.govt.nz/otcs/cs.dll/properties/9398802</a>



# Memo: Climate Change Transition Hub

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**To:** Roger Lincoln, Janine Smith, Paul Alexander, Inter-agency Transition Hub members  
**Date:** 4 December 2017  
**From:** S 9(2)(a)-Protection of Natural Person [redacted]  
**cc:** S 9(2)(a)-Protection of Natural Person [redacted]  
**Re:** Proposed approach to assess economic impact of 2050 climate targets

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## Purpose

1. The Transition Hub Evidence team is working to provide the best possible evidence on the potential impact of proposed 2050 climate targets.
2. We propose a multi-method approach including:
  - S 9(f)(iv)- Ministerial Consideration [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
3. This memo describes the proposed evidence base and relevant deliverables the Transition Hub's modelling and policy team (the Transition team) will provide to the Climate Directorate's 100 Days project.
4. The Transition team seeks your agreement that the approach to gather evidence on the economic impacts of climate policy action to meet the 2050 target is appropriate to support pre-consultation and final Cabinet policy decisions in May and August, respectively.

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**Action:** Roger Lincoln or Janine Smith

Please:

**Indicate** if it would be useful to discuss the outlined approach

or

**Agree** the approach outlined below.

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## Background

5. An evidence base is required to inform the Zero Carbon Act policy project's advice to Ministers on the potential economic impact of 2050 targets.
6. Economic evidence will feed into the policy proposals released for consultation and into final policy advice to Ministers.

## Proposal

S [REDACTED]

) [REDACTED]

t [REDACTED]

10. Figure 1 illustrates the multi-method approach.

11 S 9(2)(f)(iv)-Active consideration [REDACTED]

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S 9(f)(iv)- Ministerial Consideration

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S 9(2)(f)(iv)-Active consideration

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S 9(2)(f)(iv)-Active consideration

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S 9(2)(f)(iv)-Active consideration

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**Whole-of-economy impact assessment – proposed CGE modelling**

- 19. Whole-of-economy modelling is proposed to indicate the magnitude of the impact the 2050 target across the whole New Zealand economy, across sectors and regions, and the distributional impact.
- 20. To analyse the whole economy the team will commission providers to undertake computable general equilibrium (CGE) modelling. CGE modelling is sensitive to the quality of data and input assumptions. Nonetheless, CGE modelling remains a very useful approach to determine whole-of-economy impacts and sector-specific impacts, as CGE models focus on the economic activity between different sectors and households, and therefore contain a highly detailed micro-description of New Zealand's economy. By using CGE modelling with its explicit representation of the drivers of economic activity, the economic impacts of climate policies can be clearly inferred in a sound and meaningful way. Furthermore, because CGE models model sectors and households (and potentially regions), they are able to determine the distributional impacts of climate policies.
- 21. The top down whole-of-economy approach will include:

6 [Redacted]

2 [Redacted]

1 [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

4 [Redacted]

S 9(f)(iv)- Ministerial Consideration [Redacted]

S 9(2)(g)(i)-Free and frank [Redacted]

S 9(2)(f)(iv)-Active consideration [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

S 9(f)(iv)- Ministerial Consideration

*Further whole-of-economy modelling of transition policies*

26. Wider relevant modelling work that is underway or in planning includes the OECD's SPINE project, which models Auckland through a spatially defined CGE model out to 2040 to support the city's efforts to transition to a low emissions economy through a set of transport and urban densification policies. The Transition team also has a staff member that is closely linked to this work and the OECD.

***The impact of climate targets on international competitiveness, the potential for carbon leakage and innovation rates***

S 9(2)(f)(iv)-Active consideration

[Redacted text block containing multiple paragraphs of blacked-out content]

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S 9(2)(f)(iv)-Active consideration

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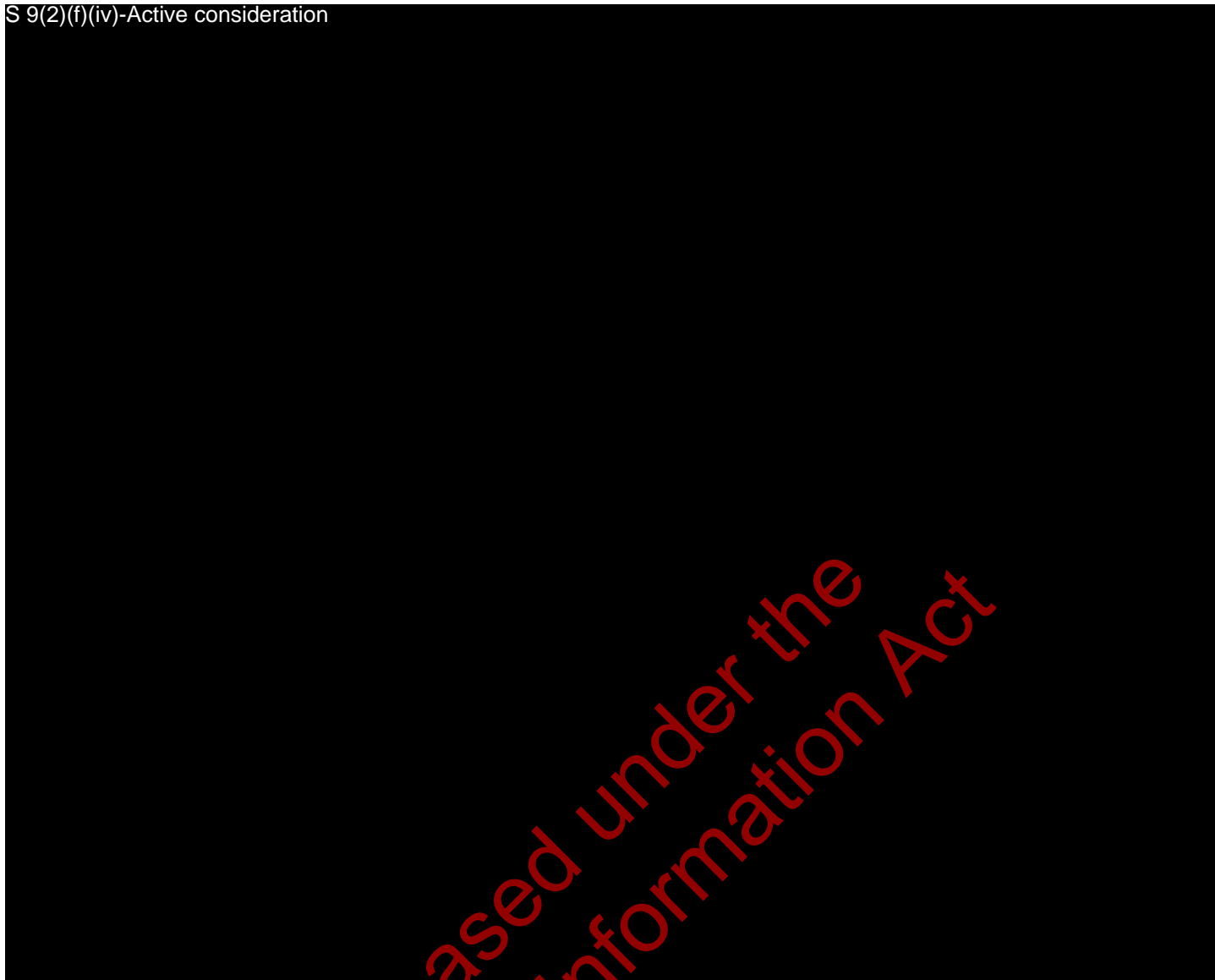
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- 42. These sector-specific reports coupled with the modelling work will provide the evidence base to inform Cabinet policy decisions, and provide the basis for further work in 2018, including work identifying the marginal abatement cost curves (MACC) for the identified key sectors. Information on New Zealand's MACC will be critical to assess the optimal transition pathway towards a low emissions economy, or towards the Paris target (for 2030) and a new 2050 target. This is because the development of an accurate MACC provides insights as to where to achieve emission reductions in an economically efficient manner.
- 43. Further information about MACCs is indicated in Annex 1. This Annex also details the potential of including co-benefit analysis (e.g. health benefits from reduced air pollution as a result of climate policies) to support the development of a MACC.

**Building cross-agency agreement**

S 9(2)(g)(i)-Free and frank  
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S 9(2)(f)(iv)-Active consideration  
[Redacted]

S 9(2)(f)(iv)-Active consideration



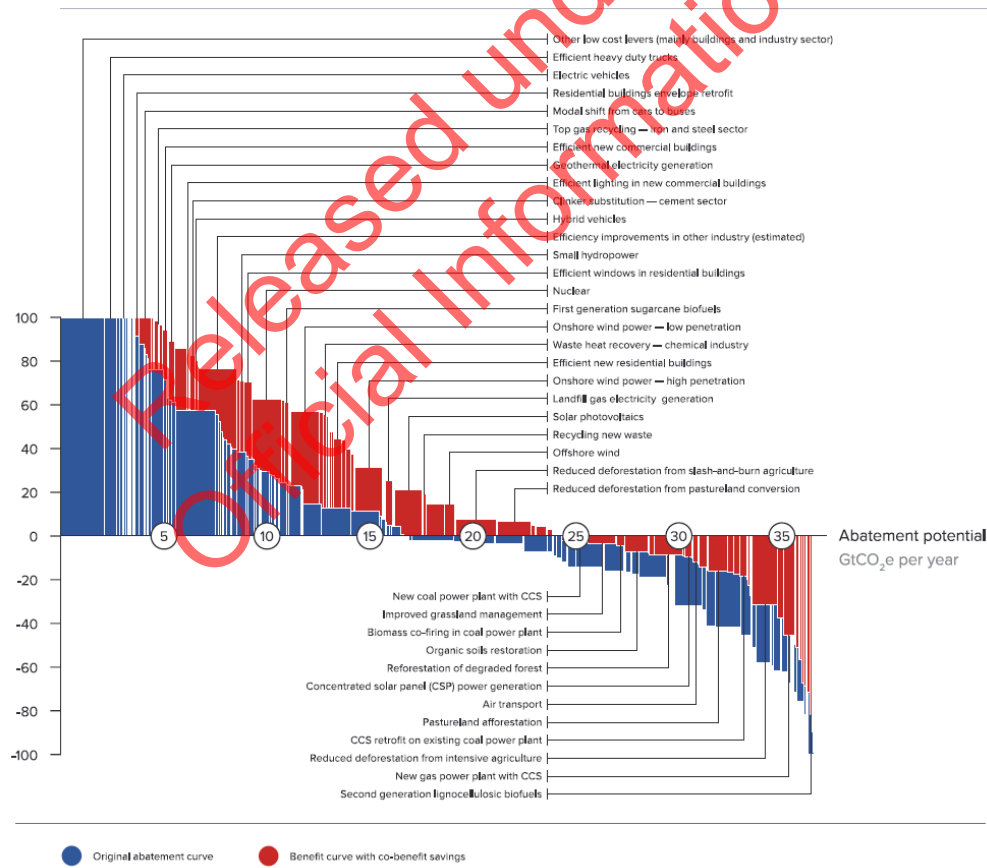
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## Annex 1. Transition Hub's longer-term work plan: Sector specific effects

### Marginal abatement costs and benefits

47. The marginal cost of abatement can be calculated for every abatement policy or measure possible. Information on New Zealand's MACC will be critical to assess the optimal transition pathway towards a low emissions economy, or towards the Paris target (for 2030) and a new 2050 target. This is because a MACC provides an indication of where to achieve emission reductions in an economically efficient manner.
48. Figure 4 indicates a MABC for 2030 (an inversion of a MACC, so that the net benefits appear above the axis and those with net costs below the axis) indicating the abatement potential at least cost for different abatement measures. Each of the blue bars in Figure 3 shows the estimated incremental cost in 2030, relative to the high-carbon alternative, of abating an extra tonne of CO<sub>2</sub> equivalent through a specific measure, and the total technical abatement potential it offers via the width of the bars. The red bars in Figure 4 show the additional co-benefit associated with various abatement measures, such as the health benefits from reduced local air pollution.
49. Figure 4, therefore, shows that many abatement measures have a positive benefit even in narrow financial terms, which become substantially larger and more numerous once multiple co-benefits are included. A number of measures with net costs swing to net benefits when the co-benefits are taken into account.

Figure 4: Marginal abatement benefits curve for 2030, Abatement potential, \$ per tCO<sub>2</sub>e



Source: [http://newclimateconomy.report/2014/wp-content/uploads/sites/2/2014/08/NCE-Global-Report\\_web.pdf](http://newclimateconomy.report/2014/wp-content/uploads/sites/2/2014/08/NCE-Global-Report_web.pdf)



## Supporting policy advice on the impact of a new 2050 climate target

7. The impact of the 2050 target will depend critically on the shape of the transition pathway.
8. Climate policies - such as amending the ETS, decisions on free allocations, developing a widespread afforestation programme or regulatory interventions in the energy, transport, agricultural or waste sectors, or cross-economy tools such as R&D support or green finance - will have sector-specific and whole-of-economy impacts at both the regional and national levels.
9. Economic modelling of impact requires an assumption of expected transition pathways. And so modelling the effect of expected transitions, and a literature review of existing empirical work, will form the basis of the team's evidence base.
10. Outputs from the analysis will provide an indication of whole-of-economy impacts, distributional impacts and sector-specific impacts on key sectors (i.e. energy, agriculture, transport) of the 2050 target.

## The evidence base will rely on a multi-method approach

### S 9(f)(iv)- Ministerial Consideration

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12. Figure 2 illustrates the multi-method approach. Each method is then explained. All economic modelling is by definition, incorrect when compared to reality. However together, bottom-up cost modelling, whole-of-economy modelling, empirical and qualitative research will contribute to an understanding of the potential direction and magnitude of the impacts of targets under consideration.

S 9(f)(iv)- Ministerial Consideration

S 9(f)(iv)- Ministerial Consideration

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S 9(2)(f)(iv)- Active consideration

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abatement activities?

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S 9(2)(f)(iv)- Active consideration

S 9(f)(iv)- Ministerial Consideration

S 9(2)(f)(iv)- Active consideration

22. A NZ CGE model to assess the whole-of-economy and sector specific impacts of achieving the target allows

- the model to select the pathway – telling us the carbon price required to meet the target
- assessing the impact of specific transitional pathways
- ‘add on’ modelling approaches to allow assessment of regional and distributional impacts, and the potential to also test of the impact of revenue recycling methods to support transition
- An ‘add on’ to override endogenous rates of technological change with externally defined rates of innovation in low emissions sector (as defined by empirical evidence described in the study outlined above)
- extensions to link in to global trade models.

S 9(2)(f)(iv)- Active consideration

S 9(f)(iv)- Ministerial Consideration

*Further whole-of-economy modelling of transition policies*

25. Wider relevant modelling work that is underway or in planning includes the OECD's **SPINE** project, which models Auckland through a spatially defined CGE model out to 2040 to support the city's efforts to transition

to a low emissions economy through a set of transport and urban densification policies. The Transition team also has a staff member that is closely linked to this work and the OECD.

S 9(f)(iv)- Ministerial Consideration

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### Supporting wider cross-agency and future Climate Commission's advice on policies to support transition to a low emissions economy

- 28. Constructing New Zealand's marginal abatement cost curve (MACC) for the identified key sectors will be critical to understanding the potential for transitioning to low emissions, and the impact of each potential method to abate emissions.
- 29. This is because the development of an accurate MACC provides insights as to where to achieve emission reductions in an economically efficient manner.
- 30. Information on New Zealand's MACC would be ideal in order to better estimate the impact of a new 2050 target. However constructing a robust MACC takes time and is not feasible within the proposed legislative timeframe to setting a new 2050 target.
- 31. More detailed information on constructing a MACC is contained in Annex 1. This Annex also details the potential of including co-benefit analysis (e.g. health benefits from reduced air pollution as a result of climate policies) to support the development of a MACC.

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### Deliverables

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### Building capability

38. The Ministry has stated an interest in receiving proposals that include sharing a working copy of the analytical models with the Ministry, during and at the end of the project. The Ministry wishes to build in-house capability - *across agencies* - in preparation for impact analysis of climate action policies considered in future years as the policy and legislative framework for the transition pathway to low emissions is developed.

### Building cross-agency agreement

S 9(2)(g)(i)- Free and frank

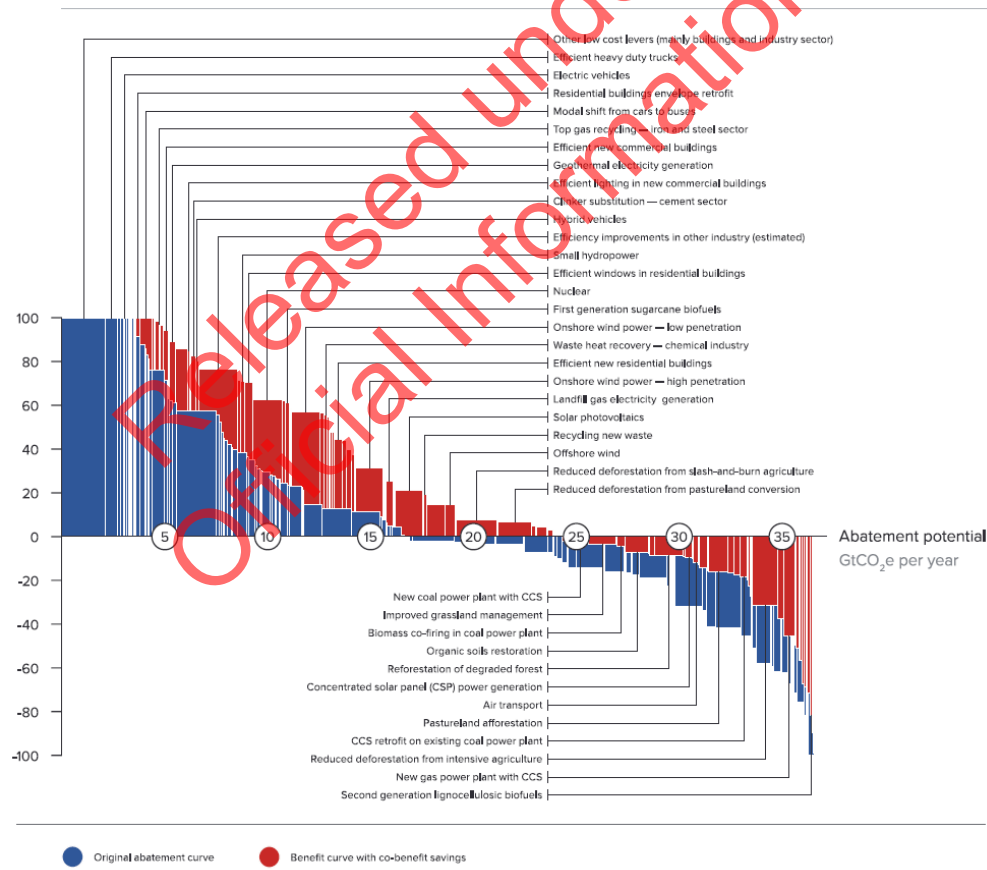
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## Annex 1. Marginal abatement costs and benefits

41. The marginal cost of abatement can be calculated for every abatement policy or measure possible. Information on New Zealand's MACC will be critical to assess the optimal transition pathway towards a low emissions economy, or towards the Paris target (for 2030) and a new 2050 target. This is because a MACC provides an indication of where to achieve emission reductions in an economically efficient manner.
42. Figure 4 indicates a MABC for 2030 (an inversion of a MACC, so that the net benefits appear above the axis and those with net costs below the axis) indicating the abatement potential at least cost for different abatement measures. Each of the blue bars in Figure 3 shows the estimated incremental cost in 2030, relative to the high-carbon alternative, of abating an extra tonne of CO<sub>2</sub> equivalent through a specific measure, and the total technical abatement potential it offers via the width of the bars. The red bars in Figure 4 show the additional co-benefit associated with various abatement measures, such as the health benefits from reduced local air pollution.
43. Figure 4, therefore, shows that many abatement measures have a positive benefit even in narrow financial terms, which become substantially larger and more numerous once multiple co-benefits are included. A number of measures with net costs swing to net benefits when the co-benefits are taken into account.

Figure 2: Marginal abatement benefits curve for 2030, Abatement potential, \$ per tCO<sub>2</sub>e



Source: [http://newclimateconomy.report/2014/wp-content/uploads/sites/2/2014/08/NCE-Global-Report\\_web.pdf](http://newclimateconomy.report/2014/wp-content/uploads/sites/2/2014/08/NCE-Global-Report_web.pdf)

## Information from the website of the UK Committee on Climate Change

The Committee on Climate Change provides **independent advice to government on building a low-carbon economy and preparing for climate change**

UK Climate Change Act 2008 (the Act) is the **basis for the UK's approach to tackling and responding to climate change**. It requires that **emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are prepared for**. The Act also establishes the **framework to deliver** on these requirements.

The Act requires the Government to assess the risks and opportunities from climate change for the UK, and to prepare for them. The UK's Committee on Climate Change has an Adaptation Sub-Committee that advises on these climate change risks and assesses progress towards tackling them: the Adaptation Sub-Committee scrutinises and advises on the government's programme for adapting to climate change.

The Climate Change Act requires the UK Government to produce a UK Climate Change Risk Assessment (CCRA) every five years. The CCRA assesses current and future risks to and opportunities for the UK from climate change.

In response to the CCRA, the Climate Change Act also requires the UK government to produce a National Adaptation Programme (NAP). The NAP covers England, while the devolved administrations produce their own programmes and policies.

The Act also gives powers to the UK Government to require certain organisations to report on how they are adapting to climate change. This is called the Adaptation Reporting Power.

DEFRA is responsible for developing the National Adaptation Programme to address the risks set out in the most recent UK Climate Change Risk Assessment.

The UK Climate Change Risk Assessment 2017 Evidence report (the most recent climate change risk assessment) sets out the priority climate change risks and opportunities for the UK. The Government has a role in assessing the risks and opportunities and ensuring that the country has the capacity to adapt. The Adaptation Sub-Committee assesses how well the UK is preparing for climate change and its impacts

The **Adaptation Sub-Committee (ASC)** is chaired by The Baroness Brown of Cambridge DBE and is made up of **experts in the fields of climate change impacts, science, environmental economics, conservation, public health and business**. It **provides independent, expert advice on preparing for and adapting to climate change** to UK and devolved governments and parliaments.

Committee members have a duty to:

- act impartially and objectively
- avoid conflicts of interest

## Stakeholder session for Climate Change Zero Carbon (Emissions) Act Announcement

*Prepared 14 December 2017*

The Minister has suggested an informal stakeholder gathering at 8am Tuesday 19 December, the day after announcing the process towards a Zero Carbon (Emissions) Act. This paper provides some recommendations on how this event should look.

### Decisions required

The decisions we require are:

- Today: Is the event going ahead on Tuesday, or would the Minister prefer to reach out to stakeholders in the new year?
- Friday midday:
  - Will the Minister's office send out the invitation and manage responses, or would he prefer the Ministry to do this?
  - Does the Minister want to hold a Facebook Q&A session on 20 or 21 December to reach out to people who were not able to attend the event on Tuesday?

If the Minister decides the event will go ahead we will prepare the invitation and a briefing for the Minister outlining the order of events for the day and other relevant information.

### Objectives of event

- To provide stakeholders with an opportunity to engage with the Minister on the Zero Carbon (Emissions) Act announcement in an informal setting;
- Set the scene for an open and transparent process to engagement and consultation on the Zero Carbon (Emissions) Act timeline; and
- Provide stakeholders the opportunity to meet and hear each other's views and questions.

### Logistics

The event will be held at Environment House and function as an informal event, where stakeholders can ask the Minister questions.

#### *Early heads up*

On Friday 15 December, a select number of key partners and stakeholders will be contacted by an MfE Director (Roger Lincoln). He will give them a confidential heads up about this event and related announcement. They will be asked to put a placeholder in their diary and let key people in their networks know there may be an announcement and a related informal event on Tuesday morning.

#### *Invitation*

We recommend that the official invite come directly from the Minister's office immediately after the announcement on Monday 18 December. We recommend limiting the guest list to 60, based on the size of the main rooms in Environment House.

We will draft the invitation, ensuring it is clear that the event is being hosted by the Minister. The invite would be sent to:

- Iwi and hapū representatives;

- Sustainability officers and government relations officers from agriculture and energy companies;
- Industry/Business representatives – Federated Farmers, Business NZ and Sustainable Business Council;
- Environmental NGO's (Generation Zero, WWF, Forest & Bird);
- Local government representatives (LGNZ); and
- Central government.

*Order of events on Tuesday*

We recommend an 8am start with a 9am finish, with scones, tea and coffee served.

**Table 1: Proposed timeline for Tuesday 19th December event**

Time	What
8:00 AM	Guests arrive, scones and coffee available, Networking
8:15 AM	Minister speaks
8:20 AM	Q&A
8:40 AM	Wrap up
8:40 AM	Final networking
9:00 AM	Close

**Risks**

The risks related to the event are related to the early heads up and the short timeframe for inviting people to attend.

**Table 2: Associated risks of this event**

Risk	Mitigation
That word spreads about the event and non-invitees show up.	Clear messaging about what the event is – an invite only Q&A, rather than a 'drop-in' session. MfE and Minister's office both clear on this distinction.
That word spreads about the event and those not invited want to be involved.	The Minister will have a Facebook Q&A session in the days following the event, to allow non-attendees the chance to ask the Minister questions.
Timing of invite and event – week before Christmas, short notice for attendees and schools finishing up could mean low attendance	Accepted risk.

### **Social media**

We propose that the Minister have a Facebook Q&A session in the days following the event, to allow people not based in Wellington or those not able to attend the chance to ask the Minister questions.

Social media will be led from the Ministers office. MfE will share any promotional posts about the Q&A session once it is over.

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## 19 December 2017 – Q&A stakeholder session with the Minister for Climate Change (Hon James Shaw) - post event notes, list of invitees and attendees

Following the Zero Carbon Bill announcement on Monday 18 December 2017, formal invitations were sent out at 4.00pm by the Minister's office for an 8.00am (till 9.00am) informal 'drop in session' on 19 December 2017. Phonecalls giving a confidential heads up were made to a few trusted stakeholders on the Friday before.

### Questions asked of the Minister

- What was the purpose of the consultation?
- Are you going to be asking SOEs to report? (EECA)
- How will R&D be supported?
- What is the possibility of getting bi-partisan support for the target?
- How will the make up of the commission be focussed? – forestry is being left out but is part of the solution.
- Do you see a role for Globe-NZ? (S 9(2)(a)-Protection of natural persons )
- Will members of the Interim Climate Change Committee go on to become the members of the Climate Change Commission? (S 9(2)(a)-Protection of natural persons )
- What is your impression of NZers' appetite for change?
- Advances with science and technology are unknown, what is your thinking around the need for nimbleness
- Our members are thinking about how they maintain international competitiveness – what is your thinking about this?
- Will the consultation clarify what is meant by a net zero target
- Climate policy links to trade agenda – what is our opportunity to be involved in discussions about trade? (Dairy NZ)
- Re the 2050 target, do you feel constrained by international rules for accounting for targets?
- How are you thinking about the mandate of the Climate Change Commission – what is in, what is out?

### Notes on the Minister's comments re: consultation

- Inclusive
- Working to get the best possible outcome
- Extensive consultation, welcome your views on how we can do this
- Address concerns – not all but enough to cross threshold for wide support

- Outcome: non-partisan, stable longterm structure
- NZers like to depoliticise the big issues
- Work with sectors most twitchy from a place of deep empathy.
  
- How bound are we to international accounting for our new 2050 target?
- Targeting emission reductions from agriculture presents an opportunity as other countries will need to address emissions from this sector in the next 5-10 years (opportunity for NZ to lead/develop best practice in this sector)
- We should be working with other countries (eg Commonwealth countries) rather than try and lead by ourselves. The Minister pointed out we are already part of many “clubs”. The most recent example is the new initiative announced at the One Planet Summit: “Towards Carbon Neutrality” Coalition
- Under the headline 2050 target, the Minister mentioned that some sectors/gases may not all be able to do as much as others (meaning others will have to do more to stay on the pathway)
- The Minister is assuming we’re looking at a 5-year outlook for climate change policies to transition towards 2050
- Purpose of a Bill: to create a stable policy framework over time, that encourages investments (and to get cross-party buy-in)
- How do we address international competitiveness?
- How to address subsidies on agriculture from other countries?
- Will the interim committee members be the same as the Climate Change Commission members? à undecided (this will be part of the consultation)
- Will adaptation be part of the remit of the Climate Change Commission? à undecided (this will be part of the consultation), but the Minister hasn’t heard any convincing arguments yet for adaptation to not to be part of the Commission
- Is it confirmed that the interim committee would look at including AG in the NZ ETS? à they will look at it and do the groundwork analysis that will be passed onto the Climate Change Commission
- Stakeholder interest in mandatory carbon reporting for companies

S 9(2)(g)(i)- Free and frank

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**Suggested next steps**

Can we email those who attended in new year? Thank them for attending and make some comment about other opportunities for early engagement?

## Interagency low emissions team meeting: 25 October 2017

*MfE has set up a 100 day project team which will be putting up a Cab paper in November on three issues*

1. The Group discussed key points from Labour's agreements with the Greens and New Zealand First Parties. The Group went through the 1 pager and assigned agencies that will lead and support the work (attached)
2. MfE has set up a '100-day project team' which is led by s 9(2). The team will be providing a Cabinet paper in November on:
  - *Options for the Zero Carbon Act* –s 9(2)(f)(iv)- Active consideration
  - *Options for a Climate Change Commission*
  - *CEs leadership board* –This will be discusses at Dep Secs will look at this on their 30 Oct meeting. We will talk to SSC about how the sectors to systems work fits into this.
3. The project team are having daily stand-ups to communicate key messages.

**Action 1:** s and Janine will circulate key messages from the stand-ups to the rest of the Group

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5. s S 9(2)(g)(i)- Free and frank s to confirm whether she will be heading to Bonn. s also mentioned the Minister may head to Bonn (TBC) s 9(2)(g)(i)-
  6. Out of scope

### *Analytical framework for delivering policy advice*

7. s 9(2) talked through analytical framework for preparing policy advice. The group asked to include international rules and guidelines in the green box and bring out the opportunities piece in the assessment.

s

**Action 2** s to update analytical framework

### *SSC can help with the sector to systems work particularly for the set of a climate change CEs board and the climate change commission*

9. SSC has drafted a new machinery of government framework. It looks at setting up the right governance structure to get your outcomes:
  - ensuring the right level of responsibilities/accountabilities for agencies and governance members
  - Identifying who's likely to do what, expected to provide advice on, collaborative advice, primary advice, secondary advice and delivery piece
  - Understanding the mandate, scope and intent before setting up the form, functions and powers of governance groups.
10. SSC is happy to help in developing these governance groups and will also follow up with s 9(2) and s 9(2) (Architect Board) about examples of sectors to systems.

**Action 3:** Paul/s to send one-pager on coalition agreement to s

**Action 4:** SSC to provide Paul and s examples for the Architect Board