

18-D-00850

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 9 May 2018 requesting the following information under the Official Information Act 1982 (OIA):

"A copy of all briefings, reports and communications since 26 October 2017 between the Ministry for the Environment and the office of the Minister for Climate Change Issues on the Zero Carbon Bill"

The scope of your request was interpreted to be all briefings, reports and communications between the Ministry for the Environment and the office of the Minister for Climate Change between 26 October 2017 and 9 May 2018 that focused on the Zero Carbon Bill. Communication was interpreted to be written and substantive email communication, as our primary form of agency communication, but not telephone or meetings.

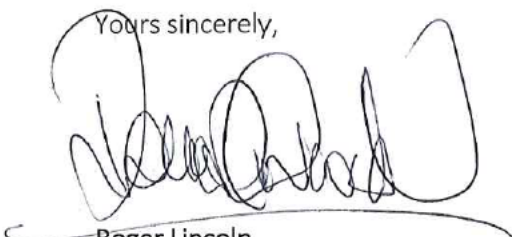
The 28 documents listed in the table at Appendix 1 are within the scope of your request. Of these, one is to be released in full and the remaining 27 released with some withholds under the OIA. The withholds are necessary under s 9(2)(a) (to protect the privacy of natural persons), s 9(2)(f)(iv) (to maintain the convention that protects the confidentiality of advice tendered by Ministers of the Crown and officials), and s 9(2)(g)(i) (to maintain the effective conduct of public affairs through the free and frank expression of opinions by officials). I consider that any public interest in the withheld information does not outweigh the reasons for withholding it.

Further, some information has not been released on the basis that it is already publicly available (s 18(d)). It is accessible at <http://ourclimateyoursay.nz>.

It is important to note that there are a number of matters pertaining to the Zero Carbon Bill that are still under active consideration. This is because public consultation on the Bill runs through to July 19.

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

Appendix 1: List of documents

#	Date	Content	Decisions	OIA sections applied
1	2 Nov 2017	17-B-03945 Planning meeting with Minister for Climate Change, Hon James Shaw, 2 November 2017	Release in part	s 9(2)(a) s 9(2)(f)(iv) s 9(2)(g)(i)
2	9 Nov 2017	17-B-03965 Draft Cabinet Paper, The 100-Day Plan for Climate Change	Release in part	s9(2)(f)(iv)
3	16 Nov 2017	17-B-04001 Meeting with Hon Shane Jones, Minister of Forestry	Release in part	s 9(2)(a)
4	15 Nov 2017	17-B-03992 Funding for the Government's 100 day climate change commitments to discuss with Minister of Finance	Release in part	s 9(2)(f)(iv) s 9(2)(a)
5	28 Nov 2017	17-B-04028 Appendix 2 Zero Carbon Act 100 day commitment diagram	Release in full	N/A
6	29 Nov 2017	17-B-04026 – Climate Directorate Baseline and Funding for 100 Day Plan	Release in part	s 9(2)(f)(iv)
7	1 Dec 2017	17-B-04066 Cover note for Zero Carbon Act Draft Cabinet Paper	Release in part	s 9(2)(f)(iv) s 9(2)(a)
8	1 Dec 2017	17-B-04022 Comms and Engagement on 100 Day Climate Project	Release in part	s 9(2)(a)
9	6 Dec 2017	Email: briefing_for_next_we..._0_1_20171206_13558340	Release in part	s 9(2)(g)(i)
10	8 Dec 2017	17-B-04080 – Work programme and budget bids	Release in part	s 9(2)(a)
11	20 Dec 2017	17-B-04132 Zero Carbon Bill indicative calendar for January and February 2018	Release in part	s 9(2)(a)
12	20 Dec 2017	2018 Climate Leg Bids	Release in part	S 9(2)(a)
13	15 Jan 2018	Email: CC_Adaptation_briefi..._0_1_20180115_102917668	Release in part	s 9(2)(f)(iv) s 9(2)(a)
14	26 Jan 2018	Document: 2018-13-04204 Zero Carbon Bill – possible cross-party questions	Release in part	s 9(2)(a)
15	26 Jan 2018	18-B-04193 Zero Carbon Bill – process until early April 2018	Release in part	s 9(2)(a)
16	9 Feb 2018	EXTRACTS of 18-B-04216 Zero Carbon Bill – Key Messages for Initial Ministerial Consultation	Release in part	s 9(2)(a)
17	27 Feb 2018	Email: Bullets_to_support_..._0_1_20180227_138805975	Release in part	s 9(2)(a)
18	9 Mar 2018	18-B-04247 – Zero Carbon Bill – Scope and engagement	Release in part	s 9(2)(a)
19	15 Mar 2018	Email: Fwd_Zero_Carbon_Bil..._0_1_20180315_121010202	Release in part	s 9(2)(a)

20	15 Mar 2018	Email: Draft_PR__Sign_up_to..._0_1_20180315_85116477	Release in part	s 9(2)(a)
21	29 Mar 2018	18-B-04442 Emissions budgets in the Zero Carbon Bill - Issues for Discussion Document	Release in part	s 9(2)(a) s 9(2)(f)(iv)
22	13 April 2018	18-B-04499 Briefing on Zero Carbon Bill consultation schedule	Release in part	s 9(2)(a)
23	13 April 2018	2018-B-04492 - Schedule for delivering Zero Carbon Bill advice	Release in part	s 9(2)(a) s 9(2)(g)(i)
24	16 April 2018	Document: 18-B-04500 Zero Carbon Bill - A new 2050 emissions target	Release in part	s 9(2)(a) s 9(2)(f)(iv)
25	17 April 2018	Email: Additonal_points_if..._0_1_20180417_131950305	Release in part	s 9(2)(a) s 9(2)(f)(iv)
26	19 April 2018	18-B-04506 - Zero Carbon Bill - Update on the 2050 Emissions Reduction Target	Release in part	s 9(2)(a)
27	20 April 2018	18-B-04538 Draft Zero Carbon Bill Cabinet Paper and Discussion Document	Release in part	s 9(2)(a) s 18(d)
28	4 May 2018	18-B-04505 Draft Zero Carbon Bill Cabinet paper and Consultation	Release in part	s 9(2)(a) s 18(d)

Climate Directorate

*Planning meeting with Minister for Climate Change, Hon
James Shaw, 2 November 2017*

*Zero Carbon Act, Climate Commission,
2050 target, climate change board of public sector CEOs*



Who's who in the Climate Change Directorate



Vicky Robertson
 Chief Executive and
 Secretary for the
 Environment
 Mobile 021409992

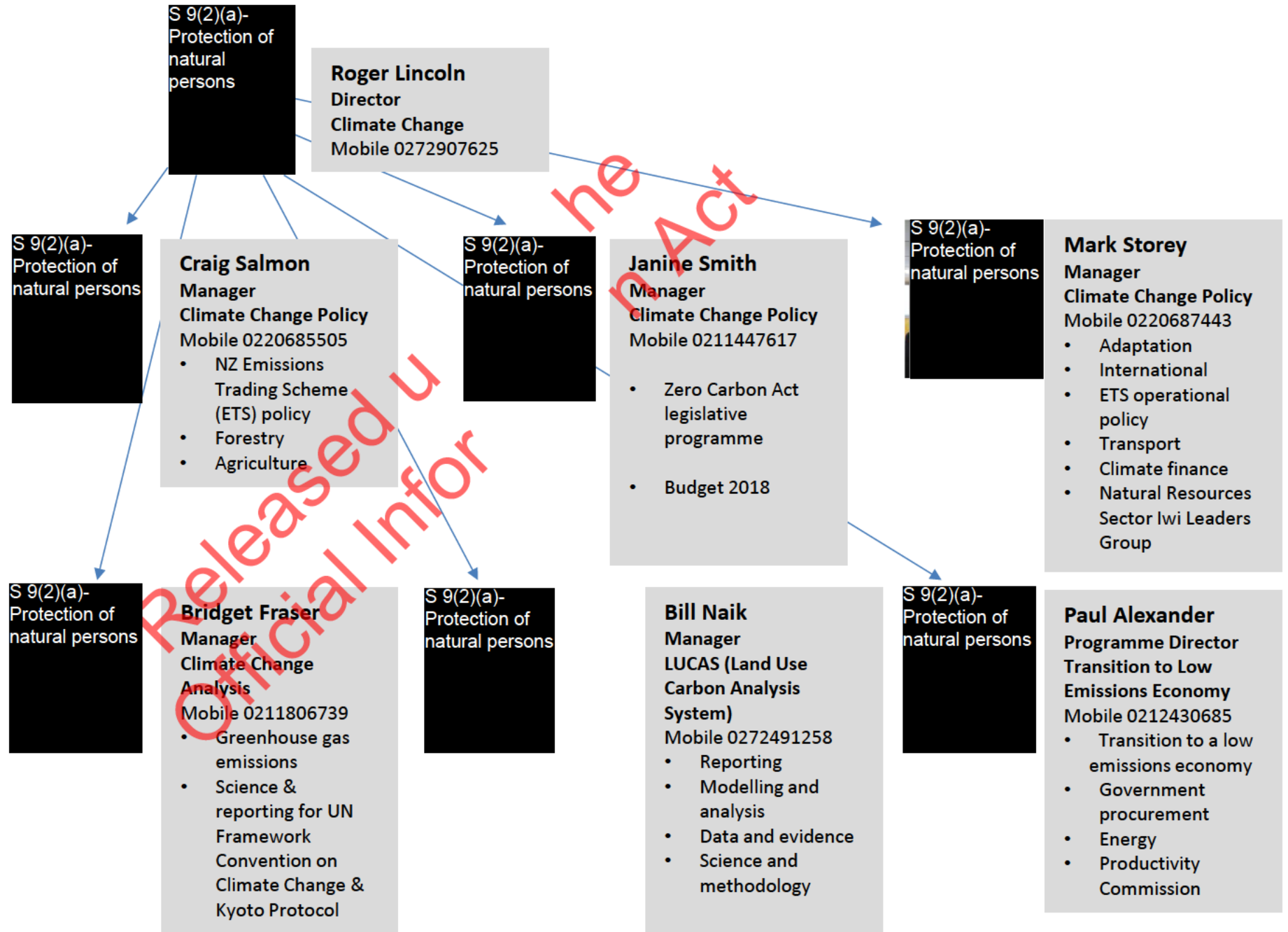


Penny Nelson
 Deputy Secretary
 Environmental
 Performance, Innovation &
 Climate
 Mobile 021460160

Kay Harrison
 Lead Negotiator
 International Carbon
 Markets team
 Ministry for the
 Environment staff, co-
 located at MFAT

CLIMATE DIRECTORATE

- Approximately 40 Full Time Equivalent staff
- Operating budget of approximately \$8.6 million





100 DAY PLAN

- Set the zero carbon emissions goal and begin setting up the independent Climate Commission

CONFIDENCE AND SUPPLY AGREEMENT INCLUDES THESE CLIMATE CHANGE COMMITMENTS

- Adapt and make progress to the goal of a Net Zero Emissions Economy by 2050
- Introduce a Zero Carbon Act and establish an independent Climate Commission
- All new legislation will have a climate impact assessment analysis
- A new cross-agency climate board of public sector CEOs will be established

PRINCIPLES

- Bringing people along on the journey: a transparent and participative approach to policy-making
- Helping people plan ahead by being clear about what the aspirations are now: investment predictability
- Enduring institutional arrangements for climate change and strong environmental governance
- Ensuring a just and efficient transition
- Having the right information to make good decisions: sound data and evidence

CLIMATE LEGISLATION'S OBJECTIVES

- Lead the global effort
- Provide certainty for businesses: drive innovation
- Bind future governments
- Achieve cross-party and business support

What are your objectives for climate change?





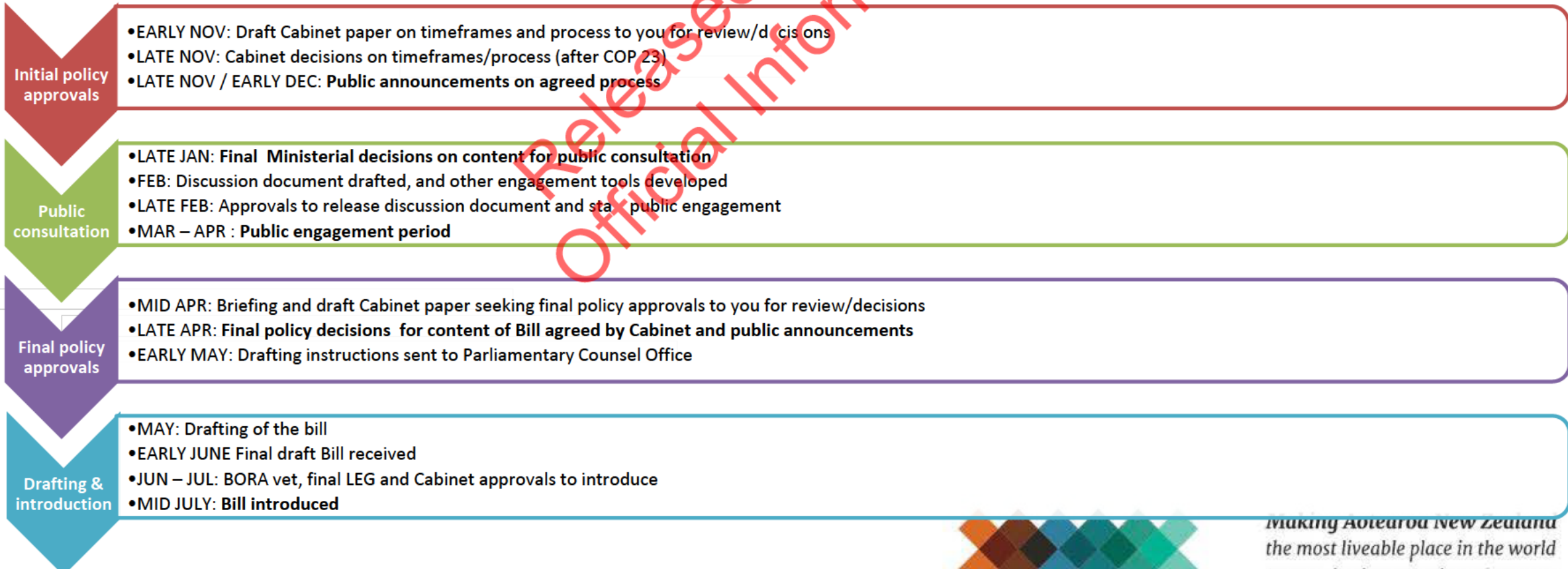
Timeframes for introducing legislation

FROM POLICY TO LAW: MILESTONES AND STANDARD TIMEFRAMES	
Ministerial consultation & initial Cabinet policy approvals	At least 1 month
Public consultation	4-6 weeks
Final policy developed & approved by Cabinet	1 month
Drafting the bill & Cabinet approval to introduce bill	At least 3 months
Introduction & 1 st reading	1 week
Select Committee	6 months
Second reading and Committee of the Whole House	At least 2 weeks
Third reading and royal assent	1 week

KEY MESSAGES

- **Key deliverable for 100 Day Plan:** Government has proposed that officials draft a Cabinet paper for November setting out timeframes and process for developing the target, and introduce legislation if needed
- **Our preferred option (Bill introduced mid-2018) is set out below.** This would enable the Government to make announcements in Dec 2018 on the timing for introducing a bill, and proceed at pace to get legislation in force. It also builds in extra time for Ministerial consultation.

PREFERRED OPTION: INDICATIVE TIMEFRAMES





Climate Change Commission

Objective for a Climate Change Commission:

- Establish an enduring institution that will undertake functions to contribute to New Zealand:
- transitioning on a just and efficient pathway to a net zero emissions economy
 - having the ability to adapt to the impacts of a changing climate (climate resilience)
 - meeting international obligations.

Strategic Choices

The climate change commission is a means of keeping future Governments on track to meeting the long-term emissions reduction commitments. There are choices to make about the powers the commission has to meet this aim, which needs to be in balance with the ability of future Governments set their own policy objectives. This could impact how enduring the institution is, as well as how much consensus there is around establishing the commission, and how challenging the emissions reduction target is to meet.

We would like to discuss with you:

- Preferred position on scale of options presented here, and functions given to the commission
- How to ensure any new institutional arrangements can be an enduring anchor for future climate change policy.

Core set of functions:

The core set of functions for the Commission to undertake as set out in the Government's policy documentation are:

1. Co-ordinate the development of a just transition plan to a low-emissions and climate resilient economy
2. Recommend what the emissions reduction targets should be over time, and identify the financial and other consequences of achieving them or not
3. Set up and run a carbon budgeting process for achieving the emissions reduction targets
4. Tracking and reviewing the emissions reduction targets
5. Tracking and reviewing the effectiveness of the just transition plan and its sectoral parts
6. Provide advice to Government on climate change matters as requested (which would include matters such as advice on agriculture into the ETS, anticipated future carbon price, plan a transition to 100% renewable electricity by 2035)

The Government's policy commitments on the commission relate to emissions reduction. There could be a role for the commission in supporting the response to climate adaptation, as is the case for the UK Committee on Climate Change. We can work through the implications of this with you.

	Fewer powers, less consensus required		More power, increased consensus required
	Advice-based	Transparency-based	Independent authority
Description	Has the ability to provide independent expert advice and recommendations to influence executive behaviour.	Has the ability to provide independent expert advice and recommendations with the expectation that recommendations are adopted unless justification for an alternative is provided Has the ability to transparently hold Government to account for performance against the adopted recommendations	Has the authority to take independent decisions to ensure Government policy is achieved.
Example	Parliamentary Commissioner for the Environment	UK Committee on Climate Change	Reserve Bank
Functions of commission	Functions 1, 2 and 6.	All functions 1 through 6 listed above This differs slightly from the UK approach where: <ul style="list-style-type: none"> • The carbon budgeting process is run by the executive; and • Plans to meet budgets are led by the executive. 	All functions 1 through 6, and the power to direct Government to act such as: <ul style="list-style-type: none"> • Directing carbon budgets • Directing plan to achieve targets and budgets • Control policy levers to meet budgets.
Functions of executive	<ul style="list-style-type: none"> • Sets targets • Sets carbon budgets • Produces plan to meet targets and budgets • Sets policies to achieve targets and budgets 	<ul style="list-style-type: none"> • Set targets • Adopts budgets as recommended by commission, or justify why a different budget is appropriate. • Required to have a plan to meet carbon budgets, and plan is critiqued by commission • Sets policies to achieve targets and budgets 	<ul style="list-style-type: none"> • Sets targets • Adopts budgets as directed by commission • Adopts plan to meet carbon budgets
Functions of public sector agencies	<ul style="list-style-type: none"> • Provides policy advice on targets, budgets, and policies to achieve them. 	<ul style="list-style-type: none"> • Provides policy advice on targets, budgets, and policies to achieve them. 	<ul style="list-style-type: none"> • Provides advice on long-term targets • Provide advice on policies not covered by the commission to give effect to directions from the commission.
Implications	<ul style="list-style-type: none"> • Advice can be ignored by Government, little additional accountability. 	<ul style="list-style-type: none"> • Requires Government to be transparent about the pathway toward the long term goal, and be accountable for progress towards it. 	<ul style="list-style-type: none"> • Government sets the policy parameters (eg, level of target, gases covered, timeframe). • The commission would have the mandate to achieve that goal independent of the Government. They would need to be given the functions, powers and resources to do this. • The distributional impacts of policy decisions in climate change mean that Governments are very likely to want to have influence in these areas. Eg, unit supply in the NZ ETS, resource management policy.
Assessment	Not binding enough	This is the recommended range, but further work is needed to consider how to ensure the commission is enduring and practical.	

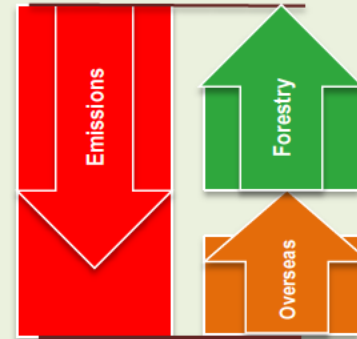
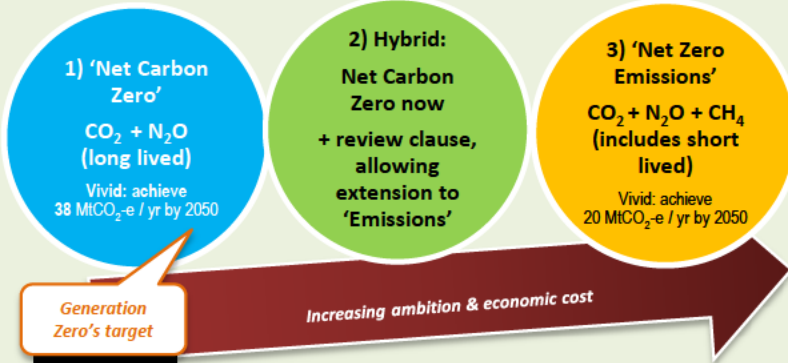




2050 target

Options for the 2050 target

Via compliance channels:



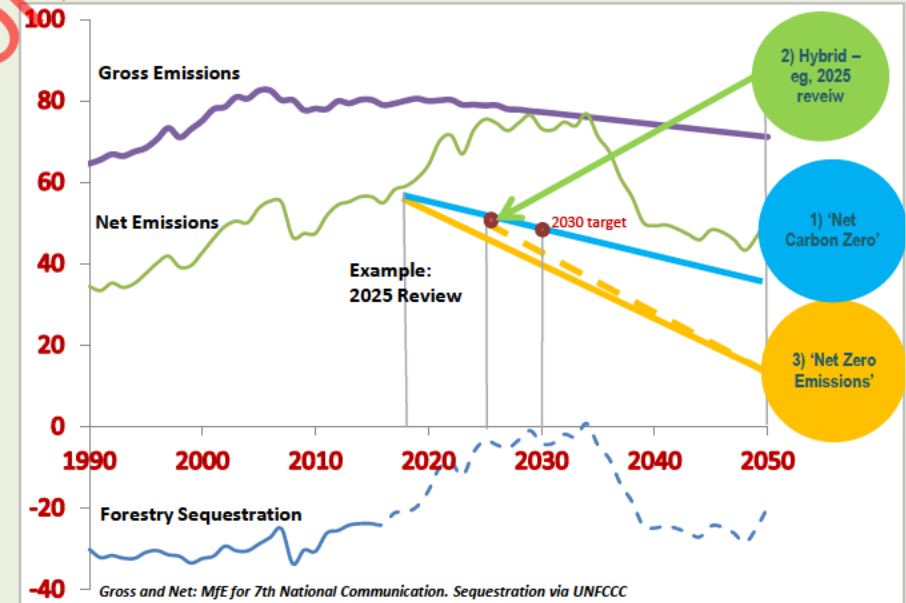
Vivid's Net Zero 2050 scenario includes significant innovation and investment

Sector /System	To meet Vivid's Net Zero Emissions 2050	Feasibility & indicative calculations
Energy	• Transition to 100% renewables: new investments	Technically feasible with new investment and over-build (to achieve security of supply)
Industrial Processes	• Electrification of low grade heat (75%) by 2050 • Industry closures: petroleum (refineries) aluminium, iron and steel	
Transport	• Electrification of transport : 85% Electric Vehicles (EVs) • Modal shift to 25% of domestic freight onto rail	Feasible with price parity (mid-2020s), no supply constraints of EVs, widespread charging infrastructure available Electrification of rail freight network
Agriculture	• Low-cost methane inhibitor vaccine effective from 2020 • New breeding techniques, new feeds • Lower livestock numbers, as land use changes	More challenging: availability of low cost vaccine by 2020 is doubtful.
Land use change/forestry	• Substantial afforestation	Net Zero Emissions needs 1.1 – 2.35 million hectares, approx. 2 billion trees

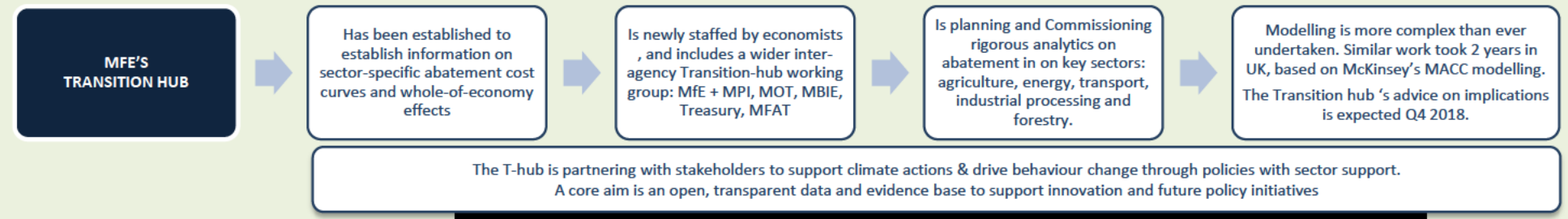
Advice

- How the target is defined is critical - cross-party and industry support will rely on perceived feasibility and impacts
- There is a significant difference in (current) feasibility between Net Carbon Zero and Net Zero Emissions
- Science says focus first on carbon as effects last longer, then focus on short-lived gases
- Achieving the 2030 target will be challenging. The Vivid Net Zero 2050 relies on significant innovation. Transformation will mean significant policy interventions and investments.
- The Royal Society; Globe-Vivid; the Productivity Commission and PCE work did not estimate costs of transition
- Information on economic, fiscal and social impacts is likely **S 9(2)(g)(i)-Free and frank opinion**. We won't be able to provide detailed advice transition pathways.
- We will be able to provide estimates of overall impact. The current Paris 2030 target is ambitious and requires 220 MtCO₂-e. Achieving the Paris target would take us almost to Net Carbon Zero in 2030. Impact estimates for the Paris target were \$3.8 billion/year (around 1% of GDP). Over the ten years this would be \$14-36 billion if met 80% via international units, or \$72 billion if met domestically). The Stern Review estimated 1-5% of GDP.
- We will extend the Paris target analysis to 2050. And first outputs of Vivid's work supporting the Productivity Commission will be available in December 2017.
- Detailed sector specific analytics on marginal abatement cost curves (MACCs), and whole of economy effects, is underway within MfE's Transition Hub including work across agencies.
- **S 9(2)(f)(iv)- Confidentiality of Advice**:
 - **S 9(2)(f)(iv)- Confidentiality of Advice**

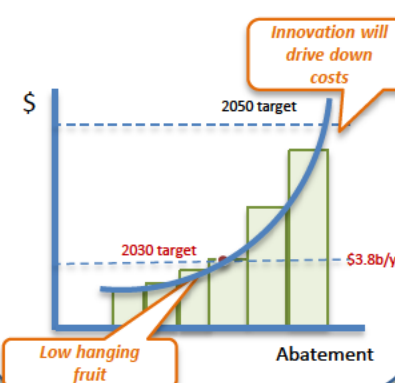
The transition pathways over time



We're working to understand abatement costs, distributional and whole of economy effects and optimal policy levers



Abatement costs unknown





Next steps and decision points

- Would you like a meeting to be set up between you, the Minister of Finance (Hon Grant Robertson) and the Minister for the Environment (Hon David Parker) to discuss these matters?
- Would you like to discuss these matters with economic departmental Deputy Chief Executives/Deputy Secretaries (MBIE, Treasury, MPI, DPMC)?
- Are you happy with the timeframes for delivery of our next advice (including a draft Cabinet paper setting out the proposed process for public engagement and passage of the Zero Carbon Bill)?
- Would you like an extra weekly officials' meeting on Zero Carbon Bill so we can seek week-by-week direction?



To Hon James Shaw, Minister for Climate Change			Date: 9 November 2017 Tracking #: 17-B-03965
<u>Security Level</u>	In confidence	Number of Attachments	Two
Date Submitted:	9 November 2017	Response needed by:	21 November 2017
MfE Priority:	Urgent	Action Sought:	Decision

Draft Cabinet paper: The 100-Day Plan for Climate Change

Purpose

1. The purpose of this briefing is to:
 - 1.1. obtain your agreement on the proposed process for introducing the Zero Carbon Bill, and begin setting up institutional arrangements (i.e. a Ministerial Advisory Committee and public sector Chief Executive Board) to drive climate change action
 - 1.2. highlights options, issues and risks we have identified around the Ministerial Advisory Committee
 - 1.3. seek your comments on a **draft Cabinet Business Committee paper** (attached in *Appendix 1*), to be discussed at Cabinet Business Committee on Wednesday 29 November 2017.
2. This briefing also attaches our **preliminary policy advice** (*Appendix 2*) on the scope and definition of a new 2050 emissions reduction target, and the roles and functions of an independent Climate Change Commission.
 - 2.1. The advice is a starting point because you do not need to make decisions on these policy proposals ahead of the Cabinet Business Committee on 29 November.
 - 2.2. We will provide you further advice (developed alongside other agencies) through a series of briefing notes on key issues over the coming months. This will enable you to seek Cabinet approval on preferred options for public consultation in early 2018.

Key messages

3. The Government has committed to setting a zero carbon emissions¹ goal and begin setting up the independent Climate Change Commission (the Commission) within the first 100 days. Cabinet agreed for you to lead this work [CAB-17-MIN-0486 refers].
4. On 2 November 2017, you met with officials to discuss potential options. You indicated that you would like to take a paper to the Cabinet Business Committee in November 2017 setting out your preferred process.
5. We consider there are six phases to this work:
 - 1) SIGNAL: Announce the intent and timing for a Zero Carbon Bill, and begin setting up the institutional arrangements to drive climate change action [*Cabinet decisions: agree process for Zero Carbon Bill in 2018, and establish a Ministerial Advisory Committee and Chief Executive Board*]
 - 2) DEVELOP: Identify policy objectives, develop options and discuss with colleagues
 - 3) ENGAGE: Engage with the public, stakeholders and iwi [*Cabinet decision: release consultation document on proposed content of Bill with preferred options*]

¹ Not defined in Government's 100-Day Plan.

- 4) FINALISE: Finalise policy decisions following public consultation [*Cabinet decisions: agree policy to be drafted in a Bill*]
 - 5) INTRODUCE: Draft and introduce a Bill [*Cabinet decision: agree to introduce a Bill*]
 - 6) IMPLEMENT: Pass the Bill and implement the Act (including formally establishing the Commission) once it is in force [*note we will advise you on procedural and implementation steps for this phase in mid-2018*].
6. As discussed at a further meeting on 7 November 2017, we recommend that you take the time to build in a stronger evidence base on the impacts and opportunities of a proposed target before going out for public consultation (i.e. in May 2018, rather than March 2018).
 7. More detail on the timing and decisions required for each phase is provided below.

Immediate actions

8. Suggested immediate actions for you for the week ahead include:
 - 8.1. Reviewing the draft Cabinet paper (which has been through cross-agency consultation) - note that providing feedback to officials while you travelling would help speed up the process
 - 8.2. Consulting with your colleagues on the draft recommendations between now and 20 November 2017 (in particular, the Minister of Finance)
 - Under the Public Finance Act 1989 you are required to consult with the Minister of Finance on the financial implications of any papers you submit to Cabinet.
 - Key areas of interest for the Minister of Finance is the size of the bid and why it is required. This information is set out in the Financial Implications section of the Cabinet paper, at paragraphs 66-70. Note the figures in the Cabinet paper are based on the interim Committee considering your three priority areas.
 - We therefore recommend that you call the Minister of Finance while you are away in Bonn, and follow up with a meeting on 20 November 2017 when you are back in New Zealand. We will provide you with a briefing to support you in this discussion.
 - In the interim, we will continue to work with the Treasury on this issue.
 - 8.3. Providing final feedback to officials on the draft Cabinet paper before 21 November 2017, so it can be lodged with Cabinet Office by 10am on Thursday 23 November 2017, for consideration by Cabinet Business Committee on 29 November 2017.

Ministerial Advisory Committee: Options, Issues and Risks

9. In our discussion with you, you indicated that you wanted to see progress on specific issues – inclusion of agriculture in the NZ ETS, transition to 100% renewable electricity, and transport – in advance of the full establishment of a Climate Commission in 2019. To that end, you were interested in the option of establishing an interim advisory body to provide advice on these issues. This body could be the precursor to the Climate Change Commission.
10. In setting up any interim body, it will be important to bear in mind your ultimate goal for the Commission, which is to establish a set of enduring institutional governance arrangements able to prepare New Zealand for a thirty plus years of reducing emissions and tackling climate change, and to bring all parties and communities along the journey.
11. Accordingly, we consider that cross-party support will be essential on the terms of reference and membership of any such interim body. Proceeding without such support has the potential to undermine any longer term institutional arrangements.

12. There are also trade-offs in terms of what, and how much, you ask such an interim entity to undertake. The more substantial its work programme, the greater the risks to the timeliness of the advice. It is important to the credibility of the process that the work programme is manageable, and demonstrate how the Commission would work in practice on a particular issue.
13. As a result, you may want to focus in the first instance on agriculture and take forward the work on transport and energy through other processes (e.g. the CE Board).
14. Further, we recommend the scope of the assessment of agriculture should be broadened to include the contribution the sector can make to emissions reductions in New Zealand. The treatment of agriculture is complex, and limiting the assessment to the inclusion of the sector in the Emissions Trading Scheme could result in missed opportunities. Broadening the scope could also help in securing cross-party support.
15. There are two broad options for how you could proceed with this work which will meet your goals of receiving advice and delivering outcomes in your priority areas while preparing the ground for an enduring institutional framework:
 - Option 1:**
 - 15.1. Task an interim Committee with producing recommendations on whether agriculture should enter the Emissions Trading Scheme and the contribution the sector can make to emissions reductions in New Zealand;
 - 15.2. Seek cross-party agreement to the membership, terms of reference for the interim Committee
 - 15.3. Task the Climate Change Chief Executives board with providing you and your colleagues with advice on transport and the renewable energy target.
 - Option 2:**
 - 15.4. Task an interim Committee with producing recommendations your three priority areas of agriculture, energy and transport.
 - 15.5. Seek cross-party agreement to the membership and terms of reference for the interim Committee
16. With regard to transport, we are aware that there are opportunities to make progress on reducing emissions in this sector, and that officials from the Ministry of Transport have prepared a briefing for their Minister that could support decisions that could be made earlier and not need to be progressed through a body acting as a pre-cursor to a Climate Commission.
17. There are also financial implications of the option you take. We estimate Option 1 (i.e. agriculture only) to cost \$1 million in financial year 17/18, while Option 2 (i.e. all three issues) to cost \$1.4 million in financial year 17/18.
18. The Ministry for Business Innovation and Employment (MBIE) can provide further advice on whether progress can be made on energy (such as energy efficiency and process heat improvements), and further discuss with you the timing and urgency of advice on renewable electricity.
19. The Ministry for Primary Industries (MPI) has indicated that they may advise against setting up a Ministerial Advisory Committee in the interim ahead of establishing a Climate Commission, and signal a preference for advice being sought from officials through the normal process within the next 9/12 months).

Advisory Committee, a Ministerial Inquiry, or other options such as a role for the Productivity Commission or the Parliamentary Commissioner for the Environment.
20. There are options included in the background briefing note that include a Ministerial

21. We would like to discuss these options further with you before lodgement of the paper, and have put a placeholder in this section of the attached Cabinet Paper.

Further information on next steps

Phase 1: SIGNAL

22. The purpose of Phase 1 is to announce the intent and timing for a Zero Carbon Bill, and begin setting up the institutional arrangements to drive climate change action. It consists of three key milestones:

- 1) Ministerial consultation on the Cabinet paper – particularly the Minister of Finance on the financial implications of setting up the Ministerial Advisory Committee (now until 20 Nov 2017)
- 2) Consideration by Cabinet Business Committee (29 Nov 2017) and Cabinet agreement (4 Dec 2017)
- 3) Public announcements on proposed process (5 Dec 2017)



23. The draft Cabinet paper is attached. In addition to confirming the process steps for Bill introduction, it also seeks Cabinet agreement (outside of a Bill process) to:

- 23.1. establish a new public sector Climate Change Chief Executive Board (the CE Board) by February 2018 to coordinate sector efforts to reduce emissions and drive economic change
- 23.2. establish a Ministerial Advisory Committee to provide advice on priority areas in 2018
- 23.3. invite you to report back within six months on introducing a climate impact assessment requirement for all new legislation (following further work by officials on options).

Phase 2: DEVELOP

24. The purpose of Phase 2 is to identify key policy objectives, develop preferred options, and engage with Ministerial colleagues on these. It consists of three components:

- 1) Options analysis and advice by officials through a series of briefing notes on key issues (now until Mar 2018)
- 2) Ministerial consultation on non-Bill matters, such as the details of the CE Board and Ministerial Advisory Committee (Jan-Feb 2018)
- 3) Ministerial consultation on the content of the proposed Bill and options to be included in a public discussion document (Mar-Apr 2018).

25. We suggest convening an informal Ministerial group to receive and test key pieces of advice, prior to seeking final policy approvals through the Environment and Climate Cabinet Committee.

- 25.1. You may wish to discuss with your colleagues their preference on how this group would operate, but we would suggest the membership would need to be across both the environmental and economic portfolios.
- 25.2. Membership could include Ministers who hold the following portfolios: environment, forestry, agriculture, transport, economic development, energy and resources, finance, and innovation.

Phase 3: ENGAGE

26. The purpose of Phase 3 is to engage with the public, stakeholders and iwi on the potential scope and content of the Bill. It consists of three key milestones:
 - 1) Drafting of a public discussion document and development of other engagement media (Apr 2018)
 - 2) Cabinet approval to release discussion document (April/May 2018)
 - 3) Public engagement on definition of the new target, and the form, function and powers of the Commission, and any other matters to be included in the Bill (May-Jun 2018).
27. As noted above, we recommend consulting in May 2018 rather than March 2018. This will mean:
 - 27.1. We will have more detailed information on the impacts of the proposed target across society (including, e.g. the impacts on electricity bills for individual households) which can be incorporated into the discussion document.
 - 27.2. Consultation would happen after the Productivity Commission's draft report² on transitioning to a low emissions economy is released. This means the Productivity Commission's consultants' modelling can feed into our analysis, ahead of wider public engagement on the Bill.
28. If you wish to fast-track the Bill process, you could publicly consult in March 2018. This means that a Bill could be introduced in July 2018, and be in force by February 2019 (approximately four months earlier than the recommended timeframes).
 - 28.1. However, this also means we would have limited information on transition pathways and sector-specific or distributional impacts to share with the public (i.e. we might be able to provide an indication of the target's effect on GDP, but not what it could mean for individual households).
 - 28.2. Analysis will likely be based on work provided to the Productivity Commission and extensions to inexact 2015 modelling of the 2030 target.

Phases 4 & 5: FINALISE & INTRODUCE

29. The purpose of these phases is to finalise policy decisions, and draft and introduce a Bill. It consists of the following key milestones:
 - 1) Submission analysis and refinement of policy advice by officials (Jul 2018)
 - 2) Ministerial consultation and final policy approvals by Cabinet (Aug 2018)
 - 3) Bill drafting by Parliamentary Counsel Office (Aug-Sep 2018)
 - 4) Bill of Rights vet and Cabinet approval to introduce the Bill (Oct 2018)
 - 5) Introduction and First Reading (Oct 2018)
 - 6) Consideration at Select Committee (Nov 2018-May 2019)

² Draft report released in March 2018, public consultation on report in March-April 2018, final report to be provided to the Government in July 2018.

- 7) Second Reading (June 2019)
 - 8) Committee of the Whole House (June 2019)
 - 9) Third reading & Royal Assent (July 2019)
30. We will provide you more detailed information on the procedural steps (and work with your Office on communications materials for Bill introduction) in mid-2018.

Phase 6: IMPLEMENT

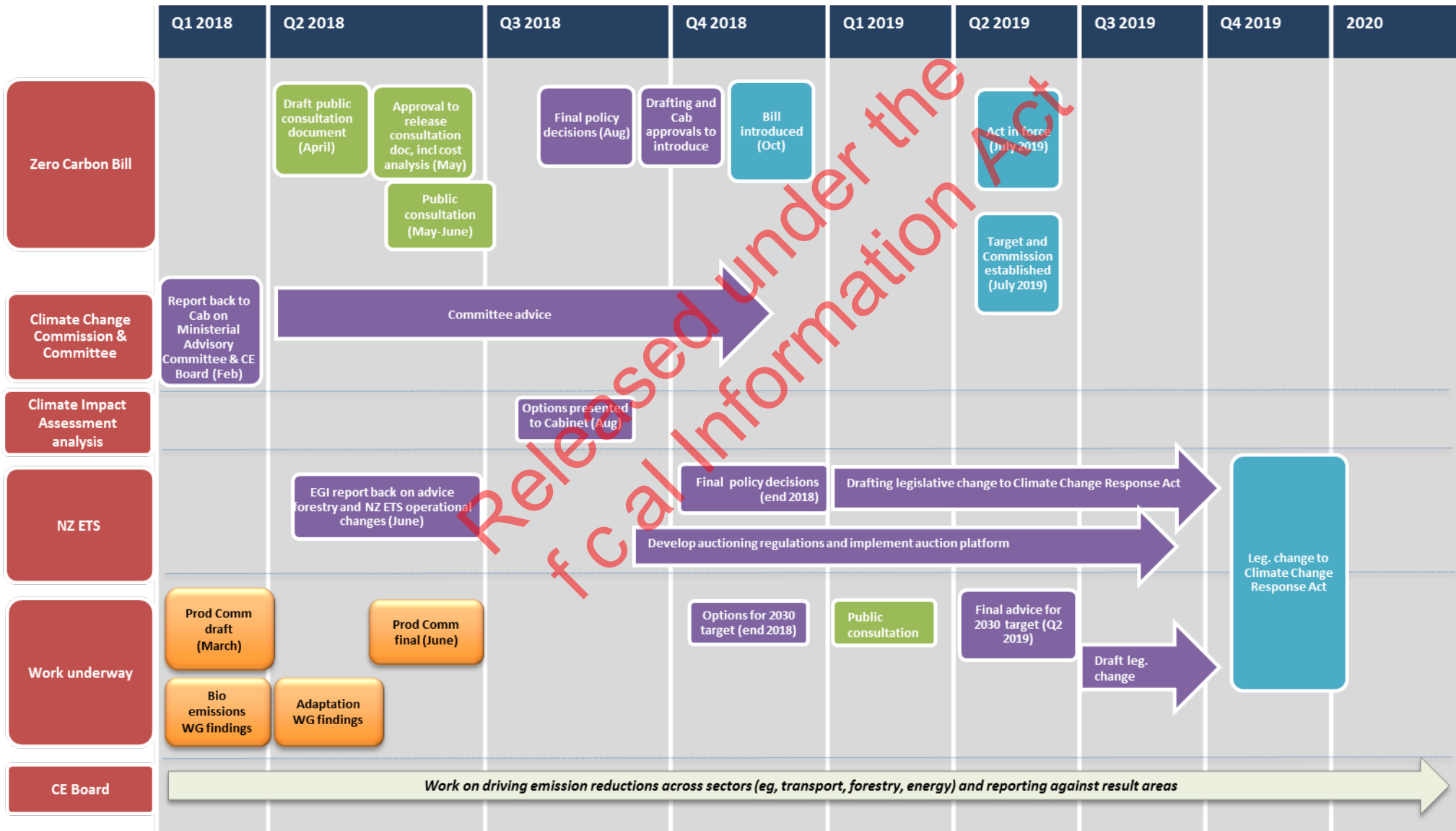
31. The purpose of these phases is to implement the Act once it is in force. This would involve seeking appropriations, formally appointing the members of the Committee and mandating it to begin its work. We will provide you with further advice on this (along with an implementation plan) in 2018.

The outlook ahead

32. A diagram of how all the pieces fit together (i.e. the Bill process, the set-up of the two new institutional bodies, and some important pieces of the climate change work programme) is provided over the page.

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Diagram A: The outlook ahead



Recommendations

We recommend that you:

- a. **agree** to the process outlined above, which enables you to announce your intent for a Zero Carbon Bill (and the process and timing for this) on 5 Dec 2017, publicly consult on preferred options in May 2018, and introduce a Bill in October 2018

Yes/No

- b. **note** that, in addition to confirming the process steps for Bill introduction, the draft Cabinet paper (attached in *Appendix 1*), also seeks Cabinet agreement to:

- in principle to establish a new public sector Climate Change Chief Executive Board (the CE Board) by February 2018
- establish a Ministerial Advisory Committee to provide advice on the priority areas of agriculture, transport and energy in 2018 (noting that this will happen outside of the Bill process and will have its own Cabinet paper in February 2018)
- further work by officials on options for introducing a climate impact assessment requirement for all new primary legislation, and that you report back to Cabinet within six months on this

- c. **consult** with your colleagues (including Ministers who hold the following portfolios: environment, justice, Crown/Māori Relations, Māori development, forestry, agriculture, transport, economic development, energy and resources, finance, and innovation) on the draft Cabinet paper

Yes/No

- d. **provide feedback** to officials on the draft Cabinet paper before 21 November, so it can be lodged with Cabinet Office by 10am on Thursday 23 November 2017, for consideration by Cabinet Business Committee on 29 November 2017

Yes/No

- e. **note** we will work with your Office on drafting public announcements and communications materials following Cabinet agreement on 4 December 2017.

Signature

Roger Lincoln
Director, Climate Change

Hon James Shaw
Minister for Climate Change

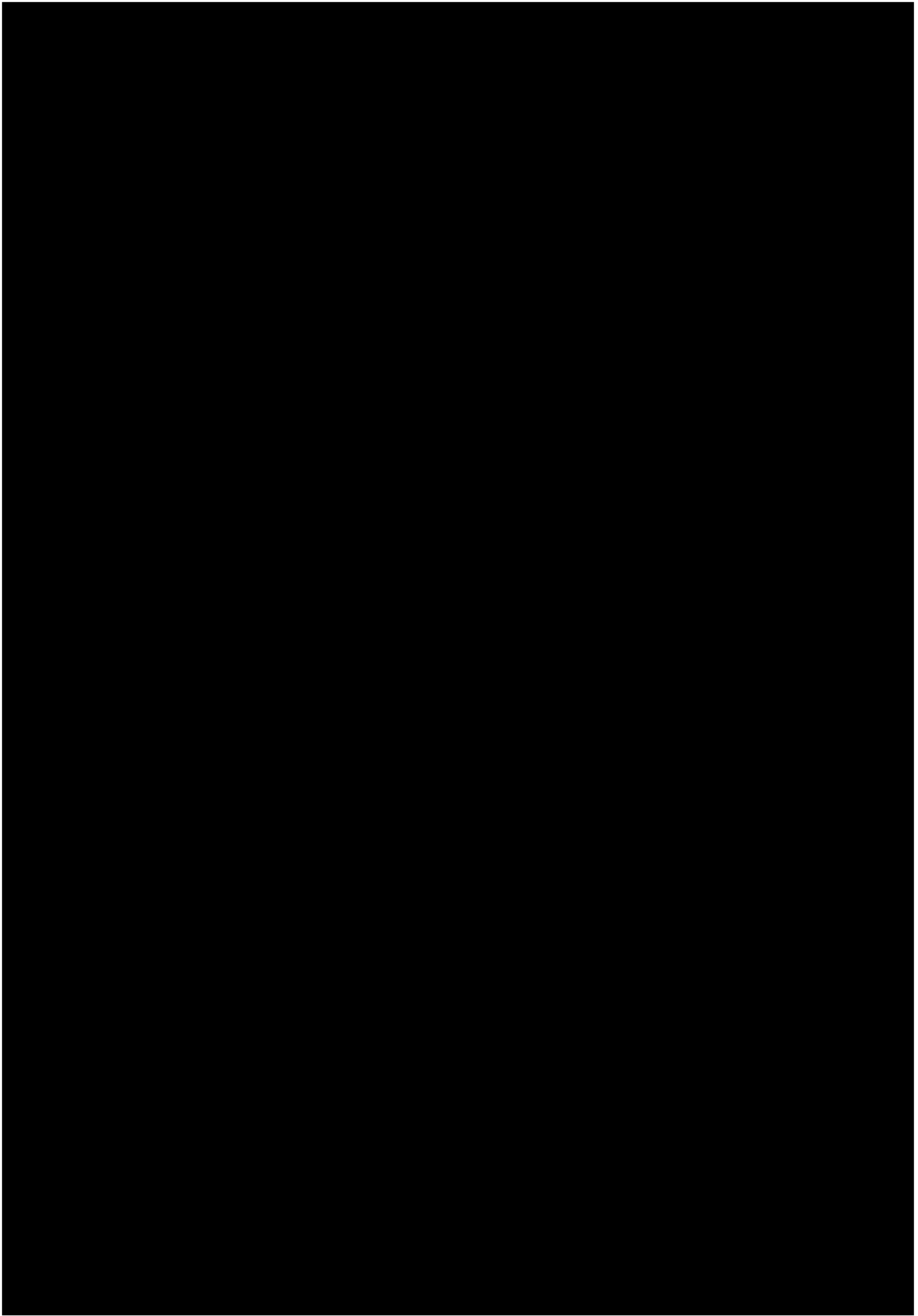
Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
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Director, Climate Change	Roger Lincoln	027 290 7625	✓
Deputy Secretary, Environmental Performance, Innovation and Climate	Penny Nelson	021 460160	

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APPENDIX 1: DRAFT CABINET BUSINESS COMMITTEE PAPER



APPENDIX 2: PRELIMINARY ADVICE ON POLICY OPTIONS

Purpose

This paper provides you with the additional information on the policy proposals in the attached Cabinet paper on the Zero Carbon Bill. The analysis presented here acts as the starting point for further policy advice to be developed over the coming months.

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A 2050 target

Objectives

1. The critical objectives to consider when designing the 2050 target are :
 - 1.0. bringing people along on the journey: a transparent and participative approach to policy-making. This includes, if feasible, cross party consensus.
 - 1.1. helping people and businesses plan ahead by being clear about what the aspirations are now: investment predictability.
 - 1.2. ensuring a just and efficient transition.

Recommendations

2. Recommendations are that Cabinet agree in November 2017:
 - 2.0. that the Zero Carbon Act will define a 2050 target.
 - 2.1. the process that will be followed to set the 2050 target.
3. Restricting Cabinet's agreement in November 2017 to these two matters allows for consultation during 2018 on the definition of the target that is accompanied by information on the target's required economic transformation. Sharing information on future impacts on the economy as a whole, on sectors, international competitiveness, households and distributional impacts across society will ensure people, businesses and Ministerial colleagues understand the implications and are brought on the journey. Cross party consensus on the target will also be more likely with a consultative process.
4. Analysis of the impacts of the target is complex, and so we include information below on the analysis that is underway to estimate impacts of the 2050 target, and the timeframe for delivery of this modelling.

Options for where the 2050 target is defined

5. The proposal: a 2050 target is defined in the Zero Carbon Act.
6. Alternative methods to set a target include as set out in the options below:

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1. [REDACTED]
 2. [REDACTED]
 3. [REDACTED]
 4. [REDACTED]
 5. [REDACTED]
 6. [REDACTED]
7. Highlighted in a case study later in the paper, the UK Climate Change Act requires that emissions targets are set in legislation. The UK Act requires the Government to develop proposals and policies that will enable emissions to be kept within carbon budgets, and the Committee on Climate Change provides advice on carbon budgets:
 - 7.0. on the level that a budget must be set at.

- 7.1. the extent to which the budget should be met by purchasing international carbon credits
 - 7.2. and the extent to which the budget should be met by sectors of the economy within carbon trading schemes.
8. As per the Cabinet paper, a 2050 target set in the Zero Carbon Act is recommended.

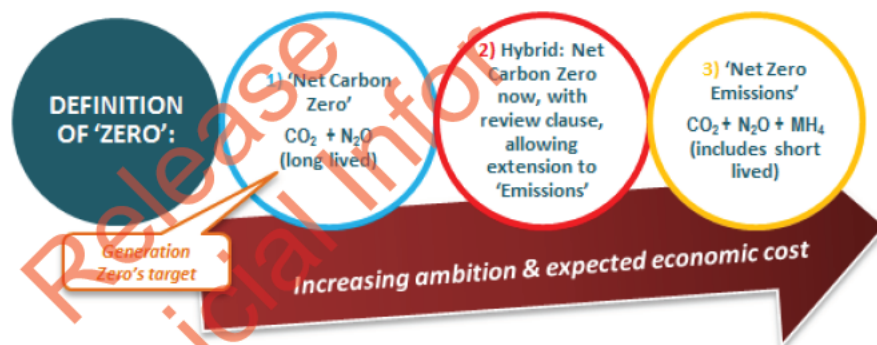
Options for the process that will be followed to set the 2050 target

- 9. The proposal: Cabinet agree the process as set out in this draft Cabinet paper, with key dates being the consultation stage and final decisions by Cabinet on the definition of the target.
- 10. Alternatives to the process above are following a shorter or longer timeframe.
- 11. Clearly, the decision on how the 2050 target will be set will determine the process followed for recommending and Cabinet agreeing the 2050 target.
- 12. As the Cabinet paper recommends including a 2050 target in the Zero Carbon Act, it is recommended that the proposed process - of public consultation then and a decision by Cabinet on the 2050 target – is followed, along the proposed timeline.

Decision to be made after November - Definition of the 2050 target

13. s9(2)(f)(iv) - Confidentiality of advice
 [Redacted]

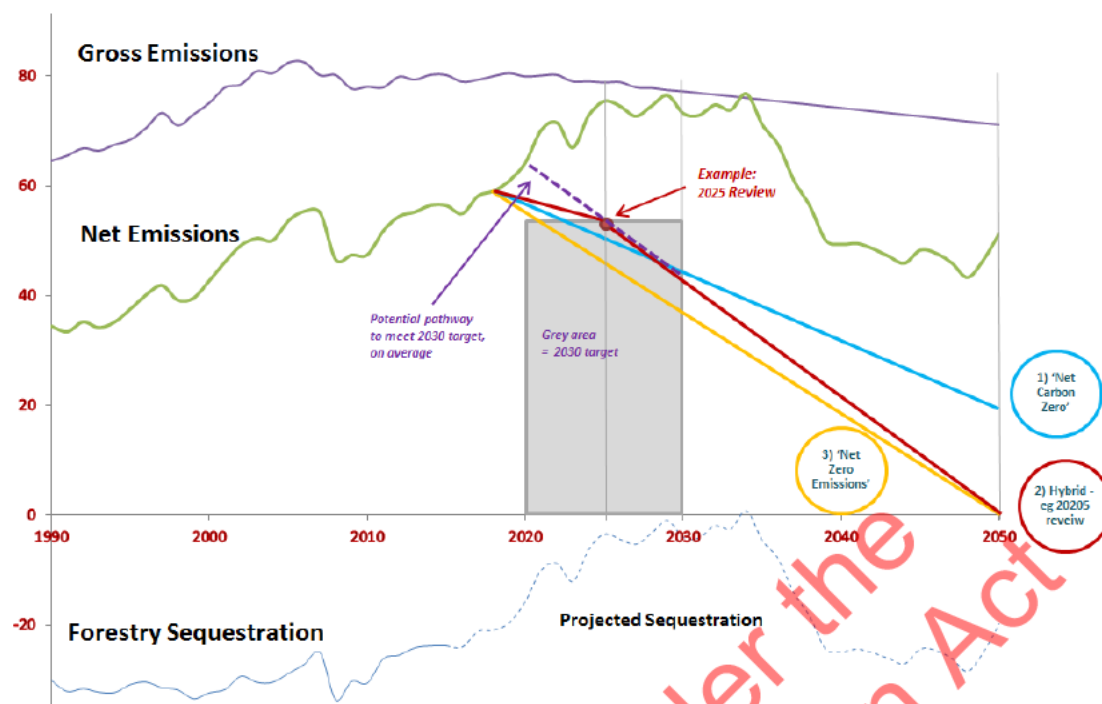
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Figure 2: Achieving Net Carbon zero or Net Zero Emissions mean different transition pathways



Source: MfE, Gross and Net: MfE for 7th National Communication. Sequestration using UNFCCC reporting rules.

16. Costing the transition pathways to the 2030 target was recently commissioned by the previous government and is underway. The plan of this analysis is being altered to now focus on the proposed 2050 targets as well as the near term 2030 target. We cannot advise, in time for November 2017 Cabinet decisions, on the economic and social impacts of a 2050 target. However understanding the impacts of the 2050 target will be necessary to ensure an efficient and just transition.

17. To illustrate the complexity of the necessary impact analysis:

17.0. The UK Commission assessment of a target's impacts across the economy took two years and was based on complex modelling of cross-sector abatement curves by McKinsey.

17.1. The Royal Society; Globe-Vivid; the Productivity Commission and PCE all:

- focus on potential transition pathways without providing analysis of the economic and distributional impacts
- highlight the need for better information on the impacts of abatement methods, the cost of abatement and the policy levers that will achieve those abatements.

Work is underway to assess the impact of the potential 2050 targets

18. A Transition Hub has just been established within MfE and is working across government agencies to provide costed options for lowering emissions and transitioning the economy.

19. The Transition Hub is:

19.0. staffed by economists and includes a wider inter-agency working group: MfE + MPI, MOT, MBIE, Treasury, MFAT.

19.1. working to generate sector-specific marginal abatement cost curves and assessment of benefits, and whole-of-economy effects by:

- 19.2. planning and commissioning rigorous analytics on abatement in key sectors: agriculture, energy, transport, industrial processing and forestry.
- 19.3. commissioning modelling that is more complex than ever undertaken. Similar work took 2 years in UK, based on McKinsey's MACC modelling.
- 20. Given the increased level of the new government's ambition, the Transition Hub's work stream has been substantially revised.
- 21. The required transition to achieve either 2050 target will be challenging, and will require a fundamental economic shift. To achieve abatement across key sectors, bolder action on climate change will require further investment, policy intervention and substantial economic transformation.
 - 21.0. As highlighted in a 2017 Vivid Economics report⁷, commissioned by GLOBE-NZ, necessary transformations could include moving towards 100% renewable electricity with fossil generation only called upon in years of hydro shortages, the electrification of low grade industrial heat sources, and potentially some industry closures. Transport would likely need to shift to mostly electric vehicles with more domestic freight carried by rail.
 - 21.1. New methane inhibitors and breeding techniques would also need to be developed to help reduce agricultural emissions, and we can anticipate land use changes accompanied by substantial afforestation.
- 22. However, the benefits of such transformation will also be substantial, and will enable New Zealand to become a world leader in emissions reduction innovation.
 - 22.0. As countries take steps to reduce their own emissions, global demand is increasing for clean technology, low-emission food, fibre, and other materials.
 - 22.1. Starting the transition today to create a low emissions economy could give New Zealand businesses and producers a competitive advantage to meet the new demand in global markets.
 - 22.2. Diversifying our economy, including having a wider range of high-value land use options, will make New Zealand more able to adapt and manage our risk. It will also put us in a stronger position to show leadership internationally, and materially assist our neighbours.
- 23. s9(2)(f)(iv) - Confidentiality of advice

Analysis undertaken in 2015 on the impacts of the 2030 target

- 25. New Zealand has an existing target for 2030 under the Paris Agreement, as set by the previous government. This commits to a reduction in emissions to 30 per cent below 2005

⁷ Vivid Economics (March 2017). 'Net zero in New Zealand: Scenarios to achieve domestic emissions neutrality in the second half of the century'. [<http://www.vivideconomics.com/publications/net-zero-in-new-zealand>]

levels by 2030. Current estimation is that this requires 195 million tonnes of CO2 equivalent (MtCO2-e) abatement over the 2021-2030 period. If the majority of this is met domestically, this will be broadly consistent with the economy being on the transition pathway required to achieve Net Zero Carbon in 2050.

26. The impact of meeting the 2030 target (previously calculated as requiring 235MtCO2-e) was estimated at \$3.8 billion/year (\$14-36 billion, or around 1 per cent of real gross national disposable income) over 2021-2030 if 80 per cent of the target is met via international units. If the target is met wholly via domestic reductions, the impact over 2021-2030 was estimated as \$72 billion.
27. The Paris target is already ambitious. Due to changes in forestry accounting (smoothing the sequestration) achieving the targets requires \approx 20 MtCO2-e every year during 2021-2030. It is worth noting that achieving the Paris target is almost equivalent to reductions along the straight line transition path towards a Net Carbon Zero target for 2050.
28. s9(2)(f)(iv) - Confidentiality of advice

Early thinking on the impacts of potential 2050 targets

29. s9(2)(f)(iv) - Confidentiality of advice

To meet Vivid's Net Zero 2050 scenario requires significant assumptions on innovation and afforestation to be met. These include the following:

Table 1: Vivid's Net Zero 2050 scenario relies on innovation and investments

Sector /System	To meet Vivid's Net Zero Emissions 2050	Feasibility & indicative calculations
Energy	Transition to 100% renewables: new investments	
Industrial Processes	<ul style="list-style-type: none"> • Electrification of low grade heat (75%) by 2050 • Industry closures: petroleum (refineries) aluminium, iron and steel 	Technically feasible with new investment and over-build (to achieve security of supply)
Transport	<ul style="list-style-type: none"> • Electrification of transport : 85% EVs • Modal shift to 25% of domestic freight onto rail 	Feasible with price parity (mid-2020s), no supply constraints of EVs, widespread charging infrastructure available Electrification of rail freight network
Agriculture	<ul style="list-style-type: none"> • Low cost methane inhibitor vaccine effective from 2020 • New breeding techniques, new feeds • Lower livestock numbers, as land use changes 	More challenging: availability of a low cost inhibitor or a vaccine by 2020 is doubtful.

Land use change/ forestry	<ul style="list-style-type: none"> Substantial afforestation 	Net Zero Emissions needs 1.1 – 2.35 million hectares, approx 2 billion trees
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31. Achieving the transformation envisaged by Vivid will mean significant policy interventions and investments, and the realisation of stretch-assumptions Vivid includes on the pace of technological innovation.

32. s9(2)(f)(iv) - Confidentiality of advice
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33. Further information will be available following the Productivity Commissions' completion of its draft report and so, if the recommended timeframe is adopted, will be available prior to final policy agreements by Cabinet. More detailed estimates resulting from the Transition Hub's work on sector specific and distributional impacts will also be available prior to final Cabinet decisions later in 2018.

34. New Zealand will be expected to table a new Nationally Determined Contribution target that demonstrates progression on our previous target every five years. So in 2025 New Zealand has an opportunity to set more ambitious targets for after 2030 – towards any desired net zero 2050 goal.

35. Or, the 2030 target can be revised at any point. Aligning any revision with the key timeframes of the Paris Agreement would be the most practical option. We suggest revision in 2020 as part of a review process that will follow a 2018 Facilitative Dialogue, as agreed in Paris at COP21. The Facilitative Dialogue will take stock of countries' collective efforts in reducing emissions in preparation for first NDCs.

36. s9(2)(f)(iv) - Confidentiality of advice
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37. s9(2)(f)(iv) - Confidentiality of advice
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Climate Change Commission

Why New Zealand needs a Commission

39. It is critical that our institutional arrangements are able to address the challenge and potential incompatibility of the long-term nature of the response to climate change and short term political cycles.
40. A number of countries have sought to address the potential incompatibility between the long-term nature of the response to climate change and short term political cycles through changes to institutional arrangements to address the long term challenge and inter-generational challenge of climate change. This can apply to both how to reduce future emissions, as well as how to adapt to and build resilience to a changing climate.
41. The current Productivity Commission Inquiry into lowering our emissions suggests that 'during the transition, action to mitigate GHG emissions will require real and significant changes which will have disruptive and potentially painful impacts on some businesses and households.' Their paper also points to the potential opportunities of addressing such a transition at the earliest opportunity.
42. The former Parliamentary Commissioner for the Environment proposed the establishment of an independent Climate Change Commission (similar to the UK Committee on Climate Change) as a way of addressing this issue in New Zealand. This was also signalled by the Government in its 100 Day Plan. A range of stakeholders, including a number of the business community, have indicated their support for such a model.
43. Currently, the main mechanism to manage domestic emissions reductions is the New Zealand Emissions Trading Scheme (NZ ETS). Sector-based approaches are also present, such as the targets for increasing the domestic electric vehicle fleet.
44. s9(2)(f)(iv) - Confidentiality of advice
[Redacted]
45. s9(2)(g)(i) - free and frank opinion
[Redacted]
46. Current institutional arrangements include core policy advice from MfE, MBIE, MoT, MFAT and MPI, with the New Zealand Emissions Trading Register operating at the EPA.
47. s9(2)(f)(iv) - Confidentiality of advice
[Redacted]

Success factors for the establishment of a Climate Commission

- 48. There are a number of international examples of establishing independent institutional arrangements to support climate change outcomes, notably the UK model, but also Australia and other jurisdictions. These indicate a number of important preconditions.⁸.
- 49. Key success factors of a Commission from these examples appear to be:
 - 49.1. Political consensus (in the establishment and on an ongoing basis)
 - 49.2. Stable and ongoing funding
 - 49.3. Reputation and standing of the members (Commissioners), and support of a capable and proportionate secretariat
 - 49.4. Access to good quality data (which is likely to involve clear arrangement for sharing of information with the public sector)
 - 49.5. Supported by a process that ensures the legality of targets and carbon budgets to meet those targets
 - 49.6. Fiscal impact
- 50. Translating this to New Zealand circumstances, important factors will be current capability and consideration as to how to ensure sufficient policy capability to support strong decision-making on climate change.
- 51. It is essential that the expertise of the Commission members covers economics and forecasting, climate science, governance and the Treaty of Waitangi and tikanga Māori.

52. s9(2)(f)(iv) - Confidentiality of advice

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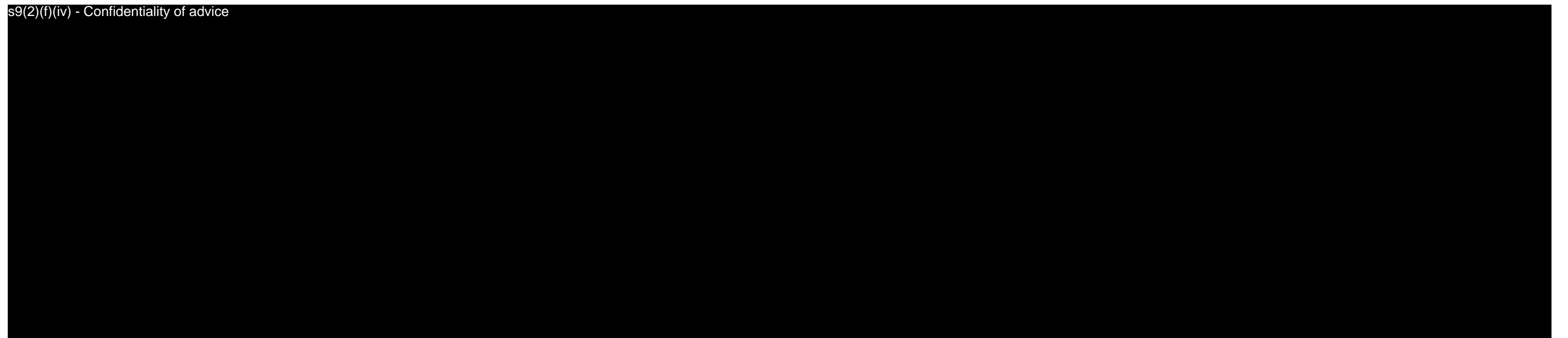
52.2. the process for establishing a Commission, including timing and cross-party support

53. These are addressed in turn below.

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⁸ Perhaps the greatest lesson for other countries that can be drawn from the UK is that ambitious emissions reduction legislation is achievable where appropriate political will and multiactor consensus are cultivated, secured and ultimately maintained during implementation. Benson and Lorenzoni – Examining the UK Climate Change Act Research Note. Productivity Commission 2017.



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Box 1: Case Study: Four key features of the UK Climate Change Act

The UK Climate Change Act contains four key features pertinent to the comparison of UK and New Zealand climate change policy and legislation:

- Emissions targets in legislation
- Carbon budgets – the stepping stones to targets
- Policies set by Government to ensure carbon budgets are met
- An expert body to provide objective analysis and advice

1. Emissions targets in legislation

The Climate Change Act begins with the UK's target for 2050 – net greenhouse gas emissions in 2050 must be at least 80% lower than net emissions in 1990.

The Act also contains a second target for 2020 – the end of the second Kyoto period.

Under sections 2 and 6, the Government can amend either of the targets if there are significant changes in either scientific knowledge or international law and policy

2. Carbon budgets as stepping stones to targets

Under sections 4 to 10 of the Act, UK governments must set out a series of carbon budgets that lay out a pathway to meeting the 2050 target.

A carbon budget is the total net amount of greenhouse gases that can be emitted over a five-year period. Setting budgets for five-year periods allows for some flexibility. Each budget is expressed in terms of millions of tonnes of CO₂-eq.

The first three budgets had to be set by 2009. These were for the periods 2008 to 2012, 2013 to 2017, and 2018 to 2022.

Subsequent budgets are to be set at least 12 years in advance. The fourth budget was set in 2011, and the fifth budget was set in 2016.

3. Policies set by Government to ensure carbon budgets are met

There are no policies in the Act itself. Rather, the Act requires the Government to develop proposals and policies that will enable emissions to be kept within carbon budgets.

Section 14 requires that a report setting out these proposals and policies be tabled in Parliament.

4. An expert body to provide objective analysis and advice

Section 32 of the Climate Change Act establishes an independent expert body – the Committee on Climate Change. The Committee's functions are purely advisory – all actions are the prerogative of the Government.

The Committee is made up of a Chair and five to eight members. The current Committee includes people with expertise in economics, climate science, and technology. It is a committee of experts, not a committee of stakeholders. However, care is taken to ensure that, among the Committee members, there is deep understanding of buildings, transport, industry, electricity, agriculture, forestry, and so on.

The Committee has two main functions.

The first function is to provide advice on carbon budgets – on the level that a budget must be set at, the extent to which the budget should be met by purchasing international carbon credits, and the extent to which the budget should be met by sectors of the economy within carbon trading schemes.

The second function is to report annually on progress towards meeting carbon budgets. These reports are laid before Parliament. While these progress reports do indicate areas where policies need to be developed or strengthened, they do not include specific policies. The Government is required to respond to the progress reports within a fixed period.

The Committee must also provide advice in response to particular requests. A recent example of such advice is a report on fracking.

The Committee is supported by a secretariat, currently with a staff of about 30 people, largely drawn from government agencies. Much of the work is highly technical – for instance, the preparation of scenarios to

91. s9(2)(f)(iv) - Confidentiality of advice

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To Hon James Shaw, Minister for Climate Change			Date: 16 November 2017 Tracking #: 17-B-04001
Security Level	In confidence	Number of Attachments	0
Date Submitted:	16 November 2017	Response needed by:	NA
MfE Priority:	Non-urgent	Action Sought:	For information

Meeting with Hon Shane Jones, Minister of Forestry

Context

1. The purpose of this briefing is to provide you with key messages for your meeting with Hon Shane Jones, the Minister holding the portfolios of Forestry, Infrastructure, Regional Economic Development, Associate Transport and Associate Finance.
2. The meeting is schedule for Monday 20 November 2017 (note this meeting is being confirmed by your office).
3. This will be your first meeting with Hon Shane Jones to discuss climate change. We propose you take the opportunity to:
 - Outline your plans to introduce a Zero Carbon Bill, and how it links with Minister Jones' key portfolio outcomes, particularly Forestry and Regional Economic Development.
 - Discuss the proposed Air New Zealand (Air NZ) partnership and the Parliamentary Function on 21 November 2017.

Key messages and talking points

Action on Climate Change and a Zero Carbon Bill

There are opportunities to work across portfolios to achieve the Government's objectives for climate change and regional economic development

- The Government has committed to set a clear direction and strong ambition on climate change.
- There are opportunities to progress climate priorities hand-in-hand with regional economic development. This includes working together through the planting of 100 million trees per year, the Regional Development Fund, and major infrastructure investments, including rail, in the regions. This can support jobs and employment in the regions.
- The key priorities for climate change include:
 - (i) Setting a clear and ambitious target for 2050 through a Zero Carbon Bill in 2018. This will send a long term signal to foresters, businesses and others.
 - (ii) Strengthening institutional arrangements to support long term-decision making about climate change by future governments. This can be through a Climate Commission set up by legislation, in place by 2019.
 - (iii) Identifying opportunities to take action now that supports our priorities, such as the Billion Trees Planting programme, and partnering with others where it makes sense.



A paper on the Zero Carbon Act is on track to go to Cabinet in December 2017

- Officials are developing a draft Cabinet paper on the Zero Carbon Act. This is expected to go to the Cabinet Business Committee in December 2017.
- The focus of the paper will be on seeking Cabinet's agreement to introduce a Zero Carbon Bill in 2018 with the purpose of:
 - (i) Defining a new 2050 target
 - (ii) Setting out the roles, powers and functions of a new Climate Change Commission

A Climate Change Commission is likely to take 18 months to establish for it to be enduring

- There are three things that we need to have before final decisions can be made:
 - (i) A clear evidence base on the economic costs and benefits of transitioning to a low emission future
 - (ii) A process for engaging New Zealanders on choices of where we set the target and the functions of the Commission
 - (iii) Cross-party and Parliamentary support to ensure it is durable in the long term.

We can take action while we are setting up the Commission

- It is important progress continues to be made on the role that agriculture, energy and transport plays in meeting our targets.
- On agriculture, it will be important that progress is made alongside the establishment of the Climate Commission. This includes looking at the suite of options available and engaging with the sector.
- As such, the draft Cabinet paper for December seeks approval to set up a Ministerial Advisory Committee to look at the role agriculture will play in meeting our targets. This would enable us to receive expert advice ahead of the Commission being established.
- In parallel, there may be early opportunities to reduce emissions in energy and transport. This will require ongoing discussions with the Ministers of Transport and Energy on such matters, supported by the establishment of a public sector Chief Executive Leadership Board to ensure strong links between our climate change and economic policies.

Next steps:

- Over the next six months there are three key steps to progress on the Zero Carbon Bill:
 - (i) A Cabinet paper in December 2017 seeking agreement to the overall process for establishing a new 2050 target and Climate Commission
 - (ii) A Cabinet paper in early 2018 to establish a Ministerial Advisory Committee to look at the role of agriculture in meeting our targets
 - (iii) A Cabinet paper in mid 2018 to agree the public consultation on the content of the Zero Carbon Bill.



Out of scope

Signature

Craig Salmon
Manager, Climate Change Policy
Climate Change Directorate

17/11/17

Date

Hon James Shaw
Minister for Climate Change

Date



Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
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To Hon James Shaw, Minister for Climate Change			Tracking #: 17-B-03992
<u>Security Level</u>	BUDGET SENSITIVE	Number of Attachments	Two
Date Submitted:	17/11/2017	Response needed by:	27/11/2017
MfE Priority:	Medium	Action Sought:	Approval

Funding for the Government’s 100 day climate change commitments to discuss with the Minister of Finance

Purpose

1. The purpose of this briefing is to:
 - set out the financial implications of the draft Cabinet paper ‘100 Day Plan for Climate Change’ and the processes for obtaining funding for key recommendations
 - provide you with key messages and supporting information for your conversations with the Minister of Finance next week.

Context

2. You are lodging a Cabinet paper on the 100 Day Plan for Climate Change in December 2017. The revised Cabinet paper, which incorporates your comments from 14 November 2017, is provided in a separate briefing [17-B-03993 refers].
3. Key recommendations in your Cabinet paper that have financial implications are:
 - introduce a Zero Carbon Bill in 2018
 - **Out of scope**
 - [Redacted]
 - [Redacted]
4. Under the Public Finance Act 1989, you are required to consult with the Minister of Finance on the financial implications of any papers you submit to Cabinet.
 - The Minister of Finance will be interested primarily in the size of the bid and why it is required.
 - He may also be interested in the cost benefit analysis on the Commission, and the evidence base for setting the target.
 - Key messages and back-pocket information on these issues are provided below.

The Mini Budget Process

Mini budget process for 100 Day Plan work

5. You have directed us to seek additional funding from Budget 17 to meet your 100-day commitments for climate change action.



6. To appropriate this funding from Budget 17, Treasury requires us to place a bid under a mini budget process.
7. The mini-budget bid covers:
 - o \$2.53 million over two years (financial years 17/18 and 18/19) to **introduce a Zero Carbon Bill**. This funding covers policy development on the content of the Bill, public consultation and associated costs, and the drafting and legislative process.
 - o **Out of scope**
8. **Out of scope**
9. **Out of scope**
10. In addition to funding sought through the mini budget, we are also seeking funding through the standard Budget 18 process to cover additional climate change work for financial year 18/19 onwards. Further information on what is being sought is provided in *Appendix 2*. The Natural Resources Sector CEs are also looking at potential shifts within baselines to support this.

Key messages for your conversation with the Minister of Finance

We have committed to decisive and immediate action to address the challenges and opportunities of a changing climate.

11. In the first 100 days, we have committed to the following climate change actions, which Cabinet has agreed the Minister for Climate Change will lead:
 - o a more ambitious target of zero carbon emissions by 2050
 - o beginning to set up an independent Climate Change Commission (the Commission).

Work over the next two years will be critical in ensuring we can meet our emissions reductions goals – in the short and long term.

12. We know that achieving our first 2030 target under the Paris Agreement will be challenging. Taking bolder action will require even greater levels of investment, policy interventions and transformation.
13. The next two years are therefore critical in getting the institutional design, evidence base and policy settings right to provide investment predictability for businesses and communities.
14. Climate change policy cuts across multiple sectors of the economy and Ministerial portfolios. Policy development could be supported by discussions with an informal group of Ministers, but there may be other ways we can obtain input across portfolios as Government policy is developed.

MfE has had to reprioritise resource to begin delivering on Government's 100 Day Plan commitments for climate change.

15. The Ministry is facing increased funding pressures, and is not in a sustainable financial position given current and expected deliverables, resourcing and operating models.



16. The Ministry is operating under a sinking baseline – with departmental funding decreasing from \$68 million in 2017-18 to \$60 million in out-years. The operating baseline for the Climate Directorate drops by \$2.256m (\$8.6 m to \$6.3m) in 18/19 with no further changes in out-years,
17. MfE has reallocated staff from the Water and Resource Management directorates (10 FTE) to deliver on the Government's immediate 100 Day Plan commitments for climate change. However, it is not possible to continue this beyond the first 100 days. This resource will need to return to its core duty after this period and has not properly been costed for.

Significant new investment is needed because the funding required for delivering on this work cannot be met within existing funding baselines.

18. This work cannot be absorbed by the Climate Change Directorate. This is because approximately 66% of the existing baseline covers non-discretionary data and reporting requirements to meet international obligations.
19. This work cannot be absorbed by the departmental budget within Vote: Environment because this is likely to be fully allocated by the Cabinet-mandated work programme critical to deliver next year.

I am therefore seeking \$2.121 million in Budget 17/18 and \$4.504 million in Budget 18/19 as part of the mini budget to deliver on Government's 100 Day Plan commitments for climate change.

20. The mini budget covers:
 - o \$2.53 million over two years (financial years 17/18 and 18/19) to **introduce a Zero Carbon Bill**. This funding covers policy development on the content of the Bill, public consultation and associated costs, and the drafting and legislative process.

Out of scope

21.

Out of scope



Out of scope

Out of scope

¹ Parliamentary Counsel for the Environment (July 2017). *Stepping Stones to Paris and beyond - Climate Change, progress, and predictability*. [<http://www.pce.parliament.nz/publications/stepping-stones-to-paris-and-beyond-climate-change-progress-and-predictability>]

² The New Zealand First and Labour Coalition Agreement (October 2017) sets out "If the Climate Commission determines that agriculture is to be included in the ETS, then upon entry, the free allocation to agriculture will be 95% but with all revenues from this source recycled back into agriculture in order to encourage agricultural innovation, mitigation and additional planting of forestry."



What is the economic impact of the previous 2030 target?

- The impact of meeting the 2030 target (previously calculated as requiring 235MtCO₂-e) using 80 per cent international units was estimated at between \$14-36 billion over the 2021-2030 period, or if met wholly via domestic reductions at \$72 billion.
- The 2015 modelling that assessed the economic impact of the previous 2030 target has limitations.
- The modelling carried out was the best feasible within the time available prior to Paris Agreement. However, two critically important considerations were not factored in:
 - the baseline cost of inaction
 - the increased momentum in innovative technologies.
- The 2015 analysis also included limiting assumptions:
 - conservative forestry growth rate
 - no inclusion of the transitional effect of domestic policies, e.g. uptake of electric vehicles, research into agricultural mitigation technologies
 - carbon prices would increase to reach \$50/t, with abatement up to that price and international units purchased thereafter.
- Officials are working on improving the evidence base to more accurately advise on the economic impacts of new proposed 2050 targets.

What are the economic opportunities and impacts of setting a new 2050 target?

- There are different ways and levels to set the target (e.g. Net Zero Carbon, Net Zero Emissions, or a hybrid of the two).
- Before Cabinet makes a final decision on what the specific target should be, officials will come back to us within information on the economic adjustments, opportunities and costs that would likely be required to achieve the various options, and an assessment of the distributional impacts.
- Work is already underway to model the opportunities and impacts of a proposed 2050 target. Officials have informed me that the following analysis will be available by May 2018 (and could incorporate modelling and draft findings from the Productivity Commission's Inquiry on transitioning to a low emissions economy):
 - an assessment of the potential opportunities
 - estimates of the whole-of-economy impact of the target options, the impact on households, on key sectors and an assessment of the effect on New Zealand's international competitiveness
 - an assessment of potential distributional effects across society.
- However, it will take longer than May (proposed date agreement for consultation) to provide a more comprehensive evidence base to underpin more detailed sector-specific policies on making the transition.
- To build this evidence base, officials (through the Transition Hub) are commissioning modelling that is more complex than previously undertaken in New Zealand. Similar work took two years in the UK, based on McKinsey's marginal abatement cost curve (previously not shortened) modelling. Early results will be available in March 2018 with more detail available by October 2018.



- o This analysis will help me give Cabinet more robust evidence on the opportunities and return on investment of transitioning to a low emissions future.

Recommendations

26. We recommend that you:

- a. **Meet** with the Minister of Finance in the week of 20 November 2017 to discuss financial implications of the Cabinet paper '100 Day Plan for Climate Change'
Yes/No
- b. **Agree** to seek \$2.121 million in Budget 17/18 and \$4.504 million in Budget 18/19 as part of the mini budget to deliver on Government's 100 Day Plan commitments for climate change
Yes/No
- c. **Note** that we will brief you in late November 2017 on further funding to be sought through the standard Budget 18 process.

Signature

Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Policy Analyst	S 9(2)(a)		
Senior Policy Analyst	S 9(2)(a)	S 9(2)(a)	
Manager, Climate Change Policy	Janine Smith	021 144 7617	
Director, Climate Change	Roger Lincoln	027 290 7625	✓
Deputy Secretary, Environmental Performance, Innovation and Climate	Penny Nelson	021 460160	



Appendix 1: Mini budget for 17/18 – Climate Change initiatives

Context

Climate change is having, and will continue to have, significant impacts on people, the environment and the economy over many generations.

- In 2016, New Zealand ratified the Paris Agreement, and made international commitments to support the global response to the threat of climate change by:
 - keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels
 - pursuing efforts to limit the temperature increase even further to 1.5 degrees Celsius.
- New Zealand's first target under the Paris Agreement is to reduce emissions to 11 per cent below 1990 levels by 2030. Emissions projections indicate that New Zealand will need around 220 million tonnes of abatement in the 2021-2030 period to meet this target.
- We need to act now to ensure we have resilient systems in place for both mitigating emissions and adapting to the effects of climate change in New Zealand.
 - The evidence is clear that New Zealand's existing infrastructure may not cope with the future impacts of climate change.
 - Some of the largest sectors of New Zealand's economy, including primary industries, are vulnerable to increased climatic events and long term climate change.
 - Effects on other countries, particularly Pacific Island countries with which we have strong relationships and provide climate-related support, will also affect New Zealand.

The Government has committed to decisive and immediate action to address the challenges and opportunities of a changing climate.

- In the first 100 days, the Government has committed to the following climate change actions, which Cabinet has agreed the Minister for Climate Change will lead:
 - a more ambitious target of zero carbon emissions by 2050
 - begin to set up an independent Climate Change Commission (the Commission).
- The Government has also stated that it will examine the role of agriculture in the New Zealand Emissions Trading Scheme (NZ ETS).
- The Minister has indicated he will take a paper to the Cabinet Business Committee on 29 November which seeks agreement to the timeframes and process to meet the 100 day priorities. At present that paper recommends the following policy and institutional arrangements:
 - The **introduction of the Zero Carbon Bill**, which will:
 - define and set a new emissions reduction target for 2050
 - codify the role, powers and functions of the Commission in law.

Out of scope



Out of scope

Work over the next two years will be critical in ensuring we can meet our emissions reductions goals – in the short and long term.

- We know that achieving our first 2030 target under the Paris Agreement will be challenging and will require substantial investment, policy intervention and economic transformation. Taking bolder action will require even greater levels of investment, policy interventions and transformation.
- The next two years are therefore critical in getting the institutional design, evidence base and policy settings right to provide investment predictability for businesses and communities.

Financial implications

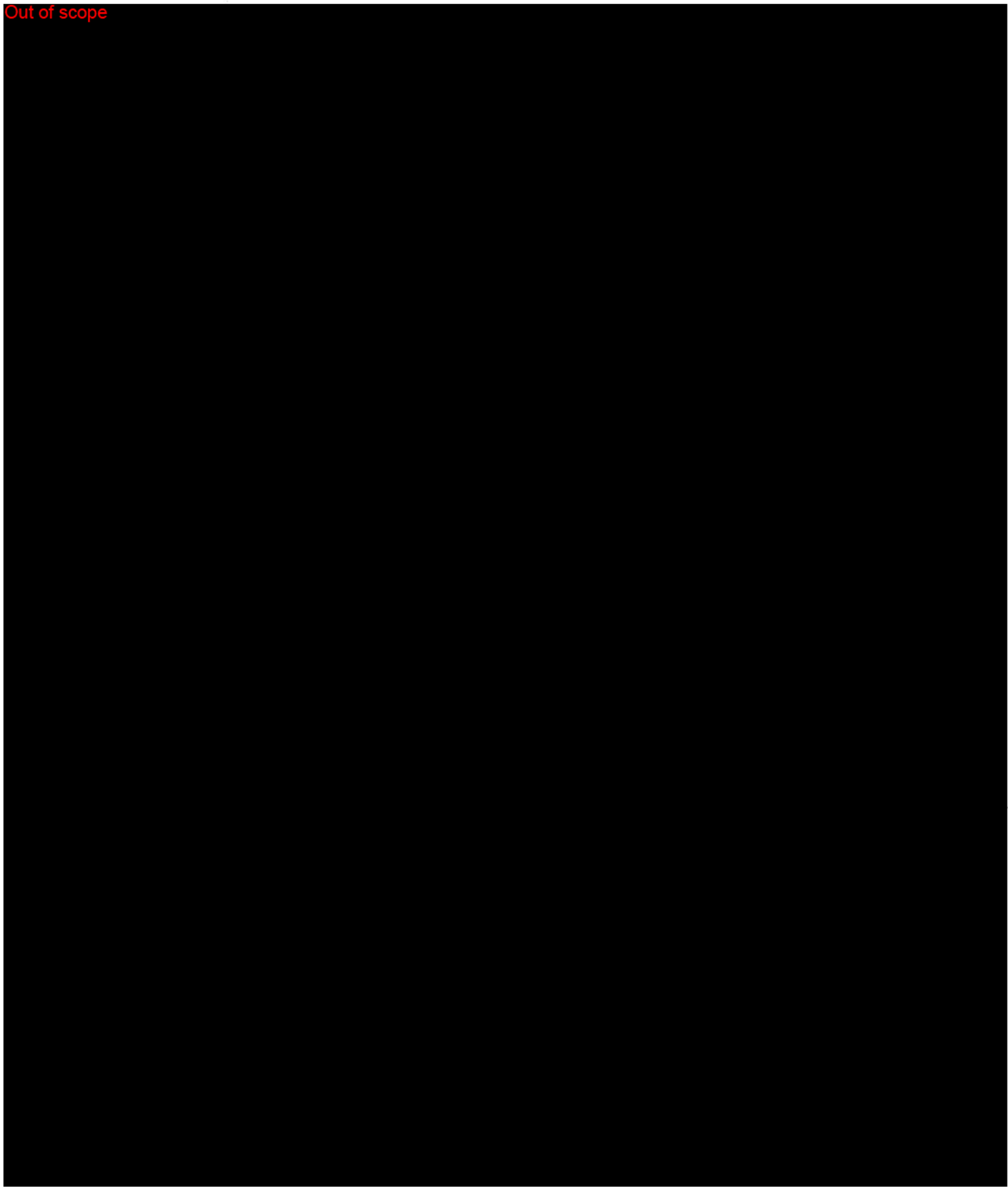
We have had to reprioritise resources to begin delivering on Government's 100 Day Plan commitments for climate change.

- The Ministry is facing increased funding pressures, and is not in a sustainable financial position given current and expected deliverables, resourcing and operating models. We are operating from a sinking baseline – with departmental funding decreasing from \$68 million in 2017-18 to \$60 million in out-years.
- Historically the Ministry has responded by moving resources from issue to issue, with limited effort available for implementation and monitoring. We have also tended to receive fixed term funding for work that has long-term implications.
- In the same fashion, we have had to reprioritise resources from (approximate 10 FTE) to deliver on the Government's immediate 100 Day Plan commitments for climate change. However, it is not possible to continue this beyond the first 100 days. This resource will need to return to its core duty after this period and has not properly been costed for.

Out of scope



Out of scope



Out of scope



Out of scope

(2) *It would be premature and inadvisable to absorb this work within existing baselines of our departmental budget within Vote: Environment because our departmental budget is projected to be fully allocated.*

- It is not possible to continue to 'borrow' resource from within the Ministry beyond the first 100 day period because drawing resource from other key environmental areas is contrary to the Government's manifesto.
- For example, improvements to water quality will be a priority area due to the Government's commitments in coalition agreements. Drawing resource from the Water Directorate would be premature and unadvisable until further direction is provided from the Minister for the Environment on the scope of this work. The Water Directorate's financial baseline for next year is set to drop by approximately \$2.5m. The new policy areas for water will have to find resource from within this baseline, in conjunction with delivering key existing water programmes such as implementation of water regulations, urban water quality investigations, and a range of guidance, as part of policy processes.

(3) *Other natural resource government agencies are likely unable to transfer resources due to their own pressures.*

- It is not possible to coordinate resources with government agencies on this budget bid due to their comprehensive work programmes which are funded from existing baselines. For example:
 - **Ministry for Primary industries (MPI)**

MPI advises on New Zealand's largest source (agriculture) and sink (forestry) of emissions. MPI faces ongoing departmental cost pressures over the next four years of \$116.7 million (\$25.3 million in 2017/18). These cost pressures stem primarily from reductions in baseline funding, time limited funding, and salary inflation. Options to reprioritise MPI's resources in order to address these cost pressures have been developed, as referenced in the Four Year Plan. However, this means that MPI is not in a position to reprioritise further in order to fund Budget initiatives.
 - **The Environmental Protection Agency (EPA)**

The EPA advises on regulatory functions concerning New Zealand's environmental management. These include, for example in relation to climate change, management of the NZ ETS and its Register, regulation of ozone depleting chemicals, assessment of environmental effects in Antarctica. The EPA's baseline Crown Funding will drop by \$4.5m to \$20m in 2018/19. This indicates they will be unable to absorb further work, as their mandated work requires.



We are therefore seeking \$2.121 in Budget 17/18 and \$4.504 in Budget 18/19 as part of the mini budget to deliver on Government's 100 Day Plan commitments for climate change.

26. This funding will enable us to:

- **Introduce a Zero Carbon Bill** which includes funding for:
 - policy development on the emissions reduction target and the Commission
 - consultation and its associated costs
 - drafting and legislative processes.

Out of scope



27. The cost breakdown for the 17/18 and 18/19 period, and assumptions for the model, are set out in the 'Cost and Implications' section below.

Out of scope



Out of scope





Out of scope

Cost breakdown and assumptions

Funding for Government's 100 day commitments for climate change	Estimated fiscal impacts (\$000)		2017/18	2018/19	2019/20	2020/21	2021/22 & outyears	Total
	Operating	Gross Cost			TBC Budget 2018	TBC Budget 2018	TBC Budget 2018	
			\$2,121	\$4,504	TBC Budget 2018	TBC Budget 2018	TBC Budget 2018	\$6,625

Further details

Mini budget components	Budget 17/18	Budget 18/19
<p>Introduce a Zero Carbon Bill which includes funding for:</p> <ul style="list-style-type: none"> policy development on the emissions reduction target, and the Commission, consultation and its associated costs, drafting and legislative processes. 	\$787	\$1,744

Out of scope

Out of scope



Out of scope

Notes

Our top three identified risks are:

1. Without additional funding this programme would not proceed in time to meet the Minister's expectations (or it would occur very slowly alongside other commitments)
2. The projected timeframes could be too ambitious as this is a complex piece of legislation; this may cause a delay (which could pose an additional cost) in the programme
3. Public consultation on the Zero Carbon Bill may highlight unforeseen implications or opposition

The reasons for any difference to the amounts included in Labour's Fiscal Plan are due to:

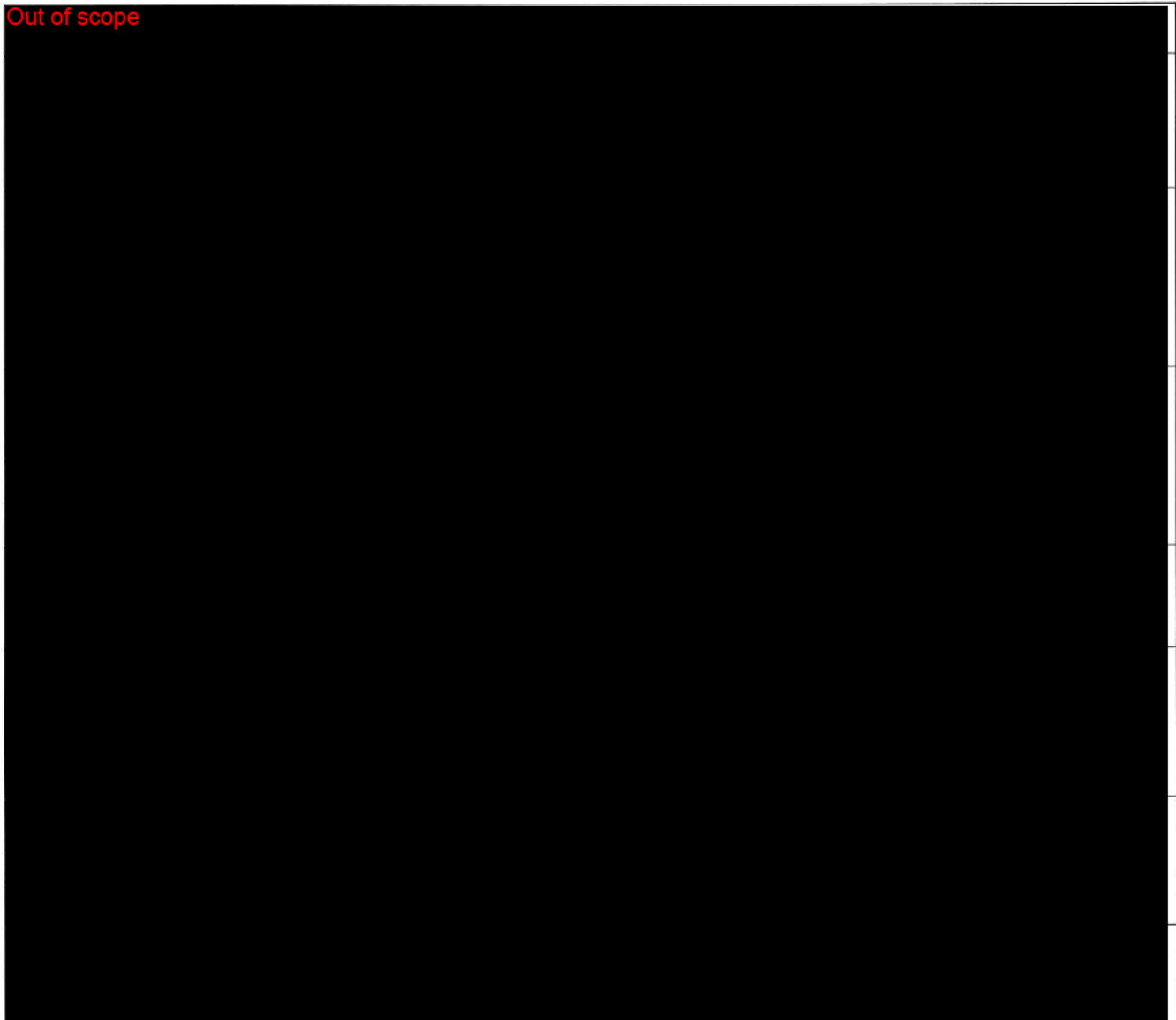
- Policy changes as the result of the Minister's preference for a faster timeframe and a different scope of work
- We assume that a long-lasting Commission is important, therefore additional work is required to establish the pre-conditions that would enable a successful and durable CCC.

We do not consider there to be any behavioural impacts or other secondary fiscal impacts.

Out of scope



Out of scope



Policy developed, introduction and passage of the Zero Carbon Bill

Budget assumptions underpinning the *introduction and passage of the Zero Carbon Bill*

Component	Function
Crown Law contingency	Needed to ensure integrity of advice on the Bill
Senior Legal 1.5 FTE FY 17 and 2.0 FTE FY 18	Senior lawyers to work on the legislation. It is expected that additional capability will be provided from within MfE's Legal team.
Principal analyst 0.5, senior analysts x 3, analysts x 6	Provide policy resource to deliver the Zero Carbon Bill, covering the Commission and the 2050 target, including: <ul style="list-style-type: none"> • Development of preferred option for the target and commission; • Development of public consultation document; • Developing consultation process;



	<ul style="list-style-type: none"> • Undertaking public consultation process; • Analysis of submissions; • Revisions to policy documentation; • Supporting development of draft Bill; • Support to the Minister as the Bill makes its way through the House; • Select Committee etc. support; and <p>Ad hoc support to the Minister</p>
Manager 1 FTE	Managing the processes above.
Senior Communications Advisor 1 FTE	Provide communications support to the policy team, recognising the significant public interest in both the commission and the target work.

Further information on timing of the proposal

Phase 1: SIGNAL

- The purpose of Phase 1 is to announce the intent and timing for a Zero Carbon Bill, and begin setting up the institutional arrangements to drive climate change action. It consists of three key milestones:
 - Ministerial consultation on the Cabinet paper – particularly the Minister of Finance on the financial implications of setting up the Ministerial Advisory Committee (now until 4 December 2017)
 - Consideration by Cabinet Business Committee (13 December 2017) and Cabinet agreement (18 December 2017)
 - Public announcements on proposed process (19 December 2017).
- In addition to confirming the process steps for Bill introduction, Cabinet agreement (outside of a Bill process) is sought to:
 - establish a new public sector Climate Change Chief Executive Board (the CE Board) by February 2018 to coordinate sector efforts to reduce emissions and drive economic change
 - establish a Ministerial Advisory Committee to provide advice on agriculture in 2018
 - invite the Minister to report back in six months on introducing a climate impact assessment requirement for all new legislation (following further work by officials on options).

Phase 2: DEVELOP

- The purpose of Phase 2 is to identify key policy objectives, develop preferred options, and engage with Ministerial colleagues on these. It consists of three components:
 - Options analysis and advice by officials through a series of briefing notes on key issues (now until Mar 2018)
 - Ministerial consultation on non-Bill matters, such as the details of the CE Board and Ministerial Advisory Committee (Jan-Feb 2018)
 - Ministerial consultation on the content of the proposed Bill and options to be included in a public discussion document (Mar-Apr 2018).

Phase 3: ENGAGE



- The purpose of Phase 3 is to engage with the public, stakeholders and iwi on the potential scope and content of the Bill. It consists of three key milestones:
 - Drafting of a public discussion document and development of other engagement media (Apr 2018)
 - Cabinet approval to release discussion document (May 2018)
 - Public engagement on definition of the new target, and the form, function and powers of the Commission, and any other matters to be included in the Bill (May-Jun 2018).

Phases 4 & 5: FINALISE & INTRODUCE

- The purpose of Phase 4 and 5 is to finalise policy decisions, and draft and introduce a Bill. It consists of the following key milestones:
 - Submission analysis and refinement of policy advice by officials (Jul 2018)
 - Ministerial consultation and final policy approvals by Cabinet (Aug 2018)
 - Bill drafting by Parliamentary Counsel Office (Aug-Sep 2018)
 - Bill of Rights vet and Cabinet approval to introduce the Bill (Oct 2018)
 - Introduction and First Reading (Oct 2018)
 - Consideration at Select Committee (Nov 2018-May 2019)
 - Second Reading (June 2019)
 - Committee of the Whole House (June 2019)
 - Third reading & Royal Assent (July 2019)

Phase 6: IMPLEMENT

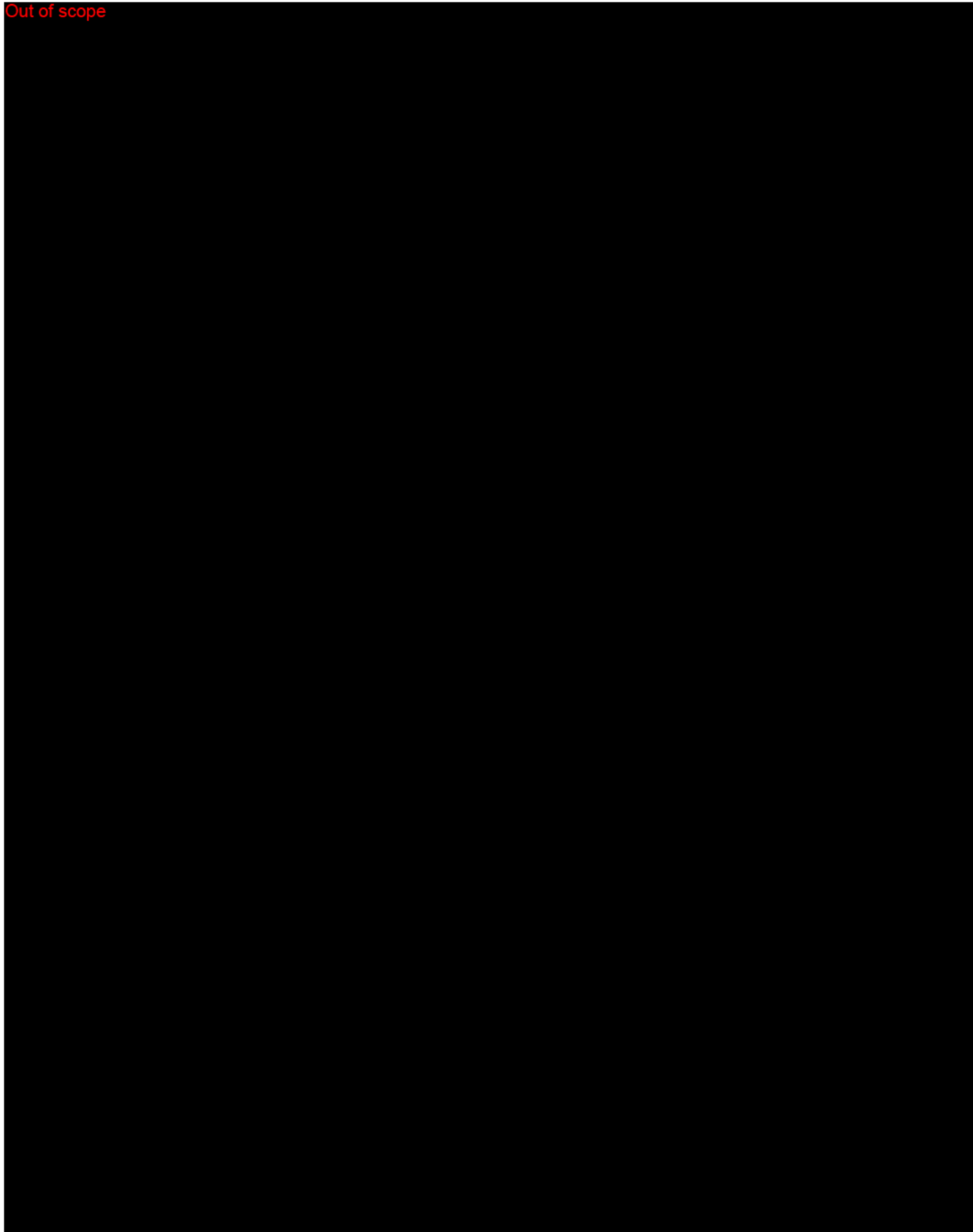
- The purpose of these phases is to implement the Act once it is in force. This would involve seeking appropriations, formally appointing the members of the Committee and mandating it to begin its work. Further advice on this (along with an implementation plan) sent to Minister in 2018.

Out of scope





Out of scope





Appendix 2: Proposed funding to be sought through Budget 18

Out of scope

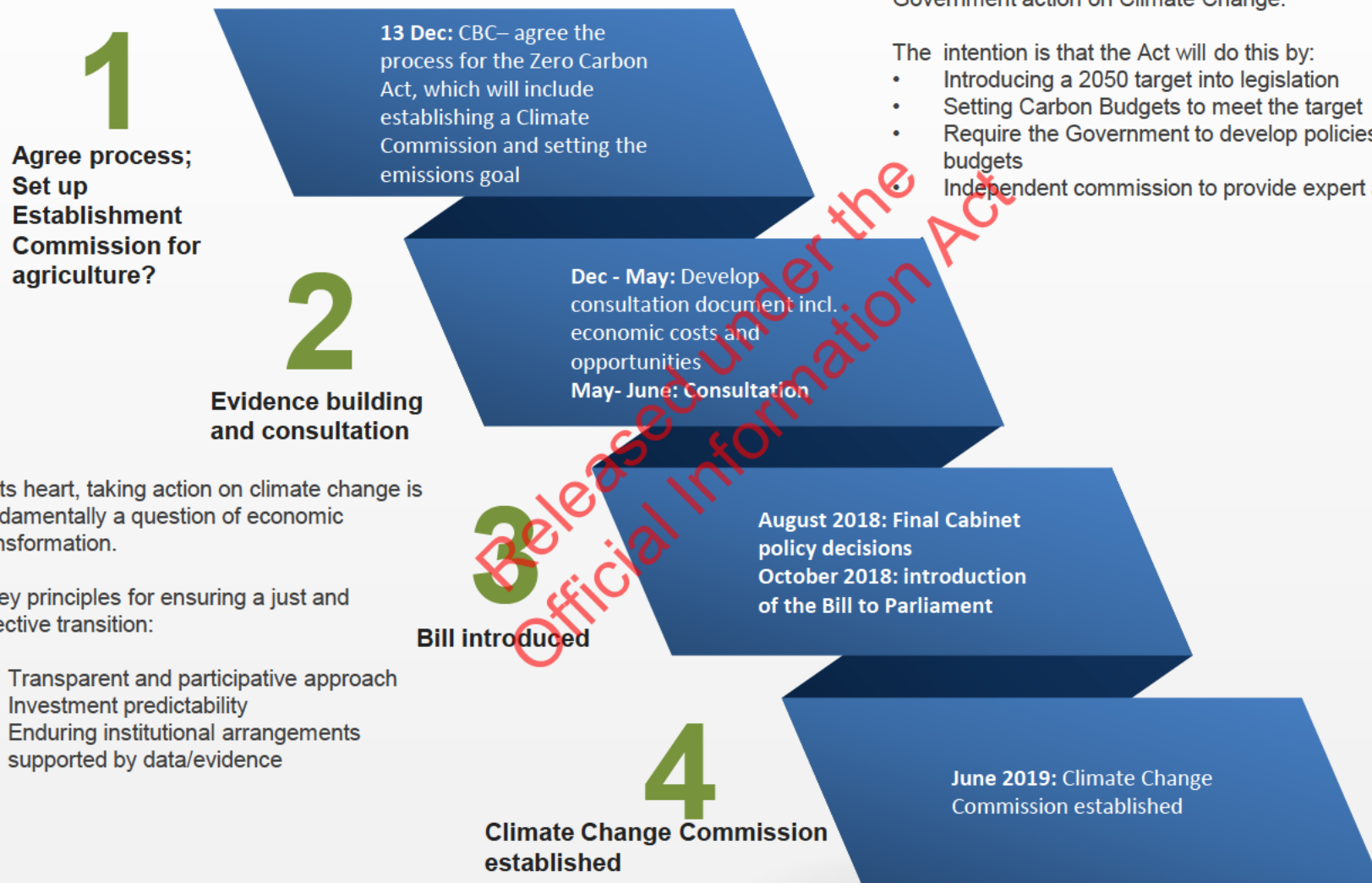


Zero Carbon Act – 100 day commitment

The Zero Carbon Act sets the architecture for Government action on Climate Change.

The intention is that the Act will do this by:

- Introducing a 2050 target into legislation
- Setting Carbon Budgets to meet the target
- Require the Government to develop policies to meet budgets
- Independent commission to provide expert advice.



At its heart, taking action on climate change is fundamentally a question of economic transformation.

3 key principles for ensuring a just and effective transition:

1. Transparent and participative approach
2. Investment predictability
3. Enduring institutional arrangements supported by data/evidence

Possible discussion topics:

1. Agriculture: timing of possible legislative change and who provides advice
2. Net Zero Emissions vs. Net Zero Carbon



To Hon James Shaw, Minister for Climate Change			Tracking #: 17-B-04026
<u>Security Level</u>	BUDGET SENSITIVE	Number of Attachments	Two
Date Submitted:	29/11/2017	Response needed by:	30/11/2017
MfE Priority:	Medium	Action Sought:	Approval

Climate Directorate Baseline and Funding for 100 Day Plan

Purpose

1. You are meeting with the Minister for the Environment and the Minister of Finance on the financial implications for Government's 100 Day Plan commitments on climate change.
2. This memo provides you with:
 - a. key messages on the 100 Day Plan bid (and the reprioritisation process MfE is undertaking for this work)
 - b. detailed information on the cost assumptions underpinning the proposed bid (*Appendix 1*), and a breakdown of the Climate Directorate's current spend (*Appendix 2*).
3. To assist your conversations, a separate briefing '*Vote: Environment Baseline Notes*' is also being provided to both you and Minister for the Environment on MfE's overall baseline.

Key messages

4. As noted in the '*Vote: Environment Baseline Notes*', the Ministry's baseline is usually around \$60-64 million. This year's baseline is temporarily higher at \$68.5 million in 2017/18 due to a combination of time-limited funding, and expense transfers from 2016/17 for delayed work. The Ministry's future funding will be \$61.5 million in 2018/19 and then \$60.5 million in outyears.
5. To ensure we have adequate resourcing to deliver on Government's 100 Day Plan commitments for climate change, we know we need (over FY 17/18 and FY 18/19):
 - a. A team to deliver the Zero Carbon Bill (13 FTE), and the costs associated with extensive public consultation (approximately \$700,000)

Out of scope

6. MfE has moved people to work on climate change (approximately 10 FTE) from other Directorates for the first 100 Days.
7. Beyond the first 100 Days, MfE can commit to meeting some of the FTE commitments for the Zero Carbon Bill (noting there is likely to be a shortfall). This is because we will need to continue to resource other core priority areas including water, urban/housing, and MfE's statutory functions (e.g. environmental reporting).
8. We will be meeting with other Natural Resources Sector agencies on 1 December 2017 to request:
 - a. Secondments for the remaining FTE required for the Zero Carbon Bill



Out of scope

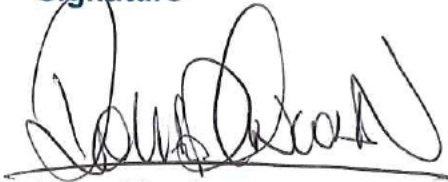
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Recommendations

12. We recommend that you
- a. **note** the contents of this briefing
 - b. **agree** to discuss our proposed 100 Day Budget bid with the Minister of Finance and the Minister for the Environment ahead of lodging the Cabinet Business Committee paper on 7 December 2017.

Signature



Roger Lincoln
Director
 Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Senior Policy Analyst	S 9(2)(a)		
Policy Analyst	S 9(2)(a)		
Manager, Climate Change Policy	Janine Smith	021 144 7617	
Director, Climate Change	Roger Lincoln	027 290 7625	✓
Deputy Secretary, Environmental Performance, Innovation and Climate	Penny Nelson	021 460160	



Appendix 1: Further detail on 100 Day Plan Budget bid (and scaled options)

Context

13. As noted above, depending on our ability to seek additional resources from within MfE and other agencies, there are options around the level of funding that we would need to seek through the 100 Day Plan Budget.
14. We have therefore worked through the costs for the following three options:
 - a. Option 1 (preferred option): incorporates all costs associated with the Zero Carbon Bill, **Out of scope**
 - b. Option 2 (pared back option): incorporates all costs associated with the Zero Carbon Bill, **Out of scope** and halving the analyst support for the Secretariat.
 - c. Option 3 (bottom line option): **Out of scope** and consultation costs associated with the Zero Carbon Bill and **Out of scope**. This option assumes that all Ministry for the Environment (MfE) staff costs can be absorbed within baseline or borrowed from other agencies.
15. Some of the assumptions underpinning the total costs have been revised from an earlier financial implications briefing note [17-B-03992 refers]. Key changes to the financial models are as follows:
 - a. **Zero Carbon Bill.** We have allocated more funding for public consultation/engagement on the Bill. This will enable us to produce more innovative engagement tools and/or undertake roadshows (over and above the release of a standard discussion document).

Out of scope

Funding options

Option 1 (preferred option) seeks \$1.828 million in Budget 17/18 and \$4.482 million in Budget 18/19.

16. This covers:
 - a. staff and consultation costs associated with the Zero Carbon Bill

Out of scope

17. The costs associated with the Zero Carbon Bill are based on previous legislative processes of a similar scale and scope, but with increased funding to enable more extensive public consultation.
18. **Out of scope**

¹ Previously named the 'Ministerial Advisory Committee'



Out of scope

Table 1: Breakdown of costs for Option 1 (preferred option)

	Function	FY 17/18	FY 18/19	FY 17/18 & 18/19 total
Zero Carbon Bill	Staff costs and Crown Law contingency to develop policy and support the Bill through the Parliamentary process	682,744	1,522,996	2,205,740
	Consultation costs for the Bill (includes travel, as well as comms/engagement collateral)	715,280	-	715,280
	Sub-total	1,398,024	1,522,996	2,921,020
Out of scope				
Grand total		1,827,690	4,482,163	

Option 2 (pared back option) seeks \$1.741 million in Budget 17/18 and \$3.846 million in Budget 18/19.

19. To reduce costs, we could halve the analyst/senior analyst support for the ICCC. This could result in an approximate \$0.6 million saving over two years.
20. The key risk of halving the Secretariat support is Commissioners will not be supported to probe areas of concern. This means the success of the consultation/engagement process and provision of advice to the Minister could be compromised.
21. Option 2 covers:
 - a. staff and consultation costs associated with the Zero Carbon Bill.

Out of scope

Table 2: Breakdown of costs for Option 2 (pared back option)



	Function	FY 17/18	FY 18/19	FY 17/18 & 18/19 total
Zero Carbon Bill	Staff costs and Crown Law contingency to develop policy and support the Bill through the Parliamentary process	682,744	1,522,996	2,205,740
	Consultation costs for the Bill (includes travel, as well as comms/engagement collateral)	715,280	-	715,280
	Sub-total	1,398,024	1,522,996	2,921,020
Out of scope				
Grand total		1,741,479	3,846,836	

Option 3 (bottom line option) seeks \$0.842 million in Budget 17/18 and \$1.238 million in Budget 18/19.

22. This covers:
- a. consultation costs associated with the Zero Carbon Bill

Out of scope

23. All necessary staff costs will need to be absorbed within baseline or borrowed from other agencies.

Table 3: Costs for Option 3 (bottom line option).



	Function	FY 17/18	FY 18/19	FY 17/18 & 18/19 total
Zero Carbon Bill	Staff costs and Crown Law contingency to develop policy and support the Bill through the Parliamentary process	60,000	180,000	240,000
	Consultation costs for the Bill (includes travel, as well as comms/engagement collateral)	715,280	-	715,280
	Sub-total	775,280	180,000	955,280
Out of scope				
Grand total		842,400	1,238,062	

Out of scope



Out of scope

Cost assumptions for the Zero Carbon Bill

Budget assumptions underpinning the <i>introduction and passage of the Zero Carbon Bill</i>	
Component	Function
Crown Law contingency	Needed to ensure integrity of advice on the Bill
Senior Legal 1.5 FTE FY 17 and 2.0 FTE FY 18	Senior lawyers to work on the legislation. It is expected that additional capability will be provided from within MfE's Legal team.
Principal analyst 0.5, senior analysts x 3, analysts x 6	Provide policy resource to deliver the Zero Carbon Bill, covering the Commission and the 2050 target, including: <ul style="list-style-type: none"> • Development of preferred option for the target and commission • Development of public consultation document • Development of consultation process • Undertaking public consultation process • Analysis of submissions • Revisions to policy documentation • Supporting development of draft Bill



	<ul style="list-style-type: none">• Support to the Minister as the Bill makes its way through the House• Select Committee and Ministerial support
Manager 1 FTE	Managing the processes above.
Senior Communications Advisor 1.5 FTE (decreasing to 1.0FTE in 18/19)	Provide communications support to the policy team, recognising the significant public interest in both the commission and the target work.

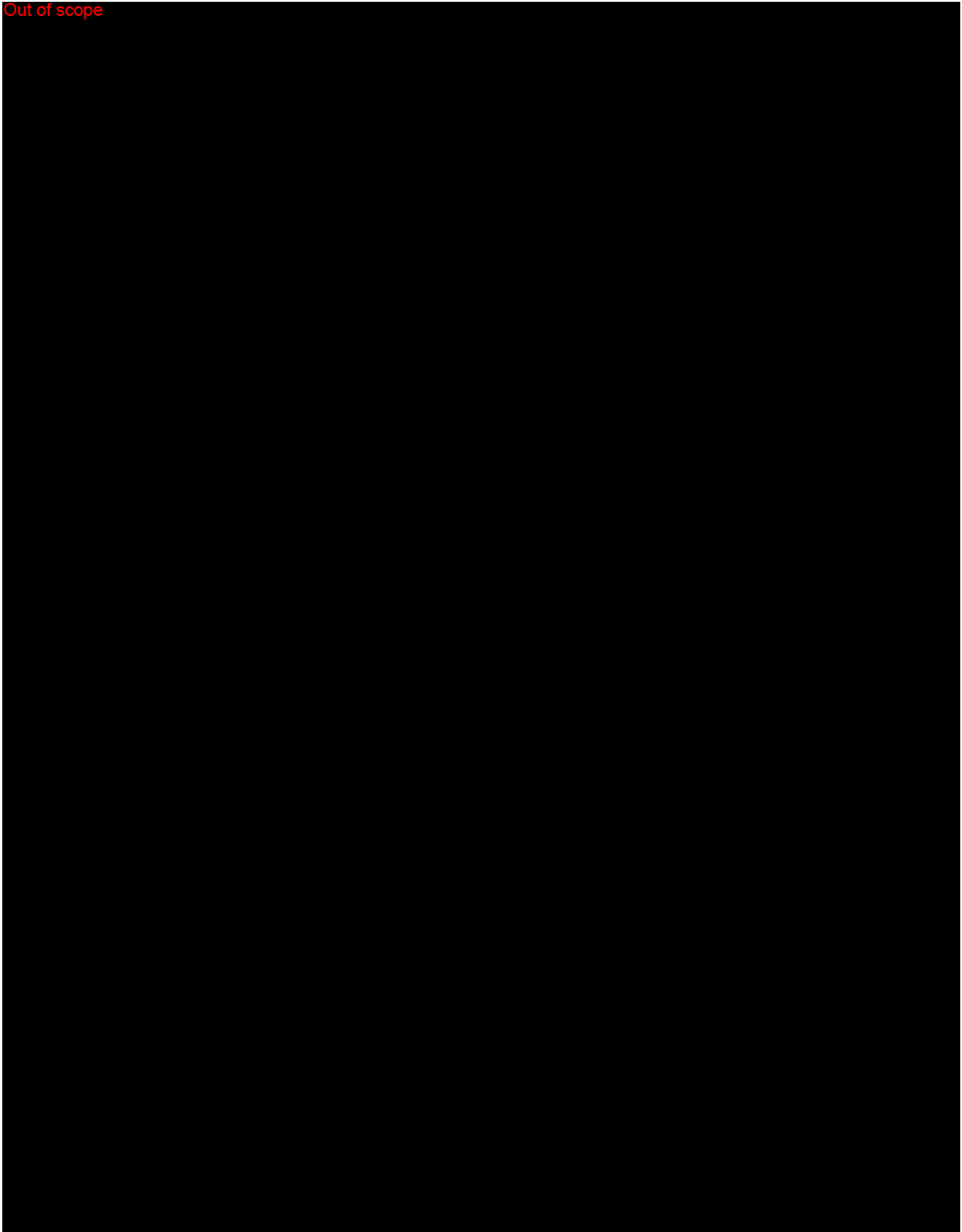


Ministry for the
Environment
Manatū Mō Te Taiao



*Making Aotearoa New Zealand
the most liveable place in the world*
Aotearoa - he whenua mana kura mō te tangata

Out of scope





Ministry for the
Environment
Manatū Mō Te Taiao



*Making Aotearoa New Zealand
the most liveable place in the world*
Aotearoa – he whenua mana kura mō te tangata

Out of scope

Out of scope



Ministry for the
Environment
Manatū Mo Te Taiao



*Making Aotearoa New Zealand
the most liveable place in the world*
Aotearoa – he whenua mana kura mō te tangata

Out of scope

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Ministry for the
Environment
Manatū Mō Te Taiao



*Making Aotearoa New Zealand
the most liveable place in the world*
Aotearoa – he whenua mana kura mō te tangata

Out of scope





To Hon James Shaw, Minister for Climate Change			Tracking #: 2017-B-04066
<u>Security Level</u>	In Confidence	Number of Attachments	2
Date Submitted:	1 December 2017	Response needed by:	N/A
MfE Priority:	Urgent	Action Sought:	For noting

Updated Cabinet paper on the 100-Day Plan for Climate Change

Purpose

1. The purpose of this briefing is to provide you with the:
 - a. key changes to the Cabinet paper
 - b. process for next three weeks.

Key messages

2. Following your ministerial consultation meetings, we have made the following changes to the Cabinet paper:

Executive summary:

- The executive summary has been reframed to show the importance of considering economic implications and bringing New Zealanders along in the process.

Interim Commission:

- This section in the Cabinet paper has been reframed around the Interim Commission being a proxy to the wider Commission once established.
- Scope broadened to also include energy.

Timeframe of how it all fits together:

- This incorporates the following changes: the Bill is intended to commence and the Commission established by May 2019.

S 9(2)(f)(iv)-
Still under
Ministerial
consideration

under [REDACTED]

under [REDACTED]

Financial recommendations:

- The amounts we are proposing to bid for have changed slightly given:
 - a. the timeframes have been brought forward slightly
 - b. the work has been broadened to include more commissioners to cover the energy question.
3. Agencies are due to provide feedback on Friday 1 December by midday. We will provide you a summary of other agencies' views in advance of our meeting with you on Monday 4 December.

4. The latest draft of the Cabinet paper is attached at Appendix 1.
5. The process for the next three weeks is attached at Appendix 2.

Signature

Roger Lincoln
Director
Climate Change Directorate

Date

Hon James Shaw
Minister for Climate Change

S 9(2)(a)-Protection of
 natural persons below
 manager level

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	[REDACTED]	-	
Responsible Manager	Janine Smith	021 144 7617	
Director	Roger Lincoln	027 290 7625	✓

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Appendices

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Official Information Act



To Hon James Shaw, Minister for Climate Change			Tracking #: 2017-B-04022
<u>Security Level</u>	In confidence	Number of Attachments	Nil
Date Submitted:	1 December 2017	Response needed by:	4 December 2017
MfE Priority:	Non-Urgent	Action Sought:	To read prior to 4 December discussion with officials

Communications and Engagement Plan – Climate Change 100 Day Project: announcements planned following Cabinet decision in December 2017

Key Messages

1. This paper sets out the communications and engagement plan for the Minister for Climate Change's announcement planned for 19 December 2017 (subject to Cabinet approval on 18 December 2017 for the Zero Carbon (Emissions) Bill) and initial options for consultation in mid-2018.
2. In advance of the Cabinet decision in December, we consider it is critical that you articulate to your colleagues how you intend to discuss the impacts and opportunities of setting the Zero Carbon Act with New Zealand businesses, communities and regions before final policy decisions are sought.

Strategy

3. The announcements are the beginning of a conversation with New Zealanders on how we reduce our emissions. Government will set the goal, put initiatives in place and empower businesses and communities to take action.
4. Climate change is the most significant environmental issue of our time and isn't covered by one portfolio or agency. To reflect this, we are taking a cross-government approach to policy and communications and engagement.
5. It is critical that stakeholders and the public have the opportunity to be involved in the process so that the Bill is enduring and has buy-in and support.
6. There are three main strands to this plan:
 - a. Partnering with other agencies and stakeholders to encourage businesses and the public to reduce emissions.
 - b. Stakeholder engagement, beginning now and continuing until the consultation.
 - c. Media and communications, to advance the public conversation.
7. A sequence of events is included in the Supporting Material section.

Cross agency approach and working with others

8. A cross agency communications and engagement group is working to build a comprehensive picture of opportunities through market research, leveraging existing relationships and expertise and existing communications programmes. This cross-agency group includes officials from MfE, Ministry for Primary Industries (MPI), Ministry for

Business, Innovation and Employment (MBIE), Ministry of Transport (MOT), Energy Efficiency Conservation Authority (EECA) and NIWA.

9. Some of the key areas for engagement, include:
 - a. Agriculture – work with industry organisations and leaders in agriculture to encourage further emissions reductions. Connect and collaborate with agritech innovators and land use experts to share stories across the sector.
 - b. Business – work with big emitters on pathways to reduction, and also with champions to encourage more businesses to think sustainably. Learn from best practice in business and identify innovative solutions.
 - c. Energy – understand energy users’ behaviours and opinions on carbon to inform a 100% renewable electricity target.
 - d. Forestry – work with sector groups, leading community organisations and businesses to meet the billion trees target.
 - e. Transport – engage with businesses, including freight and rail companies.
 - f. Public – Build on successful public awareness campaigns, for example MPI’s approach to educating the public on biosecurity. Work alongside eNGOs, science and research organisations to build public understanding of the goal and issues. continue to encourage the public shift to electric vehicles.
10. As partners, work alongside Māori/iwi to ensure te Ao Māori perspectives are incorporated throughout the process.

Planning for 19 December announcement

11. Objectives:
 - a. This announcement will launch a national discussion on reducing emissions, raising awareness with the public and fostering partnerships with business and industry to take action.
12. Key messages
 - a. New Zealand will be one of the world’s leading countries in climate change action.
 - b. To achieve this, the Government will introduce a new Zero Carbon (Emissions) Bill in 2018 which sets an ambitious emissions reduction target for 2050 and establish an independent Climate Commission.
 - c. This is the most significant environmental issue facing New Zealand and the solution needs to be enduring.
 - d. We will be consulting early to mid-next year.

A summary of possible communications and engagement tactics to support the announcement is outlined below:

When	What	Who
Pre announcement (4-18 December)	<p>We propose having initial conversations pre-announcement with important stakeholders and iwi/hapū to give them early indications of the process and how they can be involved. These could include:</p> <ul style="list-style-type: none"> • Pou Taiao Iwi Leaders Group • Industry and business groups • NGOs 	Officials and Minister

	<ul style="list-style-type: none"> • Science community <p>This engagement will be carried out by both the Minister and Ministry officials.</p>	
Pre announcement (4-18 December)	<p>Prepare announcement materials including:</p> <ul style="list-style-type: none"> • Media release, QAs and talking points • Web content and other online material 	Officials to draft, Minister's office to finalise
Pre announcement (4-18 December)	Arrange press conference and media opportunities	Minister's office with support from officials
Announcement day (19 December)	<p>We recommend a Ministerial announcement via a morning press conference and media release. To maximise interest from the public, we could run a non-traditional press conference, for example:</p> <ul style="list-style-type: none"> • At a primary school with children who will be turning 40 in 2050, to underline the generational impact of climate change. <p>We can work with your office to consider other approaches.</p> <p>The press conference could be streamed on Facebook Live, and could be accompanied by other online information and social media.</p> <p>Following the press conference, the Minister would be available for media interviews.</p>	Minister/Minister's office/Officials

Post announcement – January-April

13. In preparation for the consultation, we recommend continuing the discussion through:
 - a. engagement with a wide range of stakeholders (business, industry, transport, etc)
 - b. ongoing media coverage (eg, opinion pieces and media interviews)
 - c. social media (eg, partnering with organisations such as EECA on raising awareness).
14. The purpose of the engagement is to build relationships and gain intel on policy and communications options ahead of the consultation.
15. The purpose of continuing media coverage and social media is to continue the conversation on climate change with the wider public.

Consultation – mid-2018 (potentially April-July)

16. We recommend a robust, wide-ranging consultation to give New Zealanders (including industry, business, the public) the opportunity to have their say on climate change.
17. We are forming some initial ideas about how the consultation will look. The consultation could be based around the idea of what New Zealand might look like in 2050 if we are successful in reducing our emissions.
18. We already have a range of channels we use effectively that we recommend using for consultation, such as the MfE website and social media platforms as well as meeting face-

to-face with iwi, important stakeholders and the public. We can look into different channels depending on budget and resourcing.

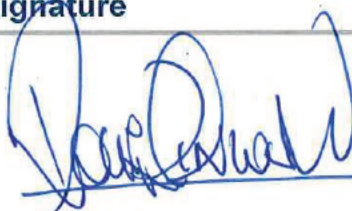
19. The consultation could be launched in conjunction with a climate related event. This would encourage higher media pick up and interest from the public. We could work with stakeholders to create an event.
20. We are also considering options for how we can elevate the consultation to ensure maximum engagement. There are many overseas best-practice examples of communicating climate change to the general public that we can use to inform our planning.
21. We can build a more detailed plan on what the consultation will look like to discuss with you at a later meeting.

Recommendations

22. We recommend that you:

- a. **Agree in principle** the approach for the 19 December announcement. Yes/No
- b. **Discuss** potential options for the consultation in 2018. Yes/No

Signature



Roger Lincoln
Director
Climate Change Directorate

Date

30/11/17

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	S 9(2)(a) Privacy of natural persons		
Responsible Manager	Janine Smith	021 144 7617	
Director	Roger Lincoln	027 290 7625	

Communications and Engagement Plan – Climate Change 100 Day Project: announcements planning following Cabinet decision in December 2017

Supporting material

Table 1: 100 Day Climate Change Project: Draft sequence of Events 2017-18

Audiences	Now until 19 December announcement	19 December announcement	19 Dec 2017 – End Feb 2018	March – June 2018 (tbc)	June/July (tbc) – Consultation
Other central agencies	<ul style="list-style-type: none"> Consulting on policy options and communications approach 	<ul style="list-style-type: none"> Inform of announcement and encourage sharing on social media and other channels 	<ul style="list-style-type: none"> Plan for consultation, leveraging their channels and workstreams 		Input to consultation process
Key stakeholders	<ul style="list-style-type: none"> Pre-inform of announcement Advise how they will be involved throughout Seek support in promoting broader engagement 	<ul style="list-style-type: none"> Comms to their memberships endorsing process, encouraging people to contribute. 	<ul style="list-style-type: none"> Direct input to design/scoping of consultation 'document' 		Input to consultation process
Public	N/A	<ul style="list-style-type: none"> Social media Information on website 	<ul style="list-style-type: none"> Contribute ideas Low level awareness raising campaign on climate change basics <ul style="list-style-type: none"> science led – NIWA etc 		Input to consultation process
Media	N/A	<ul style="list-style-type: none"> Press conference Media release 	<ul style="list-style-type: none"> Reactive media relations 		<ul style="list-style-type: none"> Media release

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Document 9

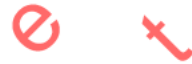
From: Paul Alexander
To: [Kay Harrison \(Parliament\)](#); [Georgina Beasley \(Parliament\)](#)
Cc: [Roger Lincoln](#)
Subject: briefing for next week's twyford / shaw meeting
Date: Wednesday, 6 December 2017 8:32:43 AM
Attachments: [image001.png](#)

Kay, Georgina

Just flagging that working with MBIE, parts of mfe, MoT on briefing for the meeting next week with Min Twyford. Had steered the team on basis of comments in meeting about their interest in what a 2 year work programme could look. Just want to check that's what's required – other ministries not so clear, and think there may be some more specific points to do with consenting processes and construction they want to talk about

Brief being worked up as a joint one for tomorrow

thanks



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Free and
Frank

Nga mihi,
Paul

Paul Alexander – Programme Director Low Emissions, Climate Change
021 243 0685
Ministry for the Environment – Manatu Mo Te Taiao
Website: www.mfe.govt.nz
23 Kate Sheppard Place, Thorndon, Wellington 6143



Ministry for the
Environment
Manatū Mō Te Taiao



Making Aotearoa New Zealand
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Aotearoa - he whenua mana kura mō te tangata

S 9(2)(g)(i)

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Out of scope

c.

Signature



8/12/17.

Roger Lincoln
Director
Climate Change Directorate

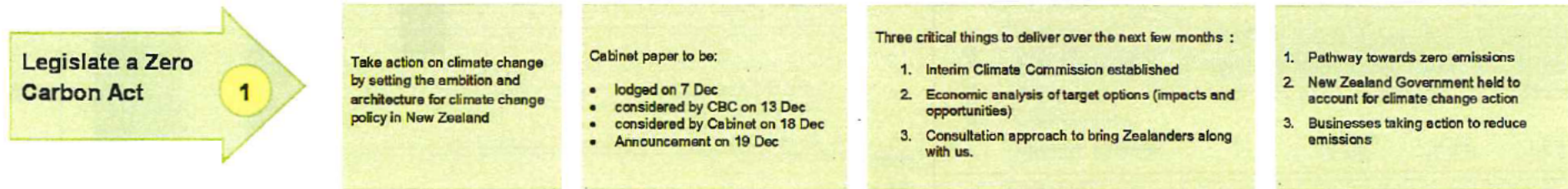
Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Policy Analyst	S 9(2)(a)		
Manager, Climate Change Policy	Janine Smith	021 144 7617	
Director, Climate Change	Roger Lincoln	027 290 7625	✓
Deputy Secretary, Environmental Performance, Innovation and Climate	Penny Nelson	021 460160	

Appendix 1: Double-sided A4 containing a summary of the climate change priorities and the new funding required over three budget processes to deliver on these



Out of scope

Funding required to progress climate change priorities

BUDGET SENSITIVE

\$61.5 million in MfE departmental budget

18/19 MfE operating baseline (drop from \$68m in 17/18 due to time-bound funding ceasing; usually sit around \$60-64m)

Of that, \$7.9 million is for climate change directorate (no changes in outyears)
to meet climate change priorities

After reprioritising, new funding needed over three
budget processes to meet climate change priorities

100 Day Plan appropriations from Budget 17

Out of scope

Zero Carbon Bill (includes payment for Crown Law, and consultation)	0.46	0.18
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Out of scope

Out of scope



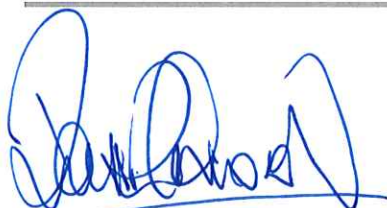
To Hon James Shaw, Minister for Climate Change			Tracking #: 17-B-04132
<u>Security Level</u>	In confidence	Number of Attachments	Two
Date Submitted:		Response needed by:	N/A
MfE Priority:	Non-Urgent	Action Sought:	Noting

Zero Carbon Bill indicative calendar for January and February 2018

Key Messages

1. The purpose of this briefing is to provide you with an indicative timetable for January and February 2018 for next steps for the Zero Carbon Bill and associated policy development (appendix 1).
2. There are three key matters related to the Zero Carbon Bill that you should focus on in January and February:
 - a. next steps for manifesto bids for Climate Change Commission (refer briefing 17-B-04128)
 - b. terms of reference for the Interim Climate Change Committee, and
 - c. terms of reference for the Climate Change Chief Executive Board.
3. The Cabinet and Cabinet Committee timetable for 2018 has not yet been published by Cabinet Office. Cabinet Office has released a notice (CO Notice (17) 8) which sets out the New Year Meeting Timetable up until early February (appendix 2).
4. Until the timetable for 2018 is published, we have approximated when the committees may be meeting in late February, so that you have an idea of when you might be receiving briefings. Early and active consultation with other Ministers will continue to be important in moving this work forward.
5. We will provide you with an updated timetable after the Cabinet and Cabinet Committee timetable for 2018 has been published, which we expect in January 2018.

Signature



Roger Lincoln
 Director
 Climate Change Directorate

Date

19/12/17

Hon James Shaw
 Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	S 9(2)(a) - Natural persons		
Responsible Manager	Janine Smith, Manager, Climate Change Policy	021 144 7617	
Director	Roger Lincoln	027 290 7625	✓

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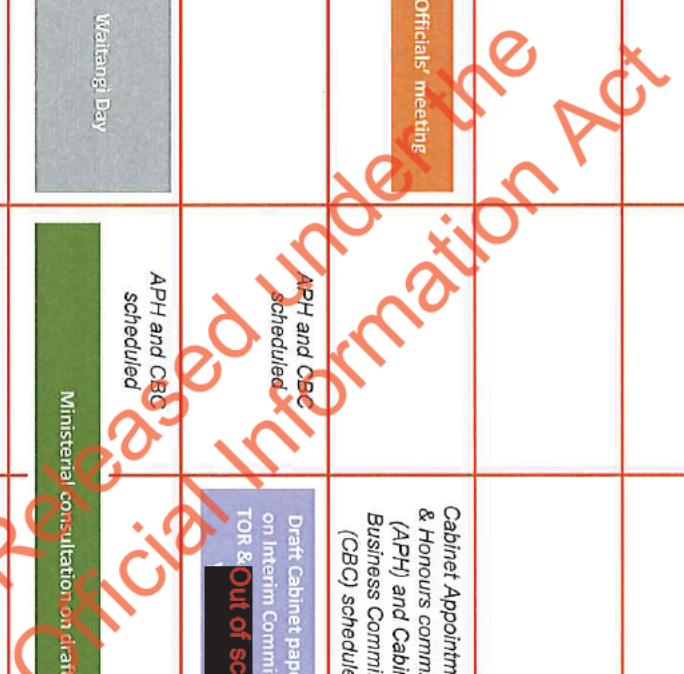
Appendices

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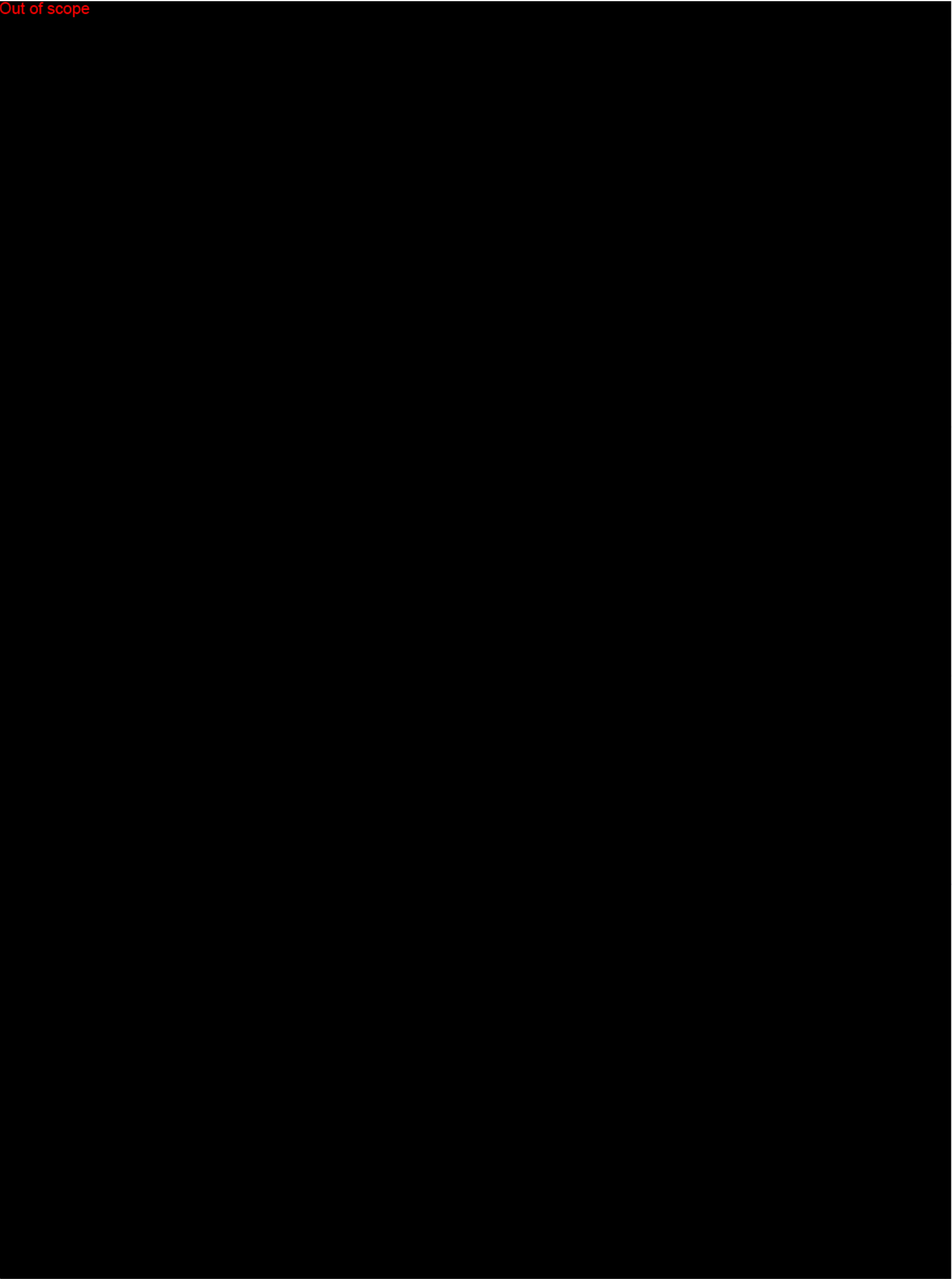
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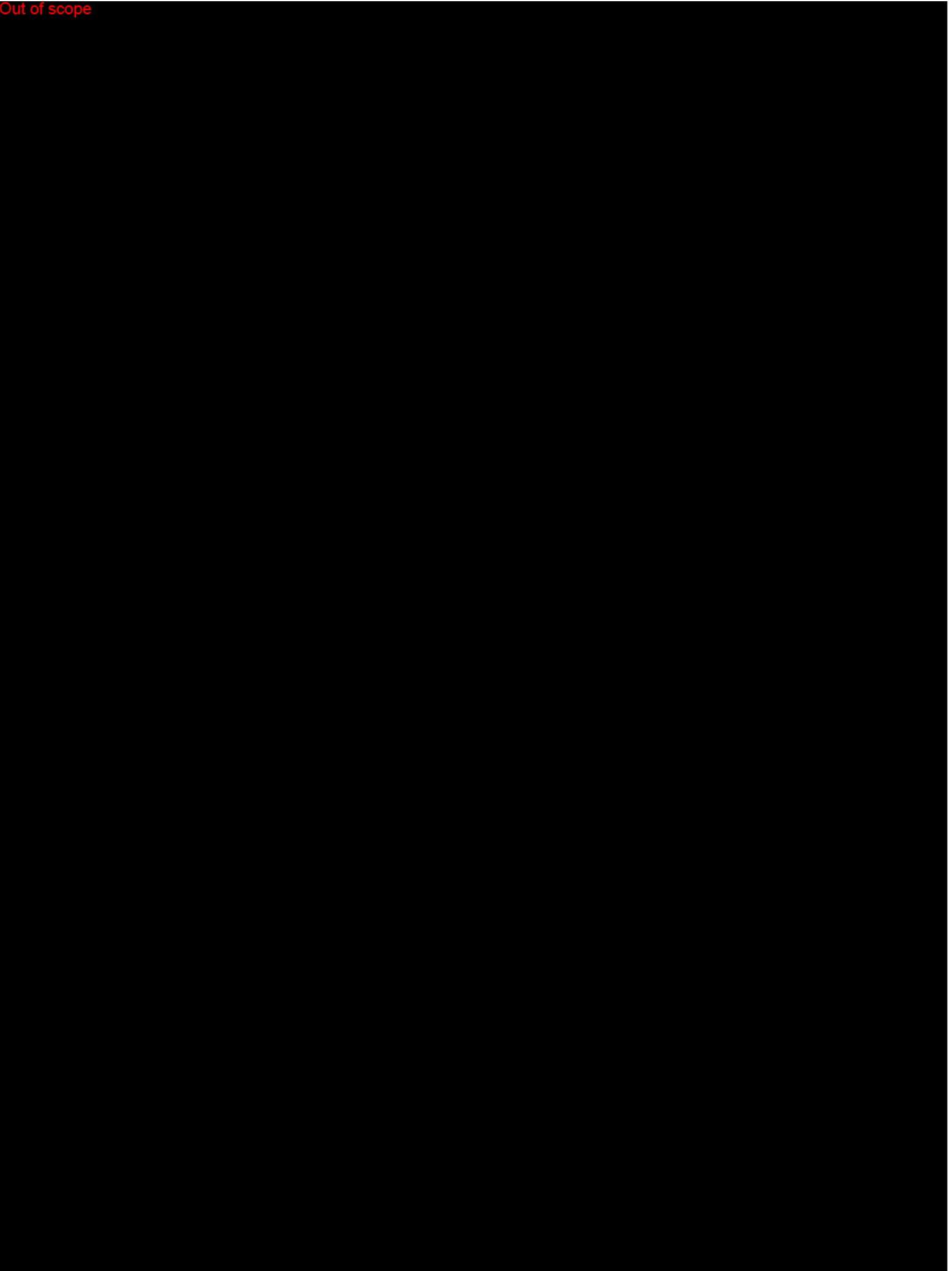
Appendix 1: Zero Carbon Bill indicative calendar for January & February 2018

Week beginning	Mon	Tues	Wed	Thurs	Fri	Expected this week
1 Jan	Ministry for the Environment is closed					
8 Jan						
15 Jan	Meet officials on Climate Change Commission Budget?				By 15 Jan: decisions on Climate Change Commission Budget	Decide next steps on Climate Commission Budget
22 Jan	Wellington Anniversary Day	Officials' meeting		Cabinet Appointments & Honours committee (APH) and Cabinet Business Committee (CBC) scheduled	26 Jan: Budget bids for manifesto commitments due with Treasury	Potential meeting with Minister of Finance
29 Jan	Officials' meeting		APH and CBC scheduled	Draft Cabinet paper/s on Interim Committee TOR & Out of scope		Indicate your early views on Interim Committee TOR and Sat 3 Feb: end of 100 Days
5 Feb	Officials' meeting	Waitangi Day	APH and CBC scheduled	Ministerial consultation on draft Cabinet paper/s		Ministerial consultation on Interim Committee TOR No Cabinet meeting scheduled this week
12 Feb	Officials' meeting			10am: lodge paper/s with Cabinet Office		Normal Cabinet and Cabinet committee timetable expected to resume this week
19 Feb	Officials' meeting	If the relevant Cabinet committee is meeting, could report back on TORs for Interim Committee and Out of scope				
26 Feb	If Cabinet meeting, confirm Cabinet committee decisions on Interim Committee CE Board	Subject to Cabinet agreement, could announce TOR for Interim Committee and CE Board	28 Feb: Cabinet agreed to Terms of Reference for Interim Committee and Terms of Reference for Out of scope			Briefings to you on: <ul style="list-style-type: none"> consultation & engagement economic analysis



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To Hon James Shaw, Minister for Climate Change			Tracking #: 2017-B-04106
<u>Security Level</u>	In-confidence	Number of Attachments	1 letter 2 draft Cabinet papers
Date Submitted:	20 December 2017	Response needed by:	23 January 2018
MfE Priority:	Non-Urgent	Action Sought:	Decision

Legal: 2018 Climate Change Legislation Bids

Key Messages

1. This paper seeks your agreement to submit two legislative bids for inclusion in the 2018 Legislative Programme.
2. The proposed bid requests in order of priority are:
 - Zero Carbon Bill – category 5 (to be referred to a select committee in the year); and
 - Climate Change Response Amendment Bill – category 6 (instructions to be provided to Parliamentary Counsel Office in the year).
3. Attached for your approval is a draft covering letter and draft papers to the Legislation Coordinator in the Cabinet Office.
4. You are required to submit bids for the Legislation Programme 2018 to the Legislation Coordinator in the Cabinet Office by 10am on Friday 26 January 2018 (as requested in the Cabinet Office circular CO (17) 11). Bids must be submitted with a covering letter that ranks all bids in each portfolio.

Recommendations

5. We recommend that you:
 - a. **agree** that the following bids in the Climate Change portfolio be submitted for inclusion in the 2018 Legislative Programme, ranked in the following order of priority:
 - i. Zero Carbon Bill – category 5 (to be referred to a select committee in the year)

Yes/No

- ii. Climate Change Response Amendment Bill – category 6 (instructions to the Parliamentary Counsel Office to be provided in the year)

Yes/No


- b. **sign** the attached letter to the Cabinet Office requesting the above bills be awarded a place in the 2018 Legislation Programme

Yes/No

- c. **submit** the letter and Cabinet papers for the bills within the Climate Change portfolio to the Cabinet Office by 10am on Friday 26 January 2018.

Yes/No

Signature



Jane Strachan
Director
Directorate: Legal

Hon James Shaw
Minister for Climate Change

Date

S 9(2)(a) Protection
of natural persons

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	s9(2)(a) - privacy		✓
Responsible Manager	Alice King	0220441189	
Director	Jane Strachan	0272437486	

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Legal: 2018 Climate Change Legislation Bids

Supporting material

Context

1. Cabinet Office circular CO (17) 11 sets out the requirements for the preparation of requests ('bids') from Ministers for bills to be awarded places on the 2018 Legislation Programme.
2. Ministers are asked to arrange for bids for the 2018 Legislation Programme to be delivered to the Legislation Coordinator in the Cabinet Office by 10am on Friday, 26 January 2018.
3. A standard format for each bid is set out in the annex to the Cabinet Office circular. Each bid must be authorised by the Minister, or in the case of multiple bids, attached under a covering letter authorised by the Minister. Where a Minister is submitting more than one bid in a portfolio, the bids must be provided under a covering letter authorised by the Minister that ranks all bids in that portfolio.
4. The priorities given to bills for a calendar year are as follows:
 - Category 1: must be passed or introduced in the year as a matter of law
 - Category 2: must be passed in the year
 - Category 3: to be passed if possible in the year
 - Category 4: to be passed under extended sitting hours
 - Category 5: to be referred to a select committee in the year
 - Category 6: instructions to be provided to PCO in the year
 - Category 7: on hold
 - Category 8: not to proceed.
5. These bids are compiled by the Legislation Co-ordinator in the Cabinet Office, and submitted to the Cabinet Legislation Committee (LEG) for a decision on which bills are to be included in the Legislation Programme, and the priority that they will be given.
6. A place on the annual Legislation Programme must be sought for the following matters:
 - every bill that is currently before the House or a select committee;
 - bills that are currently undergoing policy development work, or are being drafted, and have a place on the previous (2017) Legislation Programme or in the 100 Day Plan;
 - policy proposals that may result in a bill in 2018 (including bills likely to be proposed in Law Commission reports).
7. A Cabinet paper for each bill in the Climate Change portfolio, its proposed ranking within the portfolio and a covering letter to the Cabinet Office is included in this briefing. Each bill and its proposed priority is summarised below.

Analysis and Advice

8. To give effect to the Government's priorities the Ministry proposes that you request the following bills be awarded a place on the 2018 Legislation Programme. The bills in order of priority are:
 - Zero Carbon Bill – category 5 (to be referred to a select committee in the year); and
 - Climate Change Response Amendment Bill – category 6 (instructions to be provided to Parliamentary Counsel Office in the year).
9. In early 2019, new places will be sought for these bills on the 2019 Legislation Programme. At that point you may wish to seek a priority 2 (must be passed in the year) for the Zero Carbon Bill, and similarly increase the priority sought for the Climate Change Response Amendment Bill. We will advise you on this in December 2018.
10. A Cabinet paper for each bill in the Climate Change portfolio, its proposed ranking within the portfolio and a covering letter to the Cabinet Office is included in this briefing. Each bill and its proposed priority is summarised below.

Zero Carbon Bill

11. The Zero Carbon Bill will provide an overarching framework for New Zealand's climate change policy by:
 - setting a net zero by 2050 target (2050 Target);
 - establishing an independent Climate Change Commission (the Commission); and
 - defining the Commission's roles, powers and functions.
12. These policy objectives were signalled in the Government's 100 Day Plan, and in the coalition and confidence and supply agreements on the basis of which the Government was formed.
13. On 18 December 2017, Cabinet agreed to the process for developing the Zero Carbon Bill [CAB-17-MIN-0547.01 and CBC-17-MIN-0056 refers], and invited you to report back to Cabinet by 31 August 2018 seeking policy decisions for the Bill.
14. We propose the following key steps:
 - Now to April 2018: Gathering expert advice and extensive evidence to inform public consultation.
 - May/June 2018: Public consultation on the Bill's proposed content.
 - July to end of October 2018: Cabinet decisions on policy, drafting and approval of the Bill, release of an exposure draft (if exposure draft is planned), and introduction of the Bill to Parliament.
 - Early November 2018: Bill referred to a select committee.
 - March 2019: Report back from select committee.
 - April 2019: Bill is enacted and commences.

Climate Change Response Amendment Bill

15. The Climate Change Response Amendment Bill would amend the Climate Change Response Act 2002 (CCRA) in order to improve the operation of the New Zealand Emissions Trading Scheme (NZ ETS) and ensure that New Zealand complies with its international obligations in relation to climate change. These amendments would align

with the Government's priorities, including by supporting New Zealand in meeting the 2050 target set by the proposed Zero Carbon Bill.

16. The proposed changes arise from a review of the NZ ETS initiated by the previous Government in November 2015 [CAB-15-MIN-0217 refers], which advised on potential changes to the NZ ETS to assist New Zealand in meeting its international obligations and prepare New Zealand for changing international circumstances. Stage I of the review was addressed by amendments made to the CCRA in 2016. The previous Government consulted on stage II of the review in 2016, and Cabinet made a series of in-principle decisions and noted areas for further work in mid-2017 [CAB-17-MIN-0369 refers].
17. Further consultation and analysis is required to determine what amendments are required to address stage II of the review. Amendments may be needed in relation to issues including:
 - the NZ ETS' relationship to international markets;
 - the NZ ETS price ceiling;
 - decisions on NZ ETS unit supply settings and volumes;
 - operational and technical changes;
 - forestry accounting;
 - free allocation; and
 - the New Zealand Emission Unit Register.

S 9(2)(f)(iv)-Still
under ministerial
consideration

S 9(2)(f)(iv)-Under Ministerial Consideration

19. The Bill may also incorporate relevant amendments to the CCRA which may be needed to bring domestic law in compliance with the Paris Agreement on climate change (the Agreement), which New Zealand ratified on 4 October 2016 and which entered into force on 4 November 2016. Amendments may be needed in relation to the following:
 - reducing greenhouse gas emissions (mitigation);
 - transparency (measuring, reporting, and verification of greenhouse gas emissions and progress towards targets);
 - greenhouse gas sinks and reservoirs including forests;
 - carbon markets;
 - adapting to the effects of climate change;
 - international climate finance;
 - transferring technology to developing countries;
 - capacity-building of developing countries; and
 - education, training and public awareness.
20. The rules under the Agreement are still being negotiated. The outcome of these negotiations will determine the amendments to the CCRA.
21. The Bill could also incorporate other emerging issues that are under consideration, including operational issues. For example to give effect to the Carbon Offsetting and Reduction Scheme for International Aviation.
22. The proposed process involves the following key steps:

• S 9(2)(f)(iv)-Under Ministerial Consideration [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

S 9(2)(f)(iv)-Still
under ministerial
consideration

Consultation and Collaboration

23. Parliamentary Counsel Office have reviewed the draft bids and advise that they have a number of concerns about the timeframes specified for both bills due to the limited time each timeline provides for drafting. The tight timeframes are required if the Government wishes to have the Zero Carbon Bill passed as soon as possible, and the Climate Change Response Amendment Bill passed soon after.

24. We intend to manage these time constraints through engaging with PCO early and often, however you may also need to seek approval from the Attorney General for PCO to focus its resources on these two Bills.

Risks and mitigations

25. The proposed changes to the Climate Change Response Act arise from a review of the NZ ETS initiated by the previous Government in November 2015 [CAB-15-MIN-0217 refers], which advised on potential changes to the NZ ETS to assist New Zealand in meeting its international obligations and prepare New Zealand for changing international circumstances. If the proposed changes are not made there is a risk New Zealand will not meet its international obligations.

26. S 9(2)(f)(iv)-Under Ministerial Consideration [Redacted]

[Redacted]

[Redacted]

S 9(2)(f)(iv)-Still
under ministerial
consideration

Legal issues

29. There are no legal issues associated with the submission of the attached legislative bids for inclusion on the 2018 Legislation Programme.

Financial, regulatory and legislative implications

30. No financial, regulatory or legislative sensitivities or implications have been identified in respect of the submission of the attached legislative bids for inclusion on the 2018 Legislation Programme.
31. You are being advised separately about the financial implications for the work done to introduce the Zero Carbon Bill, for establishing the Climate Change Commission, and fiscal implications of a 2050 target.

Next Steps

32. Once you have determined the Bills to request be included in the 2018 Legislation Programme, you must submit your requests for each portfolio. The requests must be submitted in the form of the attached letter and Cabinet papers for each Bill, to the Cabinet Office by 10.00am on Friday, 26 January 2018.
33. Two hard copies of each bid must be provided to the Legislation Coordinator in the Cabinet Office. In addition, an electronic version of each bid must be emailed to the Legislation Coordinator (gerrard.carter@dpmc.govt.nz).

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Official Information Act

Cabinet Office
Level 10
Executive Wing
PARLIAMENT BUILDINGS

Attention: Legislation Coordinator

2018 Legislation Programme: Submission of Bids for the Climate Change Portfolio

As requested in the Cabinet Office Circular CO (17) 11, I wish to submit the following bids, in order of rank within the Climate Change portfolio, for consideration for inclusion in the 2018 Legislation Programme:

- a) Zero Carbon Bill – category 5 (to be referred to a select committee in the year)
- b) Climate Change Response Amendment Bill – category 6 (instructions to the Parliamentary Counsel Office to be provided in the year).

Yours sincerely

Hon James Shaw
Minister for Climate Change

Zero Carbon Bill: Request for Priority in the 2018 Legislation Programme

Summary Information

1. Details regarding the bid for the Zero Carbon Bill:
 - 1.1 **Portfolio of sponsoring Minister:** Minister for Climate Change
 - 1.2 **Department responsible:** Ministry for the Environment
 - 1.3 **Departmental contact for clarification for further information:**

Name:	Roger Lincoln
Phone:	027 290 7625
Email:	roger.lincoln@mfe.govt.nz
 - 1.4 **Title of proposed Bill:** Zero Carbon Bill
 - 1.5 **Proposed ranking of Bill within the bids from this portfolio:** 1 of 2
 - 1.6 **Estimated number of clauses in the Bill:** 50 – 70
 - 1.7 **Complexity of clauses:** Medium
 - 1.8 **Proposed priority:** Category 5 (to be referred to a select committee in the year)

Policy

2. The overarching purpose of the Zero Carbon Bill will be to act as the architecture for New Zealand's climate change policy. To achieve this the Bill will:
 - 2.1. set a net zero by 2050 target (2050 Target);
 - 2.2. establish an independent Climate Change Commission (the Commission); and
 - 2.3. define the Commission's roles, powers and functions.
3. These objectives were signalled in the Government's 100 Day Plan, the Government's coalition agreement between the New Zealand Labour Party and New Zealand First, and in the Government's confidence and supply agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand.
4. On 18 December 2017, Cabinet agreed to the process for developing the Zero Carbon Bill and invited me to report-back to Cabinet by 31 August 2018 seeking policy decisions for the Bill [CAB-17-Min-0547 and CBC-17-MIN-0056 refers].

Need for legislation

5. Setting a new 2050 Target through the Bill will give it greater legal standing. There are existing mechanisms in the Climate Change Response Act 2002 to set targets (eg, by publication in the New Zealand Gazette or through regulations) which could be faster

than passing a bill. However, codifying the 2050 Target in primary legislation could assist in:

- 5.1. creating a stable policy environment for businesses to be able to make long-term investment decisions;
 - 5.2. enabling greater public transparency, participation and scrutiny over process;
 - 5.3. driving growth and innovation;
 - 5.4. ensuring New Zealand is world leading in honouring the Paris Agreement aims to hold global warming to well below two degrees Celsius, and
 - 5.5. pursuing efforts to limit the temperature increase to 1.5 degrees Celsius.
6. To support New Zealand in meeting the 2050 Target, I also propose an independent Climate Change Commission be established by the Bill.
 7. Our institutional arrangements need to be able to address the incompatibility of the long-term nature of climate change and short-term political cycles. A number of countries have sought to address this through changes to institutional arrangements that better place them to meet the intergenerational challenge of climate change.
 8. The Parliamentary Commissioner for the Environment proposed the establishment of an independent Climate Change Commission (similar to the UK Committee on Climate Change, established under the UK Climate Change Act 2008) as a way of addressing this issue in New Zealand. This was also signalled by the Government in the 100 Day Plan. Thus I propose the Zero Carbon Bill is the mechanism by which the Commission is established.
 9. The proposed priority for this Bill is Priority 5 (to be referred to a select committee in the year). This enables the following key steps to occur beforehand:
 - 9.1. Now to April 2018: gathering expert advice and extensive evidence to inform public consultation
 - 9.2. May/June 2018: Public consultation on the Bill's proposed content
 - 9.3. July to end of October 2018: Cabinet decisions on policy, drafting and approval of the Bill, and introduction of the Bill to Parliament.
 - 9.4. Early November 2018: referred to a select committee.

Compliance

10. The proposed Bill will comply with:
 - 10.1. the principles of the Treaty of Waitangi;
 - 10.2. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
 - 10.3. the principles and guidelines set out in the Privacy Act 1993;
 - 10.4. relevant international standards and obligations; and

10.5. the *LAC Guidelines: Guidelines on Process and Content of Legislation*.

Binding on the Crown

11. The Zero Carbon Bill will bind the Crown.

Consultation

12. The following agencies were consulted on the Cabinet paper that set out the process for developing the Zero Carbon Bill: the Department of the Prime Minister and Cabinet (Policy Advisory Group); State Services Commission; the Treasury; Parliamentary Counsel Office; Ministry of Foreign Affairs and Trade; MBIE; Department of Conservation; Department of Internal Affairs; Te Puni Kōkiri; Ministry of Transport; New Zealand Transport Agency; Ministry of Justice (Post-Treaty Settlements Unit; Civil and Constitutional Policy); Ministry for Primary Industries; Land Information New Zealand; Ministry of Health; Ministry for Women; and the Environmental Protection Authority.
13. I intend for public consultation on the Bill to occur in May/June 2018. An exposure draft of the Bill may be released in September 2018, prior to introduction.
14. The Bill will be referred to the Legislation Design and Advisory Committee because it will be a significant new principal Act.

Associated regulations

15. No regulations will likely be needed to give effect to the provisions in the Bill.

Timeline

S 9(2)(f)(iv)-Under Ministerial Consideration

S 9(2)(f)(iv)-Still under ministerial consideration

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S 9(2)(f)(iv)-Under Ministerial Consi		
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Recommendations

17. The Minister for Climate Change recommends that the committee:
 - 17.1. **note** that the Zero Carbon Bill will set a 2050 target and establish a Climate Change Commission;
 - 17.2. **approve** the inclusion of the Zero Carbon Bill in the 2018 Legislation Programme, with a priority of Category 5 (to be referred to a select committee in the year);
 - 17.3. **note** that the final drafting instructions are intended to be provided to the Parliamentary Counsel Office in August 2018;
 - 17.4. **note** that the Bill should be introduced no later than the end of October 2018; and
 - 17.5. **note** that the Bill should be enacted no later than May 2019.

Authorised for lodgement

Hon James Shaw
Minister for Climate Change

____ / ____ / ____

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From: S 9(2)(a)
To: [Georgina Beasley \(Parliament\)](#)
Subject: CC Adaptation briefing question
Date: Monday, 15 January 2018 4:20:56 PM
Attachments: [image001.png](#)

S 9(2)(a) - Protection of natural persons

Hi Georgina –

Im just compiling a 1 page fact sheet for ELT for Select Committee at the moment, & I have a quick question on the Briefing note that went across late last year **2017-B-04099 Draft Options Report from the CCATWG.docx**

There was a recommendation in there to:

- a. Request a briefing from officials on whether or not, and how climate change adaptation should feature within the Zero Carbon Bill (the Bill) and / or a Climate Change Commission**

Do you know if this recommendation was approved / agreed to by chance?

Cheers – hope you had a nice break!

Jo

Nga mihi

S 9(2)(a) – Policy Analyst/Kaitatari Kaupapa, Climate Change
Manatu Mo Te Taiao – Ministry for the Environment

Waea/Phone: S 9(2)(a) Imera/Email: S 9(2)(a) [@mfe.govt.nz](mailto:S 9(2)(a)@mfe.govt.nz) Wharangi ipurangi/Website:

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Ministry for the
Environment
Manatu Mo Te Taiao

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[Read the full report](#)



To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04204
<u>Security Level</u>	In confidence	Number of Attachments	Nil
Date Submitted:		Response needed by:	N/A
MfE Priority:	Non-Urgent	Action Sought:	Note only

Zero Carbon Bill: possible cross-party questions

Key Messages

1. This briefing provides a series of questions to ask cross-party members of Parliament as a first step to obtain cross party support for the Interim Climate Change Committee (Committee) and Zero Carbon Bill.

Context

2. As discussed in previous advice, we consider a critical success factor to the enduring legal architecture of climate change policy is to obtain bipartisan support on the Zero Carbon Bill.
3. Given that the Committee is considered to be a proxy to the eventual Climate Change Commission we recommend you seek cross party support on its set up.

Possible questions

Principles of the Bill

4. The principles agreed to by Cabinet for a just and effective transition are:
 - a. taking a **transparent and participative approach** to climate change policy
 - b. ensuring that policy settings provide **investment predictability**
 - c. being **ambitious** with respect to reducing our gross emissions by not unduly relying on international emissions reductions to meet our targets, while retaining all options at this point, and
 - d. creating **enduring institutional arrangements for climate change** and environmental governance, with decisions underpinned by strong data and evidence.

Possible question you could ask members of Parliament:

What would success look like for you in establishing the architecture of climate change legislation in New Zealand?

Interim Climate Change Committee

5. We recommend seeking cross-party support on the membership of the Committee, given the importance of ensuring that the Committee's work to gather evidence and analysis is enduring and credible. The membership principles, criteria and expertise for the Committee are set out below.

Membership principles

6. The key principles in selecting the Committee members are:



- creating enduring institutional arrangements for climate change and environmental governance
- taking a transparent and participative approach to climate change policy, and
- following the UK Committee on Climate Change model by selecting experts in their field, rather than stakeholder or interest group representatives.

Chair Criteria

7. The particular skills required of the Chair are:

- a. an accomplished leader with mana and credibility
- b. a high level of strategic and government awareness
- c. politically independent
- d. capable of fronting the media
- e. intellectually flexible and agile
- f. able to hear others' viewpoints then respond and/or adjust thinking, and comfortable with having his or her own views challenged
- g. committed to the intended outcome, and able to motivate members to deliver on time, and
- h. potential to transition into chairing the Climate Change Commission.

Expertise of the Committee

8. The other particular areas of knowledge desirable for Committee members are:

- a. agriculture
- b. climate change policy
- c. resource economics and impacts (including social impacts and distribution)
- d. te Tiriti o Waitangi, te reo me ona tikanga Māori, Māori economy, Māori business and economy and mātauranga Māori (traditional knowledge)
- e. business and international competitiveness, including an understanding of innovation impacts
- f. energy production and supply, and
- g. climate change science.

Possible questions you could ask members of Parliament:

How do the principles, criteria and expertise resonate with you? Do you have names in mind that would fit those criteria?

Three key areas of analysis for inclusion in Committee's terms of reference

9. The three areas we are proposing that the Committee explore are:

- whether and how agriculture could enter the New Zealand Emissions Trading Scheme at 95% allocation
- how to get to 100% renewable electricity generation, and
- carbon budgeting and how could it work in practice.



10. For the Committee to provide analysis and evidence on these questions the Committee will look at the broader context of any alternative options.
11. Additional key points to note:
 - this work would be passed onto the Climate Change Commission to make recommendations, and
 - just and effective transition plans will be developed alongside these areas of focus.

Possible questions to ask members of Parliament:

What are your views on the nature of the questions proposed for the Committee to consider on agriculture and energy?

Other points to note for your discussions:

Timeframes

12. We recommend cross-party consultation on the matters raised above from 26 February 2018 to 8 March 2018.

Cross-party support on the Zero Carbon Bill

13. It will be important to note that this does not replace the cross-party engagement on the Zero Carbon Bill this could occur later in June/July 2018.

Signature

Janine Smith
Acting Director
Climate Change Directorate

26.01.18

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Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Senior Policy Analyst, Climate Change Policy	s 9(2)(a)		
Senior Policy Analyst, Climate Change Policy	Lewis Stevens	0204 009 5469	
Acting Director, Climate Change	Janine Smith	021 144 7617	✓

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To Hon James Shaw, Minister for Climate Change			Tracking #: 18-B-04193
Security Level	In confidence	Number of Attachments	Indicative timing of Zero Carbon Bill papers and ministerial consultation
Date Submitted:	26 January 2018	Response needed by:	1 February 2018
MfE Priority:	Urgent	Action Sought:	Decision

Zero Carbon Bill – process until early April 2018

Key messages

- This briefing provides an overview of:
 - next steps for the Zero Carbon Bill Project
 - key decision points and suggested Ministerial consultation process.
- The updated indicative timing for Zero Carbon Bill papers and Ministerial consultation is appended.

New Cabinet report-back date requires extension

- On 18 December 2017, Cabinet invited you to report back, by 28 February 2018 on:
 - the terms of reference for the Interim Climate Change Committee (Interim Committee)
 - Out of scope** [redacted] and [redacted]
 - the timing and sequencing of key government decisions on priority climate change policy matters [CAB-17-MIN-0547.01 refers].
- On Thursday 18 January 2018 you indicated that due to the Cabinet committee meeting timetable, you are comfortable aiming for the Cabinet Environment, Energy and Climate committee meeting (ENV) on 20 March 2018 on all points mentioned above. The membership of the Interim Committee could then be confirmed at the Cabinet Appointments and Honours committee meeting (APH) on 28 March 2018. This requires an extension to the report-back date. We recommend that your office contact the Cabinet Office to confirm this extension.
- We also recommend that your office seek an extension to the usual 10am on the previous Thursday deadline for lodging papers with Cabinet Office for the APH Interim Committee membership paper (APH paper). We recommend that the APH paper be lodged with Cabinet Office by 5pm on Monday 26 March 2018 following Cabinet consideration of the ENV paper.

Ministerial consultation – we recommend a three-stage process

Stage 1 – initial meeting with key Ministers

- We recommend that you have an initial meeting with the Minister of Finance and Minister of Economic Development (Hon David Parker) in the week of 12 February 2018 for an initial discussion primarily about the **Out of scope** [redacted]. You may also wish to include the Minister of State Services (Hon Chris Hipkins) in this meeting given that the **Out of scope** [redacted]



7. We also recommend that you separately meet with the Deputy Prime Minister on these matters because of the cross-cutting nature of these decisions.
8. During this same period, we recommend you gather further information from other sources outside Government on the membership of the Interim Committee. For example, you could seek information from the Sustainable Business Council. We will provide you with further advice on this next week.

Stage 2 – telephone / further meetings with sector-specific Ministers

9. You could then consult (either by telephone or in person) the Ministers holding portfolios that relate to the departments intended to be represented on the **Out of** (Ministry for the Environment; the Treasury; Ministry of Business, Innovation and Employment; and Ministry for Primary Industries). We recommend you do this in the week of 19 February 2018. The relevant Ministers are those holding the following portfolios:
 - a. Transport (Hon Phil Twyford)
 - b. Energy and Resources (Hon Megan Woods)
 - c. Agriculture (Hon Damien O'Connor), and
 - d. Forestry (Hon Shane Jones).
10. This will allow us to then consult the relevant public sector chief executives in the weeks starting 26 February and 5 March 2018.
11. You may also wish to consult these Ministers about Interim Committee membership at the same time. We recommend that you also have an early conversation in the week of 19 February 2018 with the following Ministers about Interim Committee membership, given likely interest to iwi and Māori:
 - a. Crown/Māori Relations (Hon Kelvin Davis), and
 - b. Māori Development (Hon Nanaia Mahuta).

Stage 3 – formal consultation on Cabinet papers with all relevant Ministers

12. We then recommend that you send the draft Cabinet papers to the Ministers holding the following portfolios for feedback by 13 March:
 - a. Prime Minister (Rt Hon Jacinda Ardern)
 - b. Deputy Prime Minister
 - c. Crown/Māori Relations
 - d. Finance
 - e. Transport
 - f. Energy and Resources
 - g. State Services / Leader of the House (Hon Chris Hipkins)
 - h. Economic Development / Environment / Attorney-General (Hon David Parker)
 - i. Māori Development
 - j. Agriculture
 - k. Forestry / Regional Economic Development (Hon Shane Jones)
 - l. Women (Hon Julie Anne Genter), and
 - m. Conservation (Hon Eugenie Sage).



Next steps

13. We recommend you discuss this with officials on Tuesday 30 January 2018.

Recommendations

14. We recommend that you:

- a. **agree** to seek an extension from the Cabinet Office to the requirement to report back by 28 February 2018 on the terms of reference to the Interim Climate Change Committee, **Out of scope**, and the timing and sequencing of key government decisions on priority climate change policy matters to 26 March 2018

Yes / No

- b. **agree** to seek an extension from the Cabinet Office to the lodgement deadline for the Cabinet Appointment and Honours committee paper (seeking confirmation of membership of the Interim Climate Change Committee) to 5pm on Monday 26 March 2018

Yes / No

- c. **meet** together with the Minister of Finance and Minister of Economic Development, and potentially also the Minister of State Services, in the week of 12 February 2018 for an initial discussion primarily about the public sector board of Chief Executives and also about potential members of the Interim Climate Change Committee

Yes / No

- d. **meet** the Deputy Prime Minister in the week of 12 February 2018 for an initial discussion primarily about the public sector board of Chief Executives and also about potential members of the Interim Climate Change Committee

Yes / No

- e. **consult** (either by telephone or in person) Ministers holding the following portfolios

- i. Transport
- ii. Energy and Resources
- iii. Agriculture, and
- iv. Forestry

in the week of 19 February 2018 primarily about the public sector board of chief executives but also about potential members of the Interim Climate Change Committee

Yes / No

- f. **consult** (either by telephone or in person) Ministers holding the following portfolios

- v. Crown/Māori Relations
- vi. Māori Development

in the week of 19 February 2018 about potential members of the Interim Climate Change Committee

Yes / No



- g. **note** our suggestion to forward for formal Ministerial consultation the draft Cabinet Environment, Energy & Climate committee policy paper containing the terms of reference for the Interim Climate Change Committee, and the draft Cabinet Appointments and Honours committee paper on the membership of the Interim Committee, to Ministers holding the following portfolios:
- i. Prime Minister
 - ii. Deputy Prime Minister
 - iii. Crown/Māori Relations
 - iv. Finance
 - v. Transport
 - vi. Energy and Resources
 - vii. State Services / Leader of the House
 - viii. Economic Development / Environment / Attorney-General
 - ix. Māori Development
 - x. Agriculture
 - xi. Forestry / Regional Economic Development
 - xii. Women, and
 - xiii. Conservation

for consultation on 22 February 2018, for comments back by 13 March 2018

Yes / No

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h. **discuss** the contents of this briefing at your meeting with officials on 29 January 2018

Yes / No

Signature

26.01.18.

Janine Smith
Acting Director
 Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Senior Policy Analyst, Climate Change Policy	S 9(2)(a)	S 9(2)(a)	
Senior Policy Analyst, Climate Change Policy	S 9(2)(a)	S 9(2)(a)	
Acting Director, Climate Change	Janine Smith	021 144 7617	✓

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Appendix 1: Indicative timing of Zero Carbon Bill papers and Ministerial consultation

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Indicative timing of Zero Carbon Bill papers and Ministerial consultation

IN CONFIDENCE
as at 26 January 2018
Appendix to 18-B-04193

Three Cabinet papers:

- Cabinet Policy Paper** reporting back on Interim Climate Change Committee (Interim Committee) terms of reference, climate change public sector chief executive's board **Out of** terms of reference, & the timing and sequencing of key government decisions on priority climate change policy matters; Cabinet Environment, Energy & Climate committee (ENV) 20 March, Cabinet 26 March
- APH Paper**: appointments to the Interim Committee; Cabinet Appointments & Honours Committee (APH) on 28 March, Cabinet 3 April
- Consultation Cabinet Paper**: A paper seeking approval to a discussion document in April/May

Week beginning	Actions for you this week	Mon	Tues	Wed	Thurs	Fri
22 Jan	Potential meeting with Minister of Finance to discuss Budget.	22 Wellington Anniversary Day	23 • Receive Climate Change Budget 2018 Manifesto Initiative bid • Receive briefing Interim Committee membership	24 Feedback on Climate Change Budget 2018 Manifesto Initiative bid	25	26 • Budget bids due with Treasury
29 Jan	Provide feedback to officials on Interim Committee membership. Officials developing policy & contacting potential Interim Committee members.	29	30 Officials' meeting (discuss Interim Committee membership, process steps until early April)	31	1	2 • Receive 1 st draft Cabinet Policy Paper • [Saturday 3 February = end of first 100 Days]
5 Feb	Give feedback to officials on Cabinet Policy Paper.	5	6 Waitangi Day	7 Officials' meeting (discuss Cabinet Policy Paper, 2050 target policy)	8	9 • Receive 1 st draft APH Paper
12 Feb	Give feedback to officials on APH paper. Stage 1 Ministerial consultation with key economic Ministers.	12 Officials' meeting (discuss APH Paper)	13	14	15	16
Gather information from outside Government on Interim Committee membership						
Stage 1: Initial meeting together with Minister of Finance, Minister of Economic Development and potentially Minister of State Services primarily about Out , plus Interim Committee membership						
19 Feb	Receive briefing on consultation & engagement. Stage 2 Ministerial consultation with other Ministers.	19 Officials' meeting	20	21 Receive final draft Cabinet Policy and APH Papers	22	23
Stage 2: Initial meet with other Ministers about Out and Interim Committee membership						
26 Feb	Stage 3: Ministerial and Globe-NZ consultation on Cabinet Policy Paper & APH Paper.	26 Officials' meeting	27	28	1	2
Stage 3: Ministerial consultation with all relevant Ministers on Cabinet Policy Paper and APH paper, and Ministerial consultation with other relevant groups such as GLOBE-NZ						
5 Mar	Stage 3 Ministerial and Globe-NZ consultation on Cabinet Policy Paper & APH Paper. (Parliament in recess)	5 Officials' meeting	6	7	8	9
12 Mar	Stage 3: Ministerial and Globe-NZ consultation on Cabinet Policy Paper & APH Paper. Finalise Cabinet Policy Paper. (Parliament in recess)	12 Officials' meeting	13	14 Provide feedback to officials on Ministerial consultation to allow final changes to Cabinet Policy Paper	15 • By 10am: lodge Cabinet Policy Paper with Cabinet Office	16
19 Mar	Consideration by ENV. Finalise APH Paper.	19 Officials' meeting	20 ENV	21	22 • By 10am: time APH paper is due for lodgment with Cabinet Office	23
26 Mar	Cabinet consideration, possible late lodgment of APH paper following Cabinet, and consideration by APH.	26 Officials' meeting • Cabinet • Late lodgment: lodge APH Paper with Cabinet Office	27	28 APH	29	30
2 Apr	Cabinet consideration.	2 Easter Monday	3 • Officials' meeting • Cabinet	4	5	6

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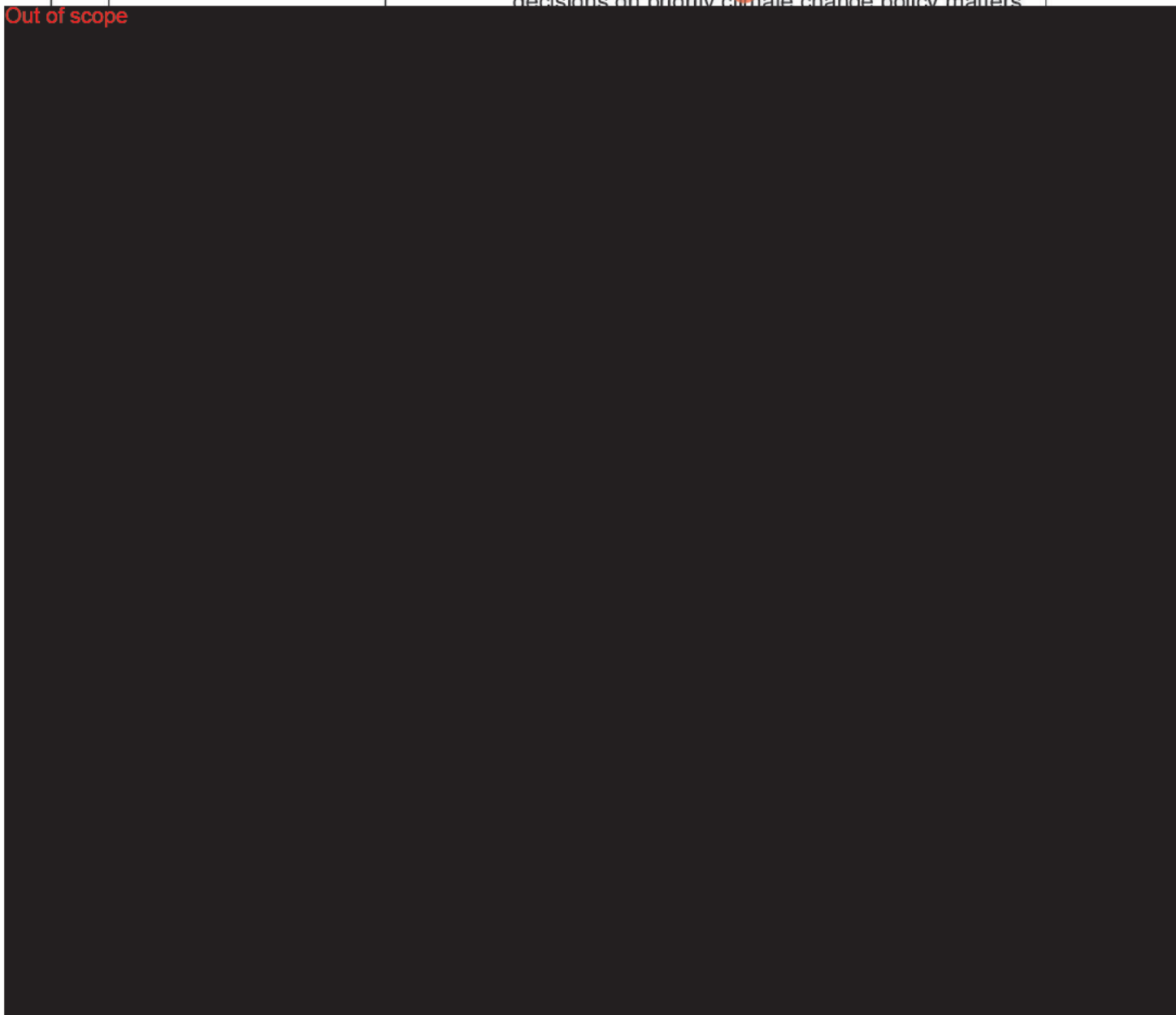
Agenda for Ministerial Consultation – week of 12 February 2018

MfE Tracking #: 2018-B-04219

Meeting purpose: to discuss Cabinet decisions in March 2018 on the Zero Carbon Bill

	Agenda	Key points for discussion (provided in full in aide memoire)
1	Introduction and context	<ul style="list-style-type: none"> • Cabinet agreed in December to a participatory and transparent approach to develop the Zero Carbon Bill • This Bill is a pivotal part of NZ's economic strategy • March 2018 Cabinet decisions or report-back on: <ul style="list-style-type: none"> ○ The Interim Climate Change Committee terms of reference ○ The Interim Climate Change Committee membership ○ Timing and sequencing of key Government decisions on priority climate change policy matters

Out of scope



sequencing of work.

5. You may wish to consider asking Hon David Parker for his views on the "timing and sequencing of key government decisions on priority climate change policy matters" as you are required to report back to Cabinet on this also in the March paper [CAB-17-MIN-0547.01 refers]. You could ask the Minister for his views on the Interim Climate Change Committee gathering evidence and undertaking analysis regarding the treatment of agriculture in the New Zealand Emissions Trading Scheme, and his views on the Climate Change Commission providing advice on this point once it is established.
6. We will provide you with further advice on this sequencing of key government decisions aspect, and we recommend that you discuss this further with Minister Parker after you have received this advice.
7. Appendix 1 of this brief provides you with key messages for these meetings covering both the Committee and the CE Board. Other documents to support these discussions are also provided as appendices.

Out of scope

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Ministry for the Environment contacts

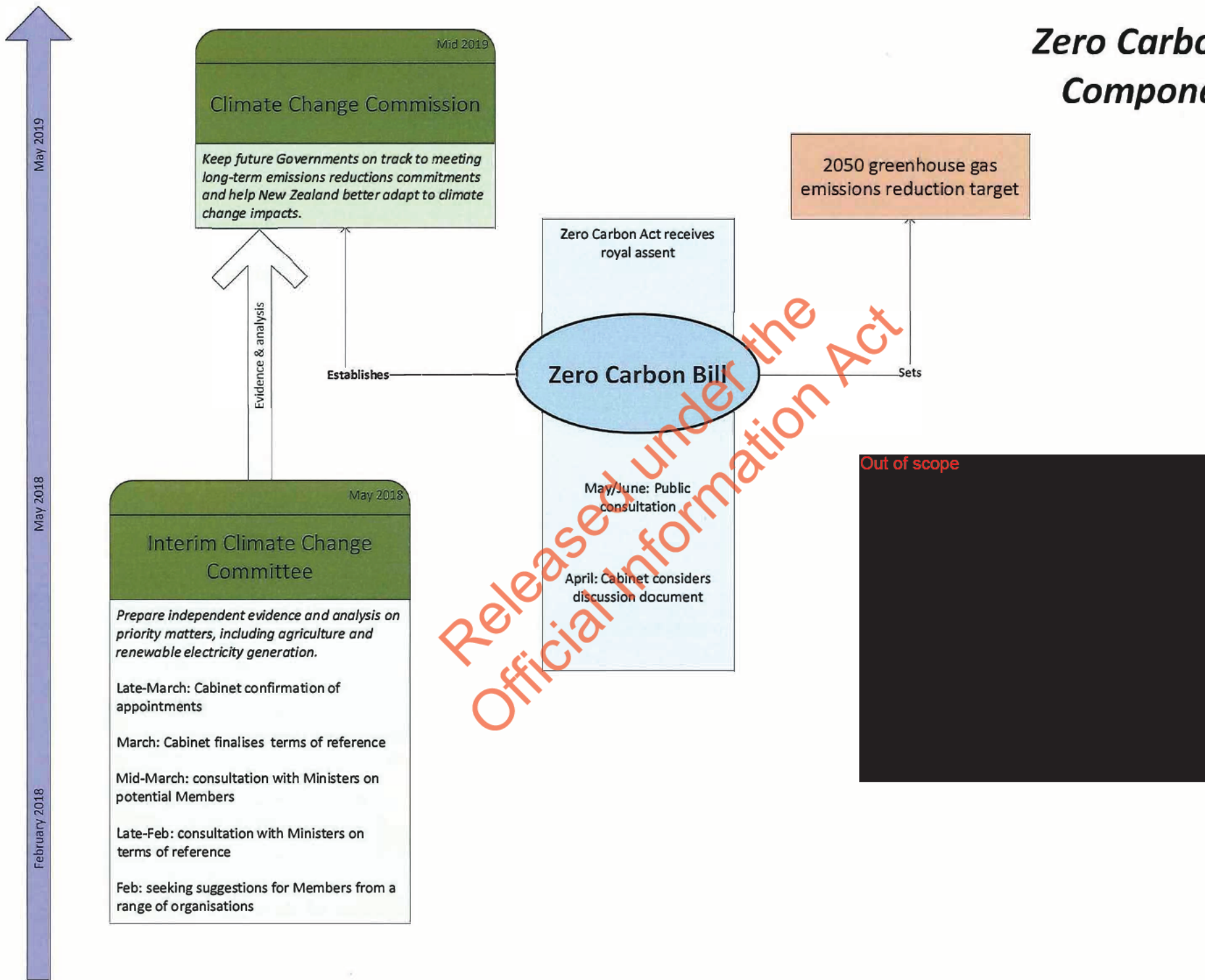
Position	Name	Cell phone	1 st contact
Principal author	S 9(2)(a)		
Responsible Manager	Janine Smith (Zero Carbon Bill Project)/Paul Alexander Out of	021 144 7617 021 243 0685	
Director	Roger Lincoln	027 290 7625	✓

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Appendix 3 – Overview of the different components of the Zero Carbon Bill project

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Zero Carbon Bill Components



From: Sara Clarke
To: [Georgina Beasley \(Parliament\)](#)
Cc: [Janine Smith](#) **S 9(2)(a)**; [Roger Lincoln](#); [Penny Nelson](#)
Subject: Bullets to support Ministerial discussion at 8am
Date: Tuesday, 27 February 2018 5:02:13 PM
Attachments: [image001.png](#)

Hi Georgina,

We understand officials are no longer required for the meeting tomorrow. The agenda noted the Zero Carbon Bill and ETS related issues, and so we have drafted some bullets to support the Minister on issues which we believe may arise. We hope they are helpful.

Talking points on Zero Carbon Bill and Interim Committee

1. Objectives of Zero Carbon Bill

- I want to get your views on how I approach the next key decisions, before formal consultation with Ministers on the March Cabinet paper I am preparing.
- The context of what I want to achieve through the Zero Carbon Bill is really relevant here.
- The Zero Carbon Bill is a pivotal part of NZ's economic strategy.
- The Bill will send an enduring signal to the NZ economy that we need to be net zero by 2050.
- It does this by setting a target in primary legislation and establishing an independent institution to advise government on how the economy can transition.

2. In March I seek Cabinet decisions, or am invited to report back to Cabinet on:

- The Interim Climate Change Committee terms of reference.
- The Interim Climate Change Committee membership.
- The timing and sequencing of key Government decisions on priority climate change policy matters.

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23 Kate Sheppard Place, Thorndon, Wellington 6143



Ministry for the
Environment
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To Hon James Shaw, Minister for Climate Change		Tracking #: 18-B-04247		
<u>Security Level</u>	In Confidence	Number of Attachments	Three	<ol style="list-style-type: none"> 1. Slides on the scope of the Bill 2. Proposed draft structure for the discussion document 3. Summary of the communications and engagement plan
Date Submitted:	9 March 2018	Response needed by:	12 March 2018	
MfE Priority:	Urgent	Action Sought:	Discuss the contents of this briefing with officials at your meeting with us on 12 March 2018	

Zero Carbon Bill – Scope and engagement

Key Messages

1. You are meeting with officials on 12 March 2018. At this meeting, we would like to discuss with you:
 - a. the scope of the Zero Carbon Bill (the Bill) and proposed draft structure for the discussion document
 - b. our wider approach to consultation and engagement.
2. This cover note:
 - a. attaches the draft materials we would like to discuss with you during this meeting
 - b. sets out the key issues and direction we seek from this discussion.

We consider there is merit in including two additional proposals within the scope of the Bill, and therefore the content of the discussion document.

3. In December 2017, Cabinet invited you to report back by 31 May 2018 on the content of a public discussion document and innovative consultation options, including:
 - a. the proposed content of the Bill
 - b. options for a 2050 greenhouse gas emissions reduction target
 - c. options for a Climate Change Commission.
4. Officials have conducted further analysis (*Appendix 1*) to explore the proposed content of the Bill based on:
 - a. its fit within wider climate change policy
 - b. existing legislation
 - c. a comparison with other countries' climate law (particularly the United Kingdom).
5. From this exercise, we have identified two additional core elements that could potentially be included within the scope of the Bill:
 - a. a requirement for 'stepping stones' (i.e. carbon/emissions budgets), and mechanisms for Government to reach a 2050 target
 - b. a requirement for a national climate change risk assessment and action plan where progress is monitored, reported on and regularly updated.



6. Your early direction and feedback will enable us to further develop proposals and the discussion document, and support you in your discussions with your colleagues, ahead of your report back to Cabinet on final policy decisions.
7. To meet legislative good practice, the discussion document needs to:
 - a. enable wide community, business and Māori/iwi engagement and consultation (acting consistently with the principles of the Treaty of Waitangi), and encourage cross-party support
 - b. provide enough technical detail and analysis on the proposals to:
 - o enable people to make informed decisions
 - o satisfy the Regulatory Impact Assessment (RIA) requirements
 - o enable the Parliamentary Counsel Office to draft clear legislation
 - c. be able to be understood by the general public.
8. We are working with other agencies to get broad agreement on the scope of the Bill, and the draft proposed structure and content of the discussion document (*Appendix 2*).

We propose a wide-ranging consultation on the Zero Carbon Bill which also facilitates a nation-wide conversation on climate change.

9. You previously indicated that communications and engagement on the Bill serves a dual purpose:
 - a. to consult on the specific policy proposals in the Bill
 - b. to facilitate a nation-wide conversation and 'call to action' on climate change more broadly.
10. Our draft proposed engagement strategy (*Appendix 3*) reflects these two purposes, through:
 - a. Formal consultation/technical engagement:
 - o focussed on a more technical audience
 - o driven by the discussion document, with specific analysis and modelling contained in a series of reports
 - o complemented by a more traditional means to engage face-to-face, such as through workshops.
 - b. Mobilise action:
 - o focussed on a broader audience to encourage people (particularly those who do not normally engage in Government consultation processes) to have their say during the consultation and to take individual action
 - o driven by a strong online and media strategy, and working through others to spread the message.



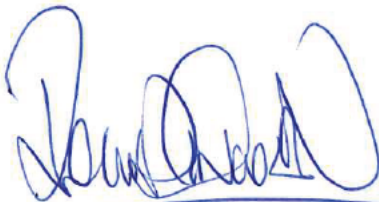
Recommendations

11. We recommend that you:

- a. **discuss** the contents of this briefing at your meeting with officials on 12 March 2018.

Yes / No

Signature



Roger Lincoln
Director
 Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Engagement Adviser	S 9(2)(a)	S 9(2)(a)	
Policy Analyst, Climate Change Policy	S 9(2)(a)	S 9(2)(a)	
Senior Policy Analyst, Climate Change Policy	S 9(2)(a)	S 9(2)(a)	
Manager, Engagement	Cat Wilson	027 503 3794	
Manager, Climate Change	Janine Smith	021 144 7617	✓



Appendix 1: Slides on the scope of the Bill

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SCOPE OF THE ZERO CARBON BILL

Key decision needed:

In addition to the 2050 target and the Commission, **agree in principle** that the scope of the Bill includes:

- the requirement for 'stepping stones' (i.e. carbon budgets) to reach the 2050 target, and Government to respond with policies/strategies to meet these
- the requirement for a national climate change adaptation risk assessment and action plan where progress is monitored, reported on and regularly updated.

Flag:

Decision will be needed from Minister(s) over the next months on how we address in our proposals/consultation:

1. level/form of 2050 Target and the process to set and review target
2. role of the Commission versus the Executive in relation to each proposal (ie process, scope, powers)
3. use of international units and offsetting to meet the target and budgets

How the Bill fits in the wider climate forward agenda

- The Paris Agreement requires developed countries to act this half of the twentieth century as part of a global response to climate change.
- The Bill is one piece of the puzzle in this global response and sits alongside a wider journey to transition to low-emissions, climate resilient Aotearoa New Zealand.

• **Zero Carbon Bill:** provides the framework and spells out the end goal, which informs the policies and transition pathways

• **Policies and transition pathways:** drive a just economic transformation, incentivise behavioural change, provide investment certainty/predictability

Stage 1: Spells out the end goal for climate change action as well as some mechanisms to keep government on track, including carbon budgets and Government strategies/policies to meet this

Mechanism: Zero Carbon Bill

Stage 2: Develop evidence base to drive economic transformation and behavioural change and to [understand cost effectiveness, upside/downsides implications and spill overs of interventions]

Mechanisms: Work of the Commission, Transition Hub, technical and reference groups and expert/research bodies

Stage 3: Develop policies and transition pathways, and [understand cost effectiveness, upside/downsides implications and spill overs of interventions] ensure our levers and tools will best help us achieve our objectives

Mechanisms: Transition Hub, institutional arrangements, NZ ETS and regulatory changes, changes to other legislation if required to achieve alignment

Potential ZCB core elements



The settings in the Bill will have economic, social, and environmental ramifications – we need to ensure action on climate change reflects a just and efficient transition for New Zealand

The overarching policy intent of the Zero Carbon Bill project is...

To set us on the [economically sound] pathway to a climate resilient, low-emissions Aotearoa New Zealand as part of a global response to climate change.

The policy objectives underpinning this are...

to provide a clear signal on NZ's long-term emission reduction goals

to create a stable policy environment for climate change action

to provide a durable framework to help us proactively adapt for the impacts of climate change

Government wants to achieve this by...

Requiring 'stepping stones' (i.e. carbon budgets) to reach the 2050 target, and Govt to respond with policies/strategies to meet these

• What should the level of the target be (i.e. net zero, 75% reduction of GHG emissions from 1990 level etc.)? What form should the target take?

• Who should set carbon budgets? What considerations do they need to take into account? How long should each last? How far in advance should budgets be set? How will they be monitored/reported on?

Establishing institutional arrangements for climate change action (including a new independent Climate Commission)

• What kinds of matters should the Commission look into?

• Powers – should the Commission provide advice to Government, or be able to make decisions under its own authority?

• Level of accountability – how should the Commission and the Government both be held accountable for progress?

National climate change risk assessment and action plan where progress is monitored, reported on and regularly updated

• Who should be responsible for undertaking and updating the risk assessment and action plan?

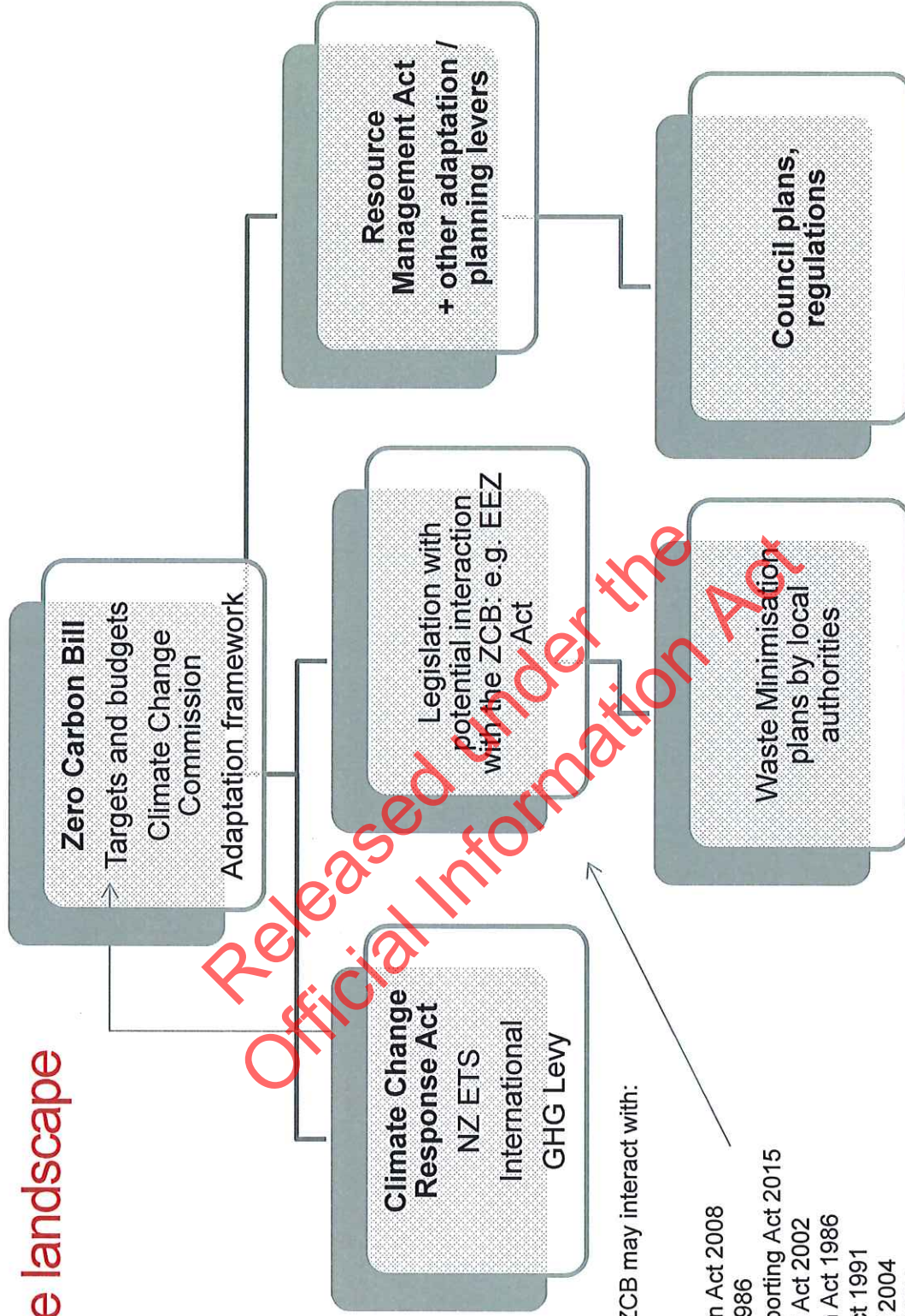
• Who should be responsible for monitoring progress?

• Will the Government be held to account for progress?

Key policy considerations

in confidence – not government policy

Legislative landscape



Other legislation the ZCB may interact with:

- EEZ Act 2012
- Waste Minimisation Act 2008
- Environment Act 1986
- Environmental Reporting Act 2015
- Local Government Act 2002
- Official Information Act 1986
- Crown Minerals Act 1991
- Crown Entities Act 2004
- Conservation Act 1987
- Wildlife Act 1953 and Biosecurity Act 1993
- Building Act 2004
- Civil Defense Emergency Management Act 2002

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Appendix 2: Summary of the communications and engagement plan

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Note: We are currently working with other agencies to get broad agreement on the proposed structure and content.

PRE-INTRODUCTION

Narrative	Elements to be covered
How to use this document	<ul style="list-style-type: none"> • Introduce the key proposals and provide references to where more detailed technical reports and assumptions for interested readers can be found.
Summary two-pager	<ul style="list-style-type: none"> • Summary of proposals for time-poor readers

INTRODUCTION

Narrative	Elements to be covered
The shape of our future will be determined by how we respond to climate change.	<ul style="list-style-type: none"> • Why climate change matters and impacts on everyday New Zealanders (including their livelihood, property, businesses)
The global conversation has shifted from whether to act on climate change to how much each country can help.	<ul style="list-style-type: none"> • International context and current commitments (keep brief) • NZ part of global effort to slow the negative impacts of climate change
The time to act is now so we can build a low emissions, productive economy that all New Zealanders can thrive in	<ul style="list-style-type: none"> • Trends in emissions (keep brief, more info later) • Why we should take greater action on climate change, ie <ul style="list-style-type: none"> – Impact on the economy, ie <ul style="list-style-type: none"> ▪ there are opportunities (eg benefits of being early-movers including driving NZ based innovation) ▪ but also transitional costs (eg economic adjustments as the economy transitions) → express idea that action now makes a big difference to future impacts – Upsides for environment and people <ul style="list-style-type: none"> ▪ Explain that as well as economic opportunities there are wider positives from action on climate change such as cleaner air, more joined up transport solutions (detail TBC) <p><i>Diagram to illustrate impacts, possibly a landscape scene showing two potential versions of NZ – one a 2 degrees future and one a BAU future</i></p> <p><i>Case study/side note: What can we learn from the UK & other countries - how are others responding to changes in climate? (e.g.</i></p>

	<i>use reports of ProdComm, PCE)</i>
The Zero Carbon Bill will provide us with a vision for the future and a framework for domestic action.	<ul style="list-style-type: none"> • Overarching purpose of Bill • Key objectives of ZCB • Key principles when making decisions under the Act • Key components/proposals (state briefly what's in scope)
This ambitious plan to take real action on climate change is a journey that will involve all New Zealanders.	<ul style="list-style-type: none"> • Principles of just transition • How we intend to bring sectors along in this transition (ie no economic shocks) & touch on work of the Interim Climate Change Committee <p><i>Case study/side note: Our aspiration for NZ → paint a picture of emerging industries & potential key sectors' future, upskilling people (keep brief, more info later on policies and transition pathways later)</i></p>
The Zero Carbon Bill is the first step on that journey.	<ul style="list-style-type: none"> • The Zero Carbon Bill is the first step in a longer journey¹ <ol style="list-style-type: none"> 1. Pass ZCB to set the plan and end point (mid 2019). 2. Develop evidence base for scale/impact of shift to low emissions economy (ie work of the Commission, Transition Hub, technical and reference groups and expert/research bodies) 3. Develop / implement the policies and transition pathways that align with the end point (ie through NZ ETS and regulatory changes, changes to other legislation, guidance, business partnerships) – <i>Note: the route of the journey will be determined later on by the sector specific transition policies → plenty of time to discuss what policies to implement and in which order</i> • How the Bill fits into the wider climate change agenda, including the fit with: <ul style="list-style-type: none"> – the Government's economic strategy, investment, incentives, R & D, private-public partnerships – regulatory tools, such as the NZ ETS – non-regulatory tools such as guidance, education

¹ The journey and its stages will also be discussed further in 'Next Steps'

PROPOSALS (consistent with the proposed scope in Appendix 1)

A new 2050 target and the stepping stones to get us there

Narrative	Elements to be covered
<p>A more ambitious emissions reduction target for 2050 in law will provide clear signal on NZ's long-term emission reduction goals</p>	<p><i>Case study/side note: Characteristics of different gases in NZ</i></p> <ul style="list-style-type: none"> • Explain NZ emissions profile • Current target and how we're tracking (eg, emissions continue to grow domestically)
<p>The target could take many forms and it's important to get it right</p>	<ul style="list-style-type: none"> • Objectives for a new 2050 target (aligns with overarching ZCB objectives & translated into assessment criteria specific to this proposal) • Options are TBC, but the target design can comprise elements including: <ul style="list-style-type: none"> – Form of target, ie: <ul style="list-style-type: none"> ▪ Timeframe (e.g. multi-year Carbon budget) ▪ Metric (referenced to a base year or other metric) ▪ Coverage (all sectors or other split) ▪ Gases (all gases or other split) ▪ Conditionality (conditional or unconditional) ▪ How it fits in with the carbon budgets – Level of target, ie: <ul style="list-style-type: none"> ▪ ie net zero, or between 50-100% reduction on 1990 levels ▪ How it sits in relation to current targets/NDCs (to discuss with MFAT) – Process options to recommend and/or review targets, eg <ul style="list-style-type: none"> ▪ who/how/when • Options analysis, including <ul style="list-style-type: none"> – RIA assessment against objective criteria <i>(note this section could be extensive as it covers costs and benefits in quantitative, qualitative (ie for co-benefits, and non-economic criteria), and overall economic impact terms. Some information covered in technical reports)</i> – Results – Recommendations
<p>Setting interim goals provides the stepping stones to meet a new 2050 target</p>	<p><i>Case study/side note: How other countries (including UK) use carbon budgets to keep on track.</i></p>

	<ul style="list-style-type: none"> • Set context for co-ordination across government (via Min groups, CE Board, Hub) and why we are a developing good understanding of costs (eg MACC curves) • Objectives for emissions budgets (aligns with overarching ZCB objectives & translated into assessment criteria specific to this proposal) • Options (TBC – early thinking²) but would cover: <ul style="list-style-type: none"> – Who sets the budgets – How/whether budgets sits in relation to current targets/NDCs (to discuss with MFAT) – Considerations that should be taken into account/principles for setting them – What types of emissions – Domestic vs. international effort – Duration of each, & how far in the future they should be set – Whether requirement by Executive to publish / report to Parliament – How progress should be monitored and enforced • Options analysis, including <ul style="list-style-type: none"> – RIA impact assessment against objective criteria – Results – Recommendations
<p>This will underpin the policies and transition pathways to drive a just economic transformation.</p>	<ul style="list-style-type: none"> • Link to Transition Hub modelling work and information we have now on various pathways to meet the target → possible ways to transform our economy (eg Vivid's <i>pathways</i>) • Need for innovation policy settings and technology and financing to support the transition <p><i>Case study/side note: What you can do now? [Examples of what some industries are doing now to respond and actions individuals can take now]</i></p>

² We have high-level thinking on where the options for stepping stones could fit. Examples include a 'trajectory of emissions' issued by Government versus a system of emission budgets set by the Commission, which Government adopts. There are nuances of these options, relative to status quo.

An institutional framework that helps us proactively adapt to the impacts of climate change

Narrative	Elements to be covered
<p>We also need to ensure New Zealand is resilient to the climate change impacts already occurring and those that are still to occur.</p>	<ul style="list-style-type: none"> • Problem definition • Known impacts of climate change in NZ [evidence base] • Considerable calls for Government action → CCATWAG, councils <p><i>Case study/side note: Sector/geographical example?</i></p>
<p>An adaption mechanism in law will be the foundation for New Zealand to proactively adapt for the impacts of climate change</p>	<ul style="list-style-type: none"> • Objectives for adaptation mechanism (aligns with overarching ZCB objectives & translated into assessment criteria specific to this proposal) • Options for the national climate risk assessment and action plan set in law to cover: <ul style="list-style-type: none"> – Scope of the risk assessment and action plan, ie what it proposes to cover – Who will be responsible for undertaking it? – Who will be responsible for monitoring? – Who will be responsible for reporting progress? – How often should it be updated? – Roles/responsibilities of central and local government (TBC) • Options analysis, including <ul style="list-style-type: none"> – RIA impact assessment against objective criteria – Results – Recommendations

An institutional design that keeps us on track to meet our long-term goals

Narrative	Elements to be covered
<p>Governments must commit to a long term plan to address climate change now and in the future</p>	<ul style="list-style-type: none"> • Why climate action needs a long-term stable policy environment • How changes to institutional arrangements can help <p><i>Case study/side note: Machinery of Government – relationship between proposed Commission & its various roles, Government and Parliament</i></p>
<p>An independent Commission will help commit Government</p>	

<p>to the long term plan</p>	<p><i>Case study/side note: What is a Commission? + International examples and what makes them successful</i></p> <ul style="list-style-type: none"> • Status quo and the case for establishing an independent commission • Objectives for institutional design (aligns with overarching ZCB objectives & translated into assessment criteria specific to this proposal) • Options for the powers, functions and design of the Commission to cover: <ul style="list-style-type: none"> – Powers – how much independence and power will it have? (eg advisory or decision-making) – Functions – what will it be doing? (eg propose or set carbon budgets, monitoring and reporting) – Design features/success factors (eg funding, skillsets required, fit in NZ context, appointment process, set-up process, organisational form) – How Government will be held to account (i.e. what happens if Government disagrees) – Interaction with ETS and international credits / negotiations • Options analysis, including <ul style="list-style-type: none"> – Explain RIA impact assessment against objective criteria – Results – Recommendations
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NEXT STEPS

Narrative	Elements to be covered
<p>Your feedback on the broad proposals will help shape what the Zero Carbon Bill will look like</p>	<ul style="list-style-type: none"> • Diagram of process steps for Bill & what public can expect next • What we need from people [link to submissions form]
<p>The Zero Carbon Bill is part of a bigger process</p>	<ul style="list-style-type: none"> • Clarify 'what's coming up' & processes for potential changes to legislation depending on final decisions (eg the CCRA in relation to the NZ ETS), transition policies, future amendments to other Acts, alignment with international commitments [NB: proper process followed]

QUESTIONS [include all questions in separate section but link back to key proposals]

SUBMISSIONS FORM [simple to use template]



Appendix 3: Proposed draft structure for the discussion document

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Zero Carbon Bill: our engagement and communications strategy

Purpose

This document summarises how the Ministry for the Environment (MfE) plans to engage with the public and key stakeholders on the Zero Carbon Bill (ZCB). It is divided into the following parts:

- Context
- Purpose
- Objectives and indicators of success
- Principles
- Key ways we are doing things differently
- Your role
- Phases of engagement
- Risks and mitigations

Context

The Government has committed to all New Zealanders having the opportunity to contribute to how we transition to a low emissions, climate resilient future.

It is generally considered good practice for public consultation on proposed legislation to run for a period of at least four weeks. We are proposing that consultation on the Zero Carbon Bill run for a period of six weeks.

Prior to this consultation, we will be engaging and partnering with iwi/Māori and key stakeholders to develop the policy proposals and the discussion document.

The proposed timeframes for the Zero Carbon Bill are provided in the diagram below:

Zero Carbon Bill Process <i>December 2017 – mid-2018</i>				
Zero Carbon Bill announcement <i>Dec 2017</i>	Pre engagement and economic modelling <i>Jan 18 - May 18</i>	CONSULTATION <i>31 May – 12 July 2018</i>	Select Committee <i>End 2018 – early 2019</i>	Zero Carbon Act passed <i>Mid-2019</i>
Ongoing conversations with New Zealanders on mobilising action on climate change				

Purpose

You have indicated that you consider the purpose of our mid-2018 communications and engagement activity to be twofold:

- to consult on the specific policy proposals in the Zero Carbon Bill and meet the technical RIA requirements to consult
- to facilitate a nation-wide conversation and 'call to action' on climate change more broadly.

Due to the dual purpose of the consultation, we will need to communicate and engage on the Zero Carbon Bill in two different ways:

- **Formal consultation/technical engagement** – To meet legislative good practice and enable the Parliamentary Counsel Office to draft, we will need to ensure that we provide enough policy detail and assessment of options to enable people to make an informed decision on the specific components of the Bill. We propose to do this via traditional consultation mechanisms. This includes:
 - the discussion document and related technical reports
 - technical workshops (facilitated by MfE)
 - one-on-one engagement with key stakeholders.
- **Mobilise action** – We also need to engage those who are not interested in the technical detail of the Bill, or do not normally engage in public consultation processes. We propose to do this through wide engagement. This includes:
 - working with partners, such as iwi/Māori
 - showing action individuals, organisations, business and others are taking on climate change
 - headlining with a call to action that mobilises people to have their say during consultation on key issues and take action on climate change.

Objectives and indicators of success

<i>Purpose</i>	<i>Objective</i>	<i>Indicators of success</i>
Consult on the specific policy proposals in the Zero Carbon Bill	<ul style="list-style-type: none"> • New Zealanders know what the Zero Carbon Bill is, have a chance to have their say on the policy proposals, and their voices are heard. 	<ul style="list-style-type: none"> • We receive a high number of submissions on the ZCB consultation. • We get positive feedback from key stakeholders on the ZCB consultation and the supporting information provided. • People understand the proposals and their importance.
Facilitate a nation-wide conversation and 'call to action' on climate change	<ul style="list-style-type: none"> • New Zealanders are well-informed about why climate change matters, the challenges and opportunities and know how they can contribute. • Action on climate change becomes the 'new normal', and the action individuals, businesses, sectors and groups are taking inspires others to follow, go faster and further. 	<ul style="list-style-type: none"> • Through baseline research, we see that more people are aware of climate change issues and feel confident they can take action. • We see an increase in our social media activity, with increased post engagement, likes and shares. • New Zealanders find it easy to engage with Ministry for the Environment on the ZCB.

Principles

In meeting our purpose and objectives, we will be driven by the following principles:

1. We **deliver results** through partnership and collaboration, including working with key influencers who can mobilise change.
2. We are **customer centric**
3. We are **aligned internally** and across government to ensure our messages on climate are supported by and align with wider MfE messaging on the environment
4. We **measure our success** - to ensure we have the right mix of channels, targeted media and social media.
5. We make a **targeted, smart effort** – we're focused on where we can make the biggest difference, and how we reach key audiences in the most effective and efficient ways
6. We **speak out** on the facts and direction – we're visible, we lead the national conversation.

Audiences

We propose doing some baseline research to understand our audiences. At this stage, we are focusing on the following:

- General public, with a focus on youth
- Business, with a focus on the following four sectors:
 - Agriculture
 - Forestry
 - Transport
 - Energy
- Local government
- Science and academia

We are also working and partnering with iwi/Māori on the policy proposals, discussion document and format of the consultation.

Key ways we are doing things differently

The what	The how
Conduct baseline research to help us understand our audiences and use segmentation to identify people's drivers, priorities, concerns, preferences and where they get their information from	<ul style="list-style-type: none"> • Work a research organisation on baseline research on audience perception of climate change action to gain insights on where to focus to create the most significant shift. We can then run this research later at a later date to measure that shift. • Work with other government agencies such as EECA on market research to inform how and where we focus on business engagement on the ZCB • Work with a social media research organisation for research on environmental social media trends • Use our modelling data to gain insights into regional impacts of climate change.
A compelling call to action and a visual identity for the consultation	<ul style="list-style-type: none"> • Work with others, including our partners, to develop a compelling call to action and consistent look and feel across collateral, social media and our website
Work with well-known New Zealanders to increase the impact and reach of our message	<ul style="list-style-type: none"> • Work with prominent New Zealanders, iwi/Māori, social media influencers, journalists, leaders and businesses who inspire others to take action on climate change, go further or faster. • Identify supporters and prominent New Zealanders that speak to a wide range of the general public, such as: <ul style="list-style-type: none"> ○ Sports personalities, particularly those who use our natural

	<p>environment for their sport, such as rowers, snowboarders etc.</p> <ul style="list-style-type: none"> ○ Trusted professions, such as the military, firefighters. ○ Top 100 businesses. <ul style="list-style-type: none"> • We have had initial conversations with a group established by Jacqueline Farman, who are interested in helping mobilise New Zealanders to support action on climate change.
Work through others to build and test our engagement materials	<ul style="list-style-type: none"> • We have set up external working groups of interested parties with relevant expertise (e.g. GenZero, ActionStation, Design and Democracy Project and the Antarctic Research Centre) to help us develop/test key online tools. • Work with the Iwi Leaders Group to test our materials with iwi/Māori
Digital first, customer-centric – our social and mainstream media strategy is online and customer centric, with infographics, images, videos and other collateral that can be shared.	<ul style="list-style-type: none"> • Create an online engagement hub for the consultation (as discussed with you in a previous meeting) • Capture a broader representation of the population by making it simpler and easier for people to indicate preferences and submit their views (e.g. through simpler submissions form, and tradeoffs/preferences polls and quizzes). • Specifically, we are exploring ways we can: <ul style="list-style-type: none"> - Partner with Design and Democracy to help us develop the tradeoffs/preferences questionnaire - Work with Action Station to improve the form and content of our submissions form • We are also exploring ways in which we are able to provide 'live' submissions data during the consultation. • Create a social media strategy, that leverages networks of prominent New Zealanders and international stars, that is underpinned by strong, informative content.
Early engagement and soft launch through social media and the online portal to increase public exposure, awareness on climate issues, and momentum on the Zero Carbon Bill.	<ul style="list-style-type: none"> • Release pre-engagement content (e.g. climate basics, quick opinion polls, and what action people can take now) through the Online Engagement Portal and on our social media ahead of formal consultation on the Bill. • Depending on the timing of Cabinet decisions, we also intend to provide early notification to iwi/Māori and key stakeholders on what policy options are being considered, and when they can expect formal consultation to begin.
Underpin support for the science and modelling by sharing our data and assumptions early	<ul style="list-style-type: none"> • Engage with science experts and respected economists e.g. science experts on the Climate Change Adaptation Working Group, Sir Peter Gluckman, and other high profile scientists via the Science Media Centre early on the science and economic modelling underpinning our policy analysis. • Work with these experts to disseminate information and generate public confidence for the evidence base ahead of the proposals being released.
Take traditional consultation events, such as roadshows, and make them fresh and new	<ul style="list-style-type: none"> • Create a significant launch event to start the consultation (further detail below). • Roadshows and public town hall meetings will be complimented with online equivalents, which will give an opportunity for more engagement, particularly with youth. • We would work with partners, such as iwi/Māori in key areas to run events in support of the consultation that we would then promote with through social media, e.g Facebook Live. • We plan to run technical workshops with key stakeholders (eg, business, agriculture) around the country in conjunction with partnering with others to create further events to promote the Bill.

Launch event

We propose:

- a high profile launch day, with events scheduled across the country. We would work with partners and local 'ambassadors' in each region to support and promote events run locally, with a strong social media campaign backing the events.
- that you take an active role in the launch, and with a day-long event, you could get to several events that cover key sectors, such as business, agriculture and youth.

We would encourage you to get your colleagues involved with some of the events, particularly those in their electorates.

This launch could be supported by other activities such as:

- An initiative for primary schools – nationwide colouring competition to get kids thinking about what New Zealand in 2050 will look like.

Farm open days – work with an organisation like Fonterra or Dairy New Zealand to get people onto farms and aware of good sustainability management practices.

Your role

We recommend you take a lead role in:

- The launch event
- Key public meetings (initial thoughts are Auckland, Hamilton, Hawkes Bay, Dunedin)
- Online public meetings
- Mainstream media and social media

We will work with you to develop content for social media and explore opportunities in other engagement activities.

Phases of engagement

We have built these elements into the phases of our engagement, as outlined in the table below.

Phase	Description
Phase 1 (current phase) <i>Policy development and engagement planning</i> January – March 2018	<p>We are working with other government departments, international organisations and research institutes to develop the policy proposals for the Zero Carbon Bill. Cross-agency groups have been formed to deliver on this work, with a number of workshops in train.</p> <p>We have also had initial discussions with iwi (e.g. Iwi Chairs Forum), business (e.g. the Sustainable Business Council), scientists (e.g. Antarctic Research Centre), NGOs (e.g. GenZero), and other government agencies to:</p> <ul style="list-style-type: none">• learn what worked and what did not in their own engagement• explore opportunities to leverage their networks and contacts• connect up with other climate change events and activities planned for 2018. <p>We are continuing to identify other organisations, groups and influencers (including emerging Māori climate leaders) that we can partner with for this engagement.</p> <p>We are also engaging a creative agency to create a powerful call to action and design to use across collateral, social media and our website.</p>
Phase 2 <i>Testing and development</i> February – April 2018	<p>To ensure that the public engagement and materials developed are fit-for-purpose, we are:</p> <ul style="list-style-type: none">• commissioning baseline research on the public's attitudes and concerns on key climate change issues.• setting up network of interested parties with relevant expertise (e.g. GenZero, ActionStation, Design and Democracy Project and the Antarctic Research Centre) to

	<p>help us develop/test key online tools.</p> <p>This will enable us to gain external input on the potential supporting content and any opportunities for information sharing, and an 'end-user' perspective on the tools and content developed.</p>
<p>Phase 3 <i>Early engagement and consultation</i></p> <p>March – May 2018</p>	<p>To increase public exposure and momentum on the Zero Carbon Bill, we will release pre-engagement content through the Online Engagement Portal ahead of formal consultation on the Bill. This will begin with</p> <ul style="list-style-type: none"> • a simple landing page with an overview of what the Government is planning, and • a registration of interest form (so people can be notified on progress, and when consultation will begin). <p>Over the weeks leading up to consultation, further pre-engagement content (e.g. climate change basics, what action people can take now, and quick opinion polls) can be released and linked to through social media.</p> <p>To underpin confidence in and support for the science and modelling, we will share our data and assumptions early with respected scientists and economists. We will work with these experts to disseminate information for the evidence base ahead of the Bill's proposals being released.</p> <p>Depending on the timing of Cabinet decisions, we also intend to provide early notification to iwi and key stakeholders on what policy options are being considered, and when they can expect formal consultation to begin.</p>
<p>Phase 4 <i>Consultation</i></p> <p>31 May – 12 July 2018</p>	<p>Phase 1 and 2 will help us plan an effective consultation. In addition to the new engagement tools proposed, the consultation process could include: a launch event, sector-specific workshops, public meetings in regional centres, linking in with established events, e.g. iwi regional forum and 1:1 meetings with key influencers.</p> <p>We see value in increasing access to elected representatives during the consultation process (e.g. at regional meetings or sector workshops, or online through Q&As and live vlogs), so people's views expressed through these channels are heard by decision-makers.</p>
<p>Phase 5 <i>Post-consultation and report back</i></p> <p>June – October 2018</p>	<p>To acknowledge the response from the public during the consultation process, we recommend:</p> <ul style="list-style-type: none"> • providing 'live' submissions data during the consultation • reporting back with a summary of submissions shortly after the consultation closes • providing updates (e.g. through newsletters and social media) on how the submissions are being used and what the next steps are for the Bill process.

Risks and mitigations

Issue/Risk	Mitigation
Criticism that a target of net zero by 2050 could/will have significant economic implications – opposition mobilised	<p>Clear that economic analysis for a net zero target is very important to get right to ensure a just transition, which is why the Government is taking time to get it right before locking it into a Bill.</p> <p>Modelling is shared online – layered approach to comms from high level messaging directing people to technical detail/modelling reports.</p> <p>Supporters and champions especially from key sectors like agriculture speak publicly on the need for and opportunities of transition to a low emissions climate resilient economy.</p>
Concern about what changes mean for agricultural sector –	Strong stakeholder engagement with key agricultural groups in the lead up to and during consultation.

opposition mobilised	<p>Champions and supporters speak in support of the ZCB and encourage people to have their say through submissions.</p> <p>Series of articles/op eds and online engagement by respected voices in the sector who support ZCB leading up to and during consultation.</p>
Criticism of the science	<p>Science experts on the CCATWG, Sir Peter Gluckman science authors of the guidance and other high profile scientists via the Science Media Centre speak publicly on the importance of scientific evidence to underpin and inform decisions.</p>
Other media issues or major consultations overshadow our engagement	<p>Provide plenty of forward notice to media and opportunities to speak to the Minister and experts.</p> <p>Forward planning identifies and locks in media opportunities to build engagement and get our story across.</p> <p>Strong stakeholder engagement programme ensures key groups make submissions and support conversations with their members/supporters/communities.</p> <p>We maximise our story telling through our owned channels and speak directly to New Zealanders.</p>
Some groups, particularly Māori and Generation Zero, may feel as if they should have had more involvement or credit to date.	<p>Engagement with these key stakeholders, acknowledgement given publicly.</p>

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From: Penny Nelson
To: [Sarah Deblock \(Parliament\)](#)
Subject: Fwd: Zero Carbon Bill – Online Registration for Consultation
Date: Thursday, 15 March 2018 6:03:43 PM
Attachments: [image001.png](#)
[image005.png](#)

FYI

Sent from my iPhone

Begin forwarded message:

From: [Redacted] >
Date: 15 March 2018 at 5:34:12 PM NZDT
To: Penny Nelson <penny.nelson@mfe.govt.nz>
Subject: Zero Carbon Bill – Online Registration for Consultation

Withheld – EA to Penny Nelson - Deputy Secretary Environmental Performance, Innovation & Climate
 Ministry for the Environment – Manatu Mo Te Taiao
 Mobile: [Redacted] Email: [Redacted] Website: www.mfe.govt.nz
 23 Kate Sheppard Place, Wellington, PO Box 10362, Wellington 6143



From: [Redacted] On Behalf Of Penny Nelson
Sent: Thursday, 15 March 2018 5:23 p.m.
Subject: Zero Carbon Bill – Online Registration for Consultation
Importance: High

Good afternoon

We know many New Zealanders want to be part of the discussion on how we reduce our emissions and want to be kept updated in the lead up to formal consultation on the Zero Carbon Bill starting around the end of May.

Today we launched an online registration on the Ministry for the Environment website so that individuals and organisations can register their interest in being part of the Government's consultation on what the Zero Carbon Bill should look like. By registering, people can stay up to date with news and events in the lead up to and during consultation.

The online registration form can be found at <http://www.mfe.govt.nz/have-your-say-zero->

[carbon](#). Please share this link with your networks.

You don't have to sign up to participate in the consultation. Anyone can make a submission. And we're planning lots of activities before and during the consultation process to ensure everyone knows how they can make submissions and be part of the national conversation on climate change and the Zero Carbon Bill.

Climate Change Minister James Shaw is announcing this registration page as part of his speech tonight at the Environmental Defence Society's Climate Change and Business conference event.

The Zero Carbon Bill will be a cornerstone of New Zealand's transition to a low emission climate resilient future that will help us achieve our international commitments.

We look forward to having further conversations with you about the Zero Carbon Bill consultation process and how your organisation can be involved.

Regards
Penny

Penny Nelson – Deputy Secretary, Environmental Performance, Innovation & Climate
Ministry for the Environment – Manatu Mo Te Taiao
Mobile: 021 460 160 Email: Penny.Nelson@mfe.govt.nz Website: www.mfe.govt.nz
23 Kate Sheppard Place, Wellington, PO Box 10362, Wellington 6143

EA: Withheld under s9(2)(a)



Ministry for the
Environment
Manatu Mo Te Taiao

Click below for the latest findings on the state of our atmosphere and climate



- [Watch a short video](#)
- [Download the infographic](#)
- [Click through the summary](#)
- [Read the full report](#)
- [Visit the measures web pages](#)

From: S 9(2)(a)
To: Sarah Deblock (Parliament)
Cc: Roger Lincoln; Cat Wilson; Vicki Connor; Penny Nelson; James Walker; Ministerials; Janine Smith S 9(2)
Subject: Draft PR: Sign up to join the conversation on the Zero Carbon Bill
Date: Thursday, 15 March 2018 1:08:09 PM
Attachments: [image001.png](#)

Hi Sarah

Draft press release follows.

DRAFT

Media release

15 March 2018

Sign up to join the conversation on the Zero Carbon Bill

From today New Zealanders can register their interest in being part of the Government's consultation on what the Zero Carbon Bill should look like, Climate Change Minister James Shaw has announced.

"We know many New Zealanders want to be part of the discussion on how we reduce our emissions and want to be kept updated in the lead up to formal consultation starting around the end of May.

"So we've set up an online registration process on the Ministry for the Environment website for individuals or organisations who want to be kept informed between now and then.

"You don't have to register to be part of the consultation. Anyone can make a submission. And we're planning lots of activities before and during the consultation process to ensure everyone knows how they can make submissions and be part of the national conversation on climate change and the Zero Carbon Bill."

The Zero Carbon Bill will be a cornerstone of New Zealand's transition to a low emission climate resilient future that will help us achieve our international commitments.

"This whole transition has to be shared by all of us. Consultation has to be with New Zealanders across the country; from farmers and factory workers, to iwi and innovators. We want everyone's thoughts and ideas."

The consultation will also cover the role of the new independent Climate Change Commission. The Commission is intended to take a long-term non-partisan view, provide independent advice to the government of the day, and ensure New Zealand stays on track to meet its climate change goals.

"I'd encourage anyone who's interested in being part of the discussion on the Zero Carbon Bill to sign up at the Ministry for the Environment website is <http://www.mfe.govt.nz/have-your-say-zero-carbon> – and tell their friends to sign up too."

ENDS

Any queries please give me a call.

Regards

Michelle

S 9(2)(a) – Senior Communications Account Manager

Ministry for the Environment – Manatu Mo Te Taiao

Mobile **S 9(2)(a)** Email **S 9(2)(a)** [@mfe.govt.nz](mailto: @mfe.govt.nz) Website: www.mfe.govt.nz

23 Kate Sheppard Place, Thorndon, Wellington 6143



Ministry for the
Environment
Manatū Mō Te Taiao



Making Aotearoa New Zealand
the most liveable place in the world

Aotearoa – he whenua mana kura mō te tangata

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To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04442
<u>Security Level</u>	In confidence	Number of Attachments	Nil
Date Submitted:	29/03/2018	Response needed by:	9/04/2018
MfE Priority:	Non-Urgent	Action Sought:	Decision

Emissions budgets in the Zero Carbon Bill – Issues for Discussion Document

Key Messages

1. The purpose of this briefing note is to present our initial analysis on emissions budgets, and seek your views, prior to drafting the Zero Carbon Bill discussion document.
2. A long-term emission reduction target such as the '2050 net-zero' target is a necessary³, but not sufficient, tool to achieve a just transition to a net-zero emissions economy. The '2050 net zero' target needs to be supported by other instruments to ensure the transition is both achieved, and consistent with the principles of the Zero Carbon Act.
3. A key enabler of achieving the 2050 net-zero target is having stepping-stones or interim emissions budgets⁴ to define the path of abatement that is required over time. This helps to:
 - a. allow for a just transition in terms of intergenerational wealth transfers
 - b. provide more certainty about the transition path for investors
 - c. monitor progress of the transition and help ensure the country is 'on-track'
 - d. make the government of the day accountable for the long-term abatement target.

withheld under
s9(2)(f)iv

³ The target is necessary as it sets the level of ambition for emissions reductions.

Next steps:

6. Your direction will help shape our approach to the discussion document, including the options to put forward and preferred options where appropriate. Sections of this briefing will be simplified to provide content and questions for the Zero Carbon Act discussion document in the following week.

Recommendations

We recommend that you:

- a. **Agree** that the characterisation of the role of, and design considerations for, emission budgets are appropriate

Yes/No

- b. **Agree** that the design considerations for emissions budgets (as described in this paper) should be further refined for inclusion in the discussion document.

Yes/No

Signature



Paul Alexander
Programme Director, Climate Change

29/03/18

Date

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	[REDACTED]	[REDACTED]	√
Responsible Manager	Paul Alexander	021 243 0685	
Director	Roger Lincoln	027 290 7625	

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Emissions budgets in the Zero Carbon Bill – Issues for Discussion Document

Analysis and Advice

1. This paper uses the term 'emissions budgets' in a very broad sense. The term is used here to cover any instrument that sets a limit on greenhouse gas emissions over a given time period. This means that the 'emissions budgets' includes both the United Kingdom approach to carbon budgets, and the European Union 'trajectory' approach to signalling an emissions path.
2. As noted above, emissions budgets can usefully set a path showing the extent of action required now, to meet our long term domestic emission reduction target. The path is needed because it has a key role in setting an efficient cost of carbon (via the ETS) by capping emissions. The NZ economy needs to see this efficient carbon price to enable efficient investment decisions.
3. There are a variety of different transition path shapes (as shown in Figure 1 below), and each will have its own social, environmental and economic impacts. Because of the uncertainties in the medium to long term, an adaptive approach to setting the emissions reduction path is important.

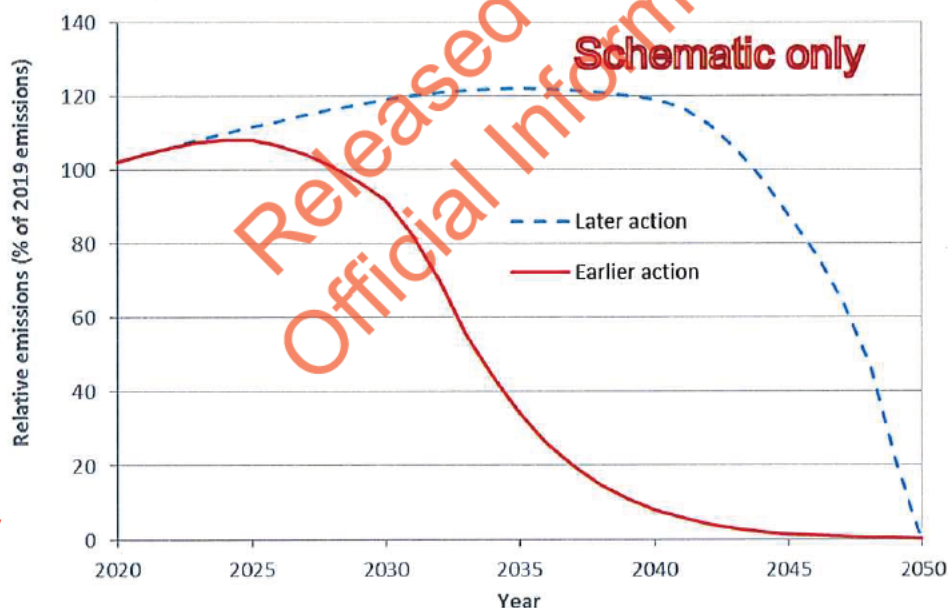
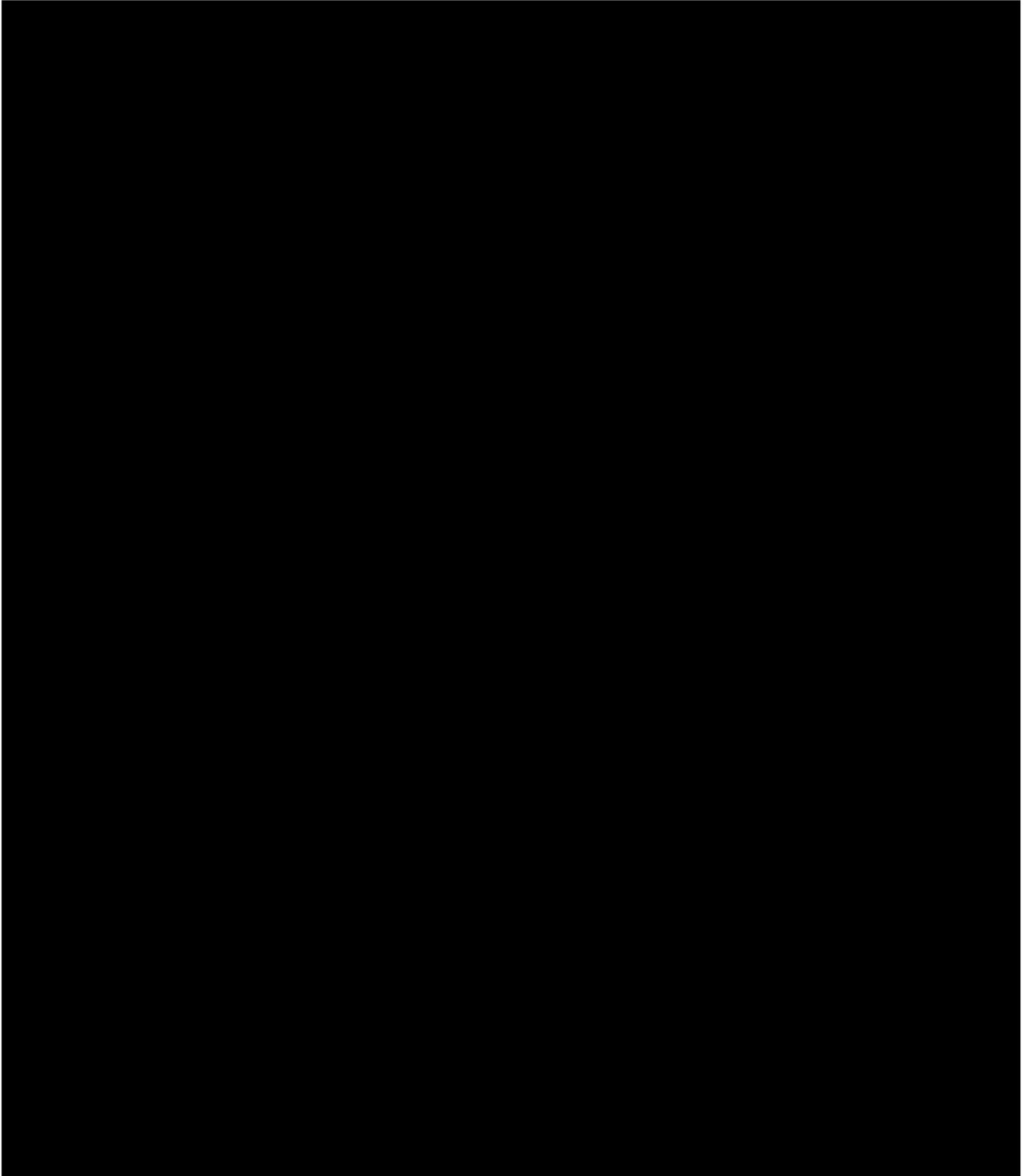


Figure 1 - Schematic showing some of the possible paths towards an emissions target

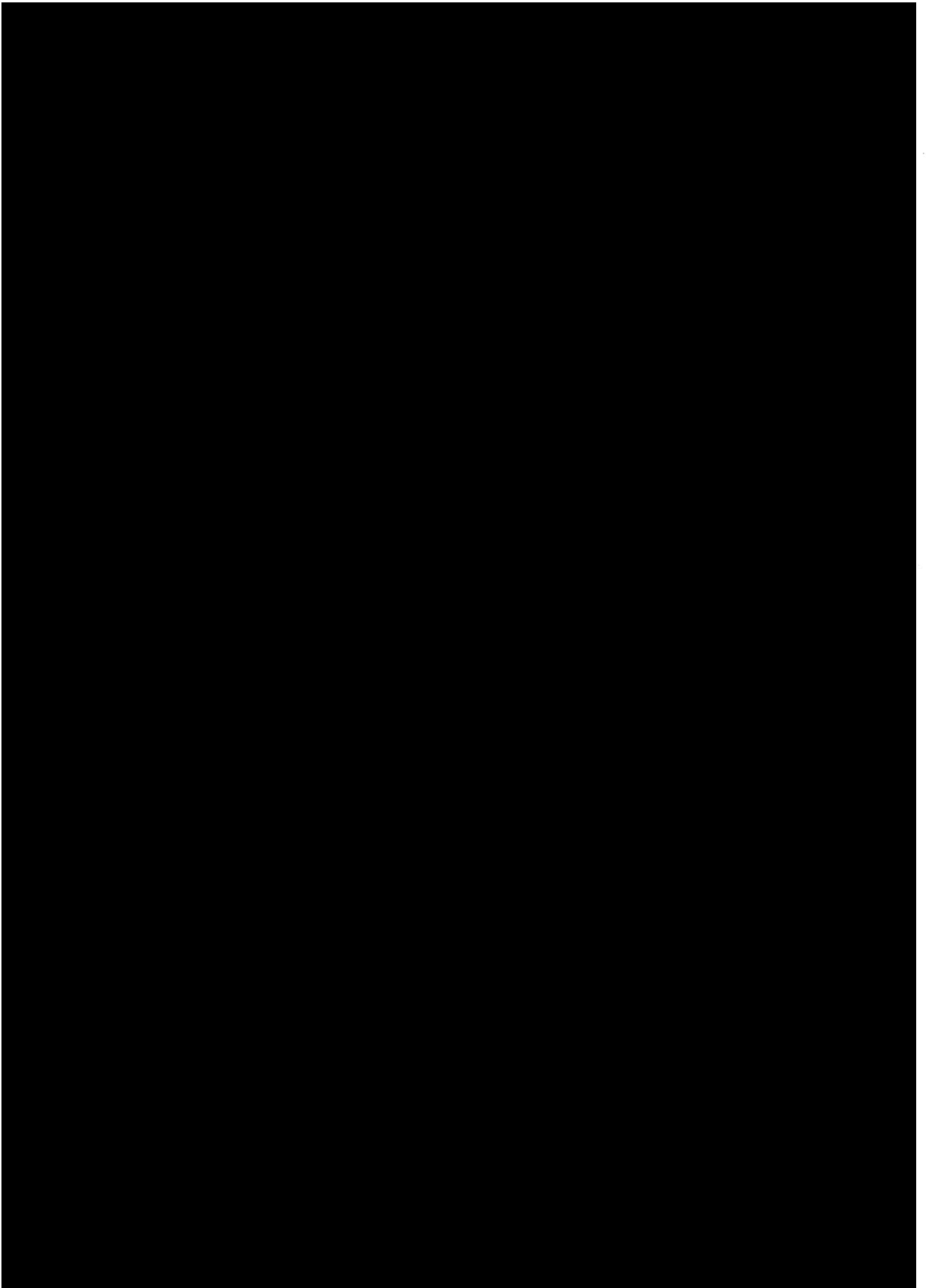
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s9(2)(f)iv



6. The various design elements of emissions budgets are considered in more detail below.



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Borrowing from, and banking into, future emissions budgets

- 24. This section considers the concepts of borrowing (i.e. bringing budget forward) and banking (i.e. sending budget further out) between emission budget periods. These concepts are closely related to the compliance and accountability mechanisms around emissions budgets.
- 25. The concepts of banking and borrowing between emissions budgets arise because it is very difficult to exactly meet an emissions budget. Issues such as economic growth, or dry-periods affecting electricity generation (and agriculture), and other real-world factors will cause actual emissions to vary from the intended trajectory.

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s9(2)(f)iv





Domestic abatement versus use of international units

31. An important decision for any Government is the choice between domestic abatement and the use of international emission reduction units. This Government has indicated in the December Cabinet paper that it intends to be 'ambitious with respect to reducing our gross emissions', and will be 'not unduly relying on international emissions reductions to meet our targets, while retaining all options at this point'



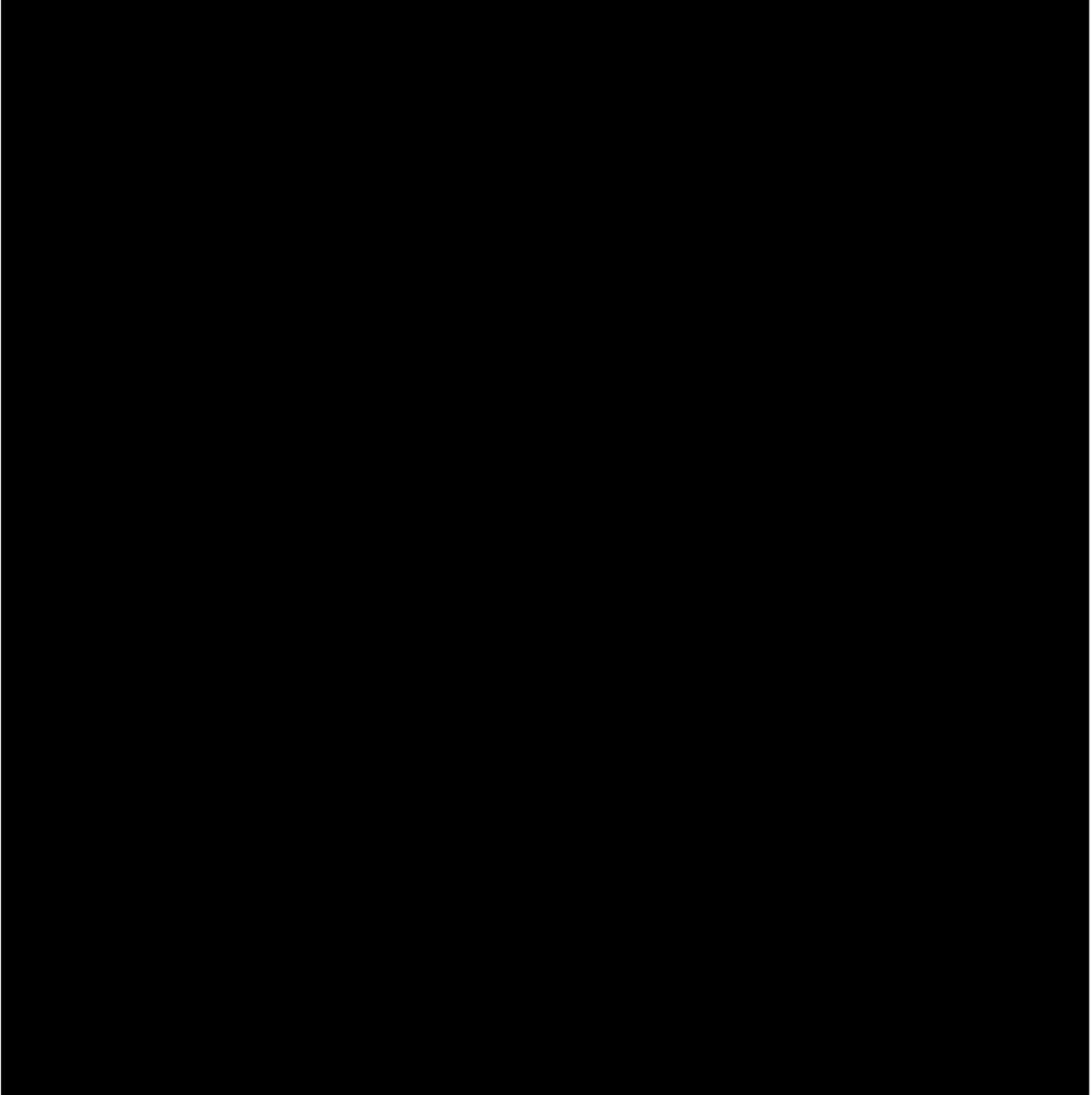
35. The UK Climate Commission recommended that no international units could be used for the first four carbon budgets and a maximum of 2.5% of the fifth budget could be met by international units. Mirroring the approach to carbon budgets, the UK Executive must explain if a different approach to international units is taken.

Relationship between emissions budgets and Nationally Determined Contributions

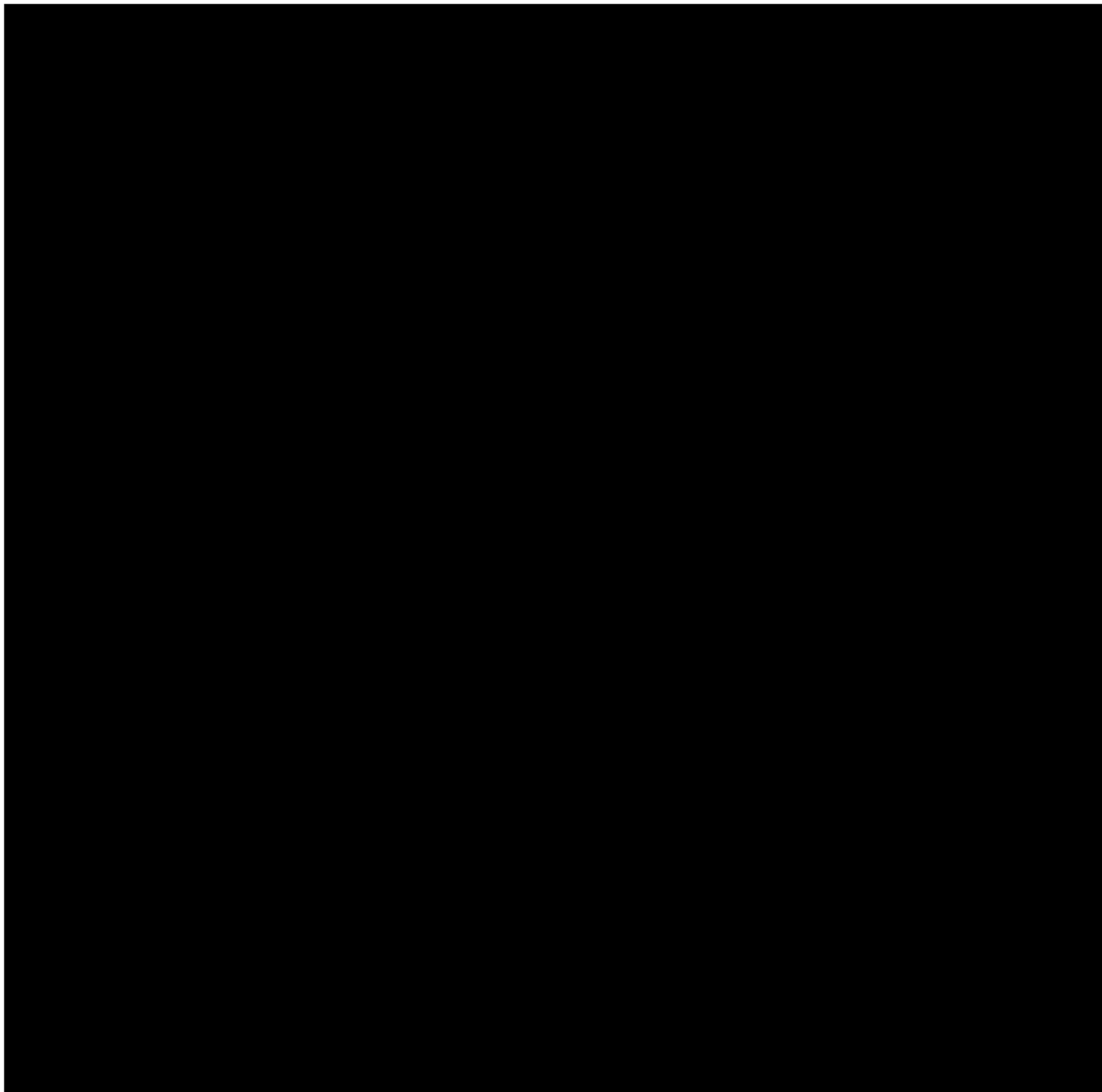


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37. Emissions budgets are a domestic instrument encouraging and guiding abatement related policy development. Domestic emission budgets also provide stepping stones towards long-term domestic goals (e.g. the net zero by 2050 target). In contrast, an NDC is an international commitment (but arguably also a form of emission budget).



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To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04499
<u>Security Level</u>	In confidence	Number of Attachments	2
Date Submitted:	13 April 2018	Response needed by:	16 April 2018
MfE Priority:	Non-urgent	Action Sought:	To discuss with Officials on Monday 16 April

Zero Carbon Bill consultation schedule

Key Messages

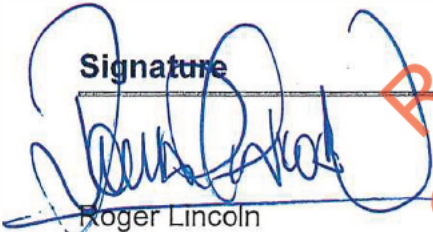
1. We seek your feedback on the schedule for the Zero Carbon Bill consultation in June/July 2018.
2. Attached is a slide pack (Appendix A) summarising the schedule and seeking your decision on specific events. A high level schedule setting out the proposed dates for events is also attached (Appendix B).

Recommendations

3. We recommend that you:
 - a. **Discuss** this with your Officials on Monday 16 April

Signature

Yes/No


Roger Lincoln
Director
Climate Change Directorate

13/04/18.

Date

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	s 9(2)(a)		
Responsible Manager	Janine Smith	021 144 7617	✓
Director	Roger Lincoln	027 290 7625	

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**Zero Carbon Bill consultation
approach and schedule**

For discussion – April 2018

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Key decisions

Launch event for consultation:

- Which option for the launch of the consultation do you prefer?

Public meetings/hui:

- What are your thoughts on the structure of the public meetings and how would you like to approach them?
- How do you want to be involved?

Engagement workshops:

- Do you agree with the proposed structure of the engagement workshops?
- How would you like to be involved?

Events hosted by others:

- Are you happy to attend the Dairy Environment Leaders meetings?
- Are there any other suggested events that you would like to be involved in?

Additional events and online activity:

- Do you approve the approach for and your involvement in the additional events and online activity?

Next steps:

- How would you like to be kept up-to-date re the consultation planning process?

Launch event for consultation

We propose the main launch event be held in Auckland on Thursday 31 May:

Option 1:

- In Orakei, in conjunction with Auckland Council and Ngāti Whatua Orakei
- A broad invitation list from all stakeholder groups, including the general public

Option 2:

- A business breakfast in central Auckland
- Could be organised with Business NZ/Sustainable Business Council
- Invitations to high profile New Zealand businesses and environmental NGOs

Both events will lead with a press conference for invited media and would be Minister-led, with support from Ministerial colleagues.

Decisions:

- Which option for the launch of the consultation do you prefer?

Public meetings/hui

- 14 public meetings/hui - see Appendix 1 for details - held in public spaces.
- In areas with strong Māori interest public hui hosted on marae
- External facilitators to host and Minister or officials introduce proposals
- To include Q&A and panel discussion with experts. For example:
 - Local government or regional representatives
 - Iwi/Māori representatives
 - Businesses or modelling experts
- Exploring app technology such as Slideo, for audience questions, up-voting and polls /surveys
- Events livestreamed where possible with questions from social media
- Local media invited
- Local MPs invited, if bipartisan support as been agreed

We are working with a creative agency on innovative ways we can increase public engagement through the meetings and hui, such as:

- *Interactive ways to submit feedback, e.g. post-it-walls*
- *Ways to drive traffic to the online submission forms through public meetings*

Decisions:

- What are your thoughts on the structure of the public meetings and how would you like to approach them?
- How do you want to be involved?

Workshops

- Workshops will deliver a more detailed conversation on the proposals. They include:
 - One targeted workshop for high emitters and trade exposed industries
 - Four day-long workshops for other key stakeholders (Akl, Wgtn, Chch, Dun)
- Invitees will include business, NGOs, climate experts, innovators, councils and other interested groups
- Each workshop will include sessions on key aspects of the bill:
 - 2050 targets
 - Climate Change Commission
 - Adaptation and National Risk Assessment
- Each session will follow the same format:
 - Introduction to the policy proposals
 - Q&A
 - Discussion
- The workshops will be led by Ministry officials

Decisions:

- Do you agree with the proposed structure of the engagement workshops?
- How would you like to be involved?

Events hosted by others

- We have identified a range of consultation opportunities for officials that are hosted and led by others. These include:
 - Dairy NZ
 - Farmer Climate Change workshops
 - Dairy Environment Leaders meetings (Dairy NZ have requested you attend these meetings)
 - Iwi Leaders Group
 - Iwi Regional Forums
 - Auckland Council
 - Auckland Council consultation on its Climate Action in late June
 - Local government
 - We are exploring possibilities including Local Government's Regional Managers Group (meeting in June) and Chief Executives Environment and Economy Forum
- We are continuing to look for options to reach other stakeholder groups, such as energy users and high emitters.

Decisions:

- Are you happy to attend the Dairy Environment Leaders meetings?
- Are there any other of the above events that you would like to be involved in?

Extra events and online activity

- Other events we plan to hold in support of the consultation, that we would like your involvement in, are:

Drop in sessions

- Based on the format of the December 2017 event, we plan to run two drop in sessions – in Wellington and Auckland
- Wellington – 1 June, just after the launch
- Auckland – 5 July, near the end of the consultation

School and university students

- A Minister-led session with representatives of Wellington schools on the ZCB proposals and climate change
 - Representatives can take the information back to their respective schools
 - Good opportunity to create content/video that could be shared wider via social media
- Working with university student unions on increasing attendance at public meetings in their areas

- Online town hall meetings

- We are exploring options for hosting online town hall meetings to ensure we reach a wide demographic
- We would use this to enable an online conversation on the proposals and would be an effective way to drive traffic to the submission form and online content
- Tools we are looking at include Bang The Table, Zoomio and Peak Democracy.

Decision:

- Do you approve the approach for and your involvement in the additional events and online activity?

Next steps

- After agreement on what events you would like to be involved in, we will work with your office to ensure the relevant dates are in your diary.
- How would you like to be kept up-to-date about the process of planning the consultation?

Appendix B: Proposed schedule for ZCB Consultation

	Week 1 31 May - 3 June	Week 2 4 June – 10 June	Week 3 • 11 June – 17 June	Week 4 18 June – 24 June	Week 5 25 June – 1 July	Week 6 2 July – 8 July	Week 7 9 July – 13 July
Public meetings/hui	Launch event: 31 May: • Auckland	Tuesday 5 June: • New Plymouth Thursday 7 June: • Hawkes Bay	Tuesday 12 June: • Hamilton Wednesday 13 June: • Tauranga	Tuesday 19 June • Nelson Wednesday 20 June • Greymouth Thursday 21 June • Wellington	Tuesday 26 June • Invercargill Thursday 28 June • Dunedin	Thursday 5 July Auckland • With Auckland Council	
Hui / public meetings <i>(hosted by iwi on marae)</i>		Wednesday 6 and Thursday 7 June: • Mana Taiao Regional Forum in Taranaki	Wednesday 14 June: • Rotorua	Thursday 14 June: • Gisborne	Wednesday 27 June • Christchurch	Tuesday 3 July • Kerikeri	
Youth specific events	• VUWSA • Auckland					• School prefects – potential link with Chloe Swarbrick	• OUSA • Waikato
Workshops		Monday 4 June: • EITE-specific workshop		Wednesday 20 June • Wellington	Wednesday 27 June • Christchurch Thursday 28 June • Dunedin	Wednesday 4 July • Auckland	
Drop in sessions	Friday 1 June (AM) • Wellington					Thursday 5 July (AM) • Auckland	
Other non-MfE events (but with MfE presence)	Auckland Council climate events (opportunity TBC) ILG hui. Awaiting details.	7 & 8 June • Local Government - Regional Managers Group meeting (opportunity TBC)	11 June • Dairy NZ Farmer CC workshop (Dunsandel) 12 June • Dairy NZ Farmer CC workshop (Temuka) 13 – 16 June • Field Days	21 June • Dairy NZ Farmer CC workshop (Inglewood, Taranaki) 22 June • Dairy NZ Farmer CC workshop (Palmerston North) 23 June • Dairy NZ Farmer CC workshop (Southland, Invercargill)	27 June • Dairy NZ Farmer CC workshop (Morrinsville) 28 June • Dairy NZ Farmer CC workshop (Te Awamutu) 29 June • Dairy NZ Farmer CC workshop (Rotorua)		
Online activity		Friday 8 June Online 'town hall' meeting with Minister			Friday 29 June Online 'town hall' meeting with Minister	Friday 6 July Online 'town hall' meeting with Minister	
To note				Minister possibly away this week 18-22/6			

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To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04492
<u>Security Level</u>	In Confidence	Number of Attachments:	1. Schedule for delivering Zero Carbon Bill advice 2. Key decisions required on the Zero Carbon Bill
Date Submitted:	13 April 2017	Response needed by:	For discussion at Officials Meeting 16 April
MfE Priority:	Non-Urgent	Action Sought:	For discussion

Schedule for delivering Zero Carbon Bill advice

Key Messages

1. In your meeting with officials on 9 April, you discussed the process for getting the Zero Carbon Bill consultation document ready for the Cabinet Environment, Energy and Climate Committee (ENV) on 22 May. A schedule for April and May has been attached as Appendix 1, key aspects of which are noted below.

Dates for ENV Cabinet committee for consultation document

2. The planned schedule is currently:
 - Lodge at 10 am on Thursday, 17 May
 - ENV Committee at 4.30pm on Tuesday, 22 May
 - Cabinet at 1pm on Monday, 28 May
3. If anything is delayed, the next ENV Committee meeting is 19 June and would be followed by Cabinet on 25 June. This would mean that consultation would not begin until the end of June/beginning July.¹ Delaying the consultation period would be problematic because:
 - This would affect your critical path and could delay standing up the Commission to May 2019, which could result in not being able to make all of the legislative changes by the end of 2019.
 - We need to send out invitations and secure venues and the dates need to stay relatively constant.
4. You will receive a draft consultation document on Friday, 20 April, and will need to provide officials with feedback on Tuesday, 24 April. The consultation options should contain no surprises, given the series of discussions that we have had with you on the key policy matters to date.

Climate Change Ministers' meeting – 30 April 2018

5. This meeting will **S 9(2)(g)(i)** and obtain agreement on preferred options (if any) for consultation. We propose that the agenda for this meeting includes:

¹ You could go to either the Cabinet Business Committee (CBC) or Cabinet Economic Development Committee (DEV), but this would still delay the consultation period.

- Introduction;
- Targets; Climate Change Commission;
- Just transition work programme
- **Out of scope**

6. We also propose the following slides to support the discussion with your Ministerial colleagues:
- Slide 1: Stage in the process;
 - Slide 2: Nature of the choices (see Appendix 2); and
 - Slides 3-6 take colleagues through each choice and where your preference is falling.
7. The slide deck would be supported by a short paper with the UK model and a “one-pager” containing economic information for the target options. You will receive a draft of the material on the 20th April to discuss with officials on 24 April, so you can send to your colleagues in advance. This will include an aide-memoire for the meeting.

Bilaterals with Ministers

8. We recommend you have a bilateral discussion with Minister Parker in the week of 23 April, as he will not be available for the Climate Change Ministers’ meeting.
9. The Climate Change Ministers’ meeting on 30 April will be the first opportunity to discuss the options for targets and the Climate Change Commission outlined in the consultation document. Following this meeting, we recommend you hold a series of bilateral discussions from 3-11 May with Ministers Robertson, Jones, O’Connor, Mahuta, Twyford, and Woods to discuss the proposals in more detail.

Climate Change vision paper

10. Current planned schedule is:
- Lodge at 10am on Thursday, 3 May
 - ENV Committee at 4.30pm on Tuesday, 8 May
 - Cabinet at 1pm on Monday, 14 May
11. We propose that the Climate Change Ministers’ slides are appended to the paper to enable you to have another discussion at ENV committee and sound out any further feedback. This would give you the opportunity to address any feedback before the next ENV committee on Tuesday, 22 May.
12. You will receive an updated draft of the Climate Change vision paper on 20 April for discussion at 24 April officials’ meeting. Ministerial consultation needs to occur from 24 April – 2 May.

Recommendations

13. We recommend that you:
- a. **Agree** to have a bilateral discussion with Minister Parker in the week of 23 April
Yes/No
- b. **Agree** to have bilateral discussions with Ministers Robertson, Jones, O’Connor, Mahuta, Twyford and Woods during the period of Ministerial consultation
Yes/No

- c. **Discuss** the schedule for Zero Carbon Bill advice for April and May with officials on 16 April

Yes/No

Signature

Roger Lincoln
Director
Climate Change

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	S 9(2)(a)		
Responsible Manager	Janine Smith	021 144 7617	✓
Director	Roger Lincoln	027 290 7625	

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Appendix 1: Schedule for delivering Zero Carbon Bill advice

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Schedule for delivering ZCB advice - April

Week beginning	Minister's decisions / actions	Mon	Tues	Wed	Thurs	Fri
16 April	Provide feedback on: <ul style="list-style-type: none"> • targets • consultation approach 	16 Minister Meeting: Deep Dive discussion Targets part 1 Recess	17 Announcement ICC	18 Agency consultation on consultation document	19	20 PGG meeting - targets and int negotiations Minister gets draft discussion document; CC Ministers' Meeting material; CC vision paper
23 April	Provide feedback on <ul style="list-style-type: none"> • targets • discussion document, CC Ministers Meeting material, CC vision paper Bilateral with Minister Parker	23 Recess	24 Minister Meeting: Deep Dive discussion Targets 2 Feedback on draft discussion doc CC ministers' material and CC vision cab paper Agency feedback received on consultation document	25 ANZAC Day	26 CC ministers' paper circulated Ministerial consultation CC vision paper	27 Minister gets cab paper and revised consultation document Agencies get revised consultation document

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Schedule for delivering ZCB advice - May

Week beginning	Minister's decisions / actions	Mon	Tues	Wed	Thurs	Fri
30 April	Bilaterals with Ministers • Robertson • Jones • O'Connor • Woods • Mahuta • Twyford	30 Ministerial consultation CC vision paper Minister Meetings: Consultation document ~Second CC Ministers meeting: Commission and targets Incorporate findings from NZIER & Vivid reports	1	2	3 Minister receives revised draft Cabinet paper and discussion document Ministerial consultation ENV CC vision paper lodged	4 PGG meeting topic TBC
7 May		7 Ministerial consultation Agency consultation Minister Meeting: Discussion document	8 ENV committee: CC vision	9	10 Minister gets final Cabinet paper and materials (with Ministerial comments incorporated)	11
14 May		14	15	16	17 Paper lodged	18
21 May		21 Recess	22 Paper considered at ENV Committee	23	24	25
28 May		28 Cabinet	29 ~Third CC Ministers meeting: ETS decisions	30	31 Consultation opens	1

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Appendix 2: Key decisions required on the Zero Carbon Bill

Zero Carbon Bill – Big Decisions

Targets

What level? Is it net zero emissions, something else, and what costs/benefits?
What process to set it? In legislation, set now, and/or role of Commission in setting/advising

Commission

How independent? Decision making or advisory role?
Roles re carbon budgets and use of international units, role re ETS

Carbon Budgets

Policy design issues - how long in advance, what period, roles in advising/setting, alignment with ETS, whether domestic/international and link to NDCs

Role of Executive

What requirement if any is put on the government to respond with policies / strategy to Commission / carbon budgets?

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Zero Carbon Bill

- a new 2050 emissions target

Economic analysis of potential impacts
- early indicative findings

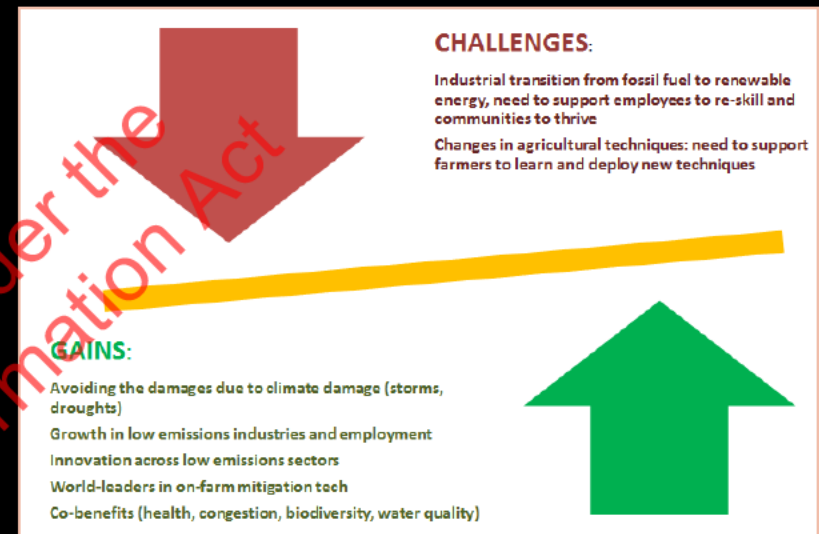
Discussion with Minister Shaw
MfE Transition Hub, 16 April 2018

Introduction

multi-method approach

early indicative findings on potential impacts* of new targets

- New Zealand benefits if the world acts and we avoid physical damage due to climate (storms, droughts) and if we become leaders in innovation
- New Zealand faces challenges if emissions intensive trade exposed (EITE) sectors sees the full cost of their emissions

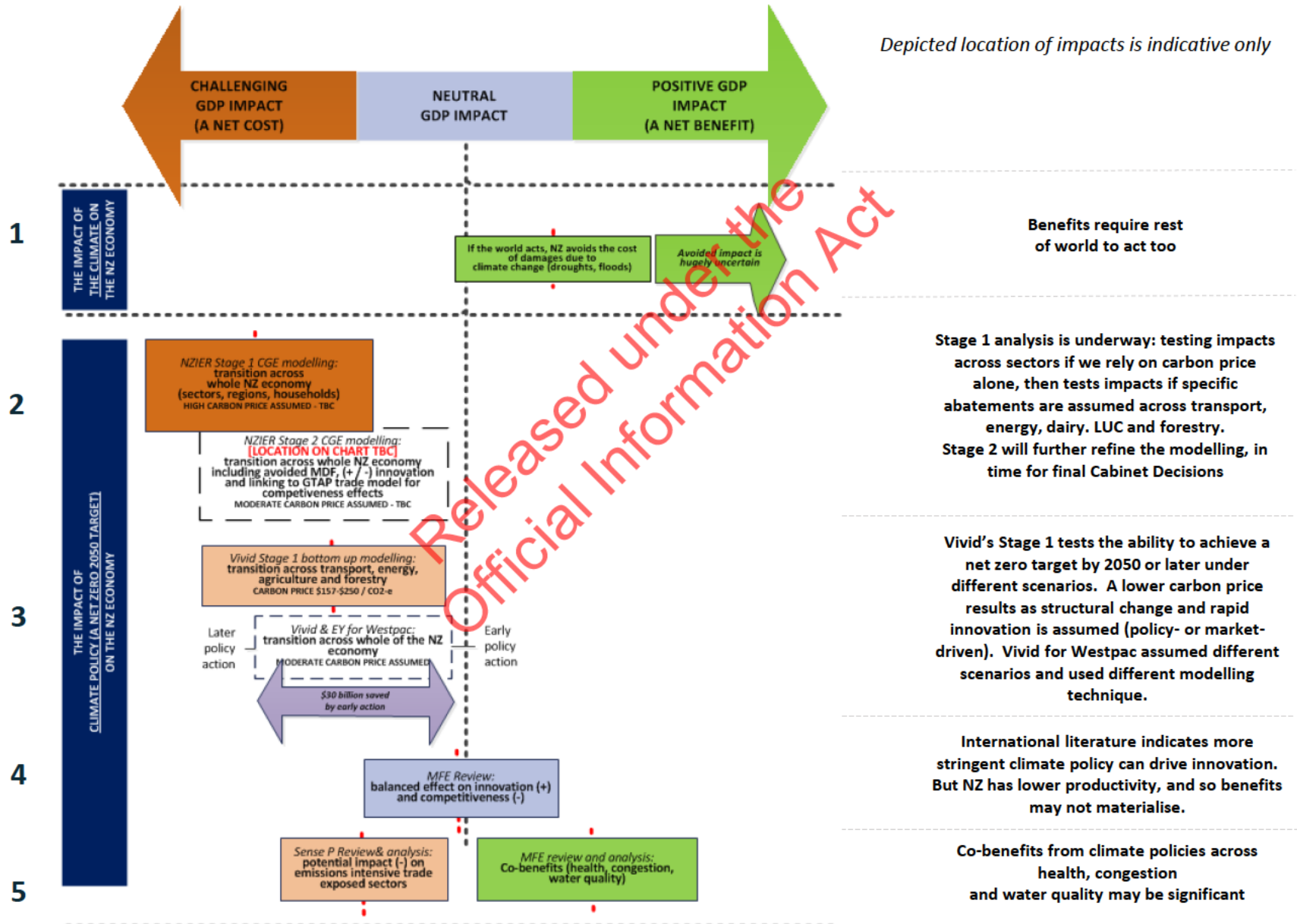


* This presentation focuses only on impacts.

Identifying and assessing policy levers is next in line for the Transition Hub, and across agencies

A range of economic, social and environmental impacts have been identified

Depicted location of impacts is indicative only



Analysis indicates a changing climate would damage New Zealand's economy

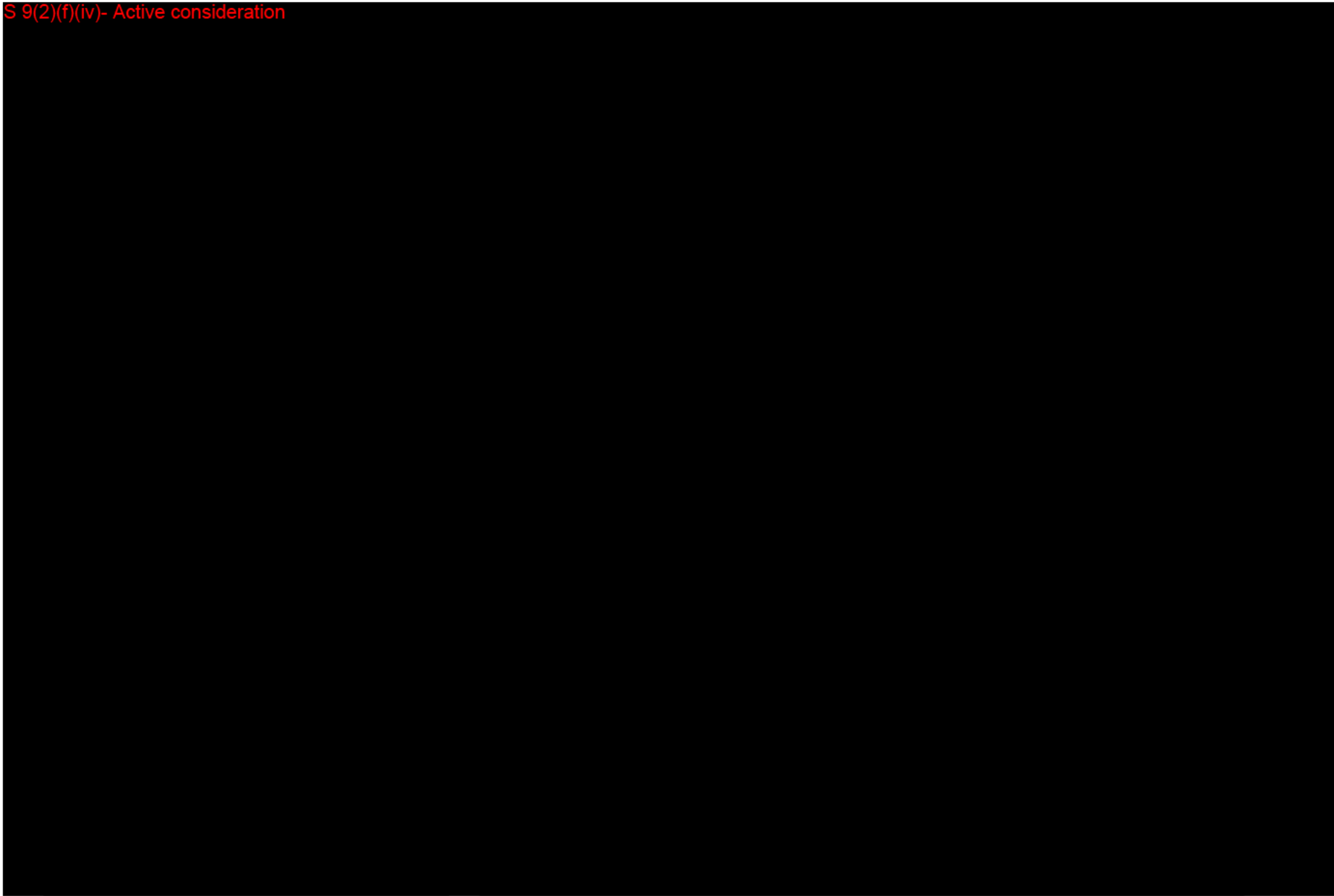
the impact of climate change on economies and society

The 'Marginal Damage Function' (MDF)

≈

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Sector	Climate Variable							
	Temperature	Precipitation	Flooding	Wind	Storms	Sea Level Rise	Bushfires	Droughts
Agriculture	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red
Tourism	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Grey
Forestry	Yellow	Yellow	Grey	Yellow	Yellow	Grey	Red	Yellow
Transport	Red	Red	Red	Yellow	Yellow	Red	Grey	Grey
Electricity	Red	Yellow	Yellow	Yellow	Yellow	Red	Grey	Yellow



Vivid say transition achievable at 'moderate' emission prices

Vivid/Concept/Motu's Linked Sector Modelling for Productivity Commission

≈ 2075,

disrupts current economic structures

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- Vivid suggests NZ is likely to be able to decarbonise at a cost comparable to the rest of developed world

Westpac's report says act sooner (Vivid Economics for EY NZ)



32% lower emissions price in 2050 by taking early action

Note prices do not reflect transition to net zero emissions

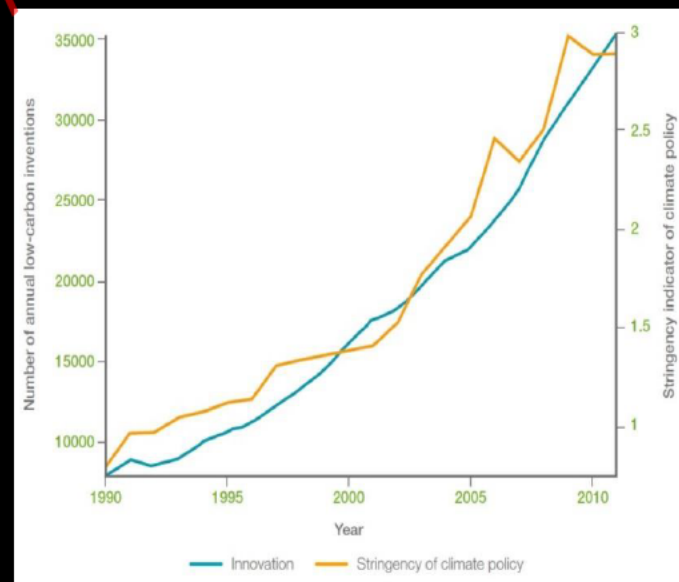
Literature indicates stringent climate policies accelerate innovation and competitiveness concerns may be overstated

MfE review of international literature – final results

Sense Partners' qualitative and empirical study for MfE – draft final results

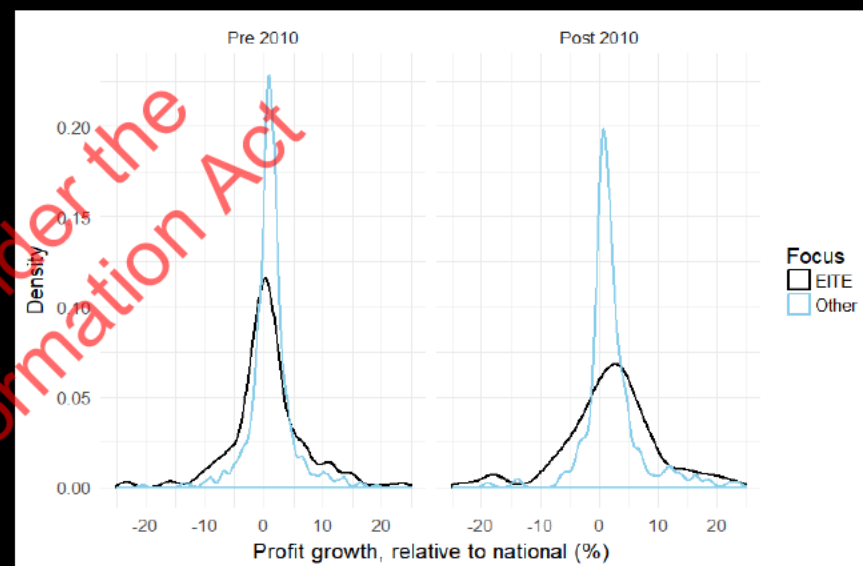
- Conventional wisdom assumes more stringent policies divert resources from productive activities resulting in competitiveness losses
- OECD find “most studies ... fail to measure any ... meaningful competitiveness effects ...” & some studies show +ve impacts
- Strong correlation between innovation & policy stringency – potential for spillovers
- Emissions pricing can result in small -ve impacts on trade for EITE sectors – potential for emissions leakage

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Sense Partners find a potential chilling effect on competitiveness in EITE industries

- No perceptible impact from *historical* ETS on competitiveness of EITE sectors
- Analysis suggests potential competitiveness losses as NZU prices could be higher than trade partners
- Analysis suggests some sectors can bear higher prices, yet EITE industries face profitability challenges and so NZ risks emissions leakage;
but this analysis ignores potential impact of innovation benefits
- NZ argued to be trapped in low productivity growth, which will limit innovation in lower-emissions technologies



Analysis suggests co-benefits of stringent climate policies are substantial

MfE review of empirical literature and previous NZ government policy advice

Size of Co-benefits relative to emissions reductions	Low	Medium	High
Energy	Alternative Fuels Electric Vehicles Renewable Electricity <u>Demand Management</u> CCS	Electricity for Heat +	Energy Efficiency + Freight to Rail ©+ Public Transport ©+ Active Transport +©
IPPU			
Agriculture	New Technology (methane)	Farm Practices~ Livestock Numbers~	
LULUCF			Forestry~β
Waste	Reduce Reuse		

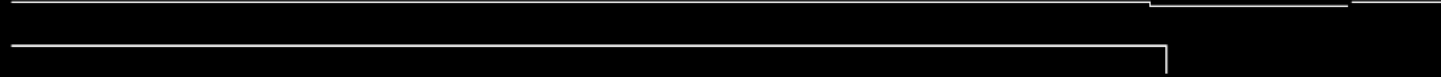
Active transport co-benefits could be over \$13 billion alone

Co-benefits + = Health © = Congestion β = Biodiversity ~ = freshwater

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An early indication of the economic impacts of a net zero emissions target is:

07.00



on industry:

ffective signals and incentives

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Ongoing economic analysis to identify potential impacts includes

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

[Redacted]

[Redacted]

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[Redacted]

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From: Janine Smith
To: [Kay Harrison \(Parliament\)](#); [Sarah Deblock \(Parliament\)](#)
Cc: [Roger Lincoln](#); S 9(2)(a)
Subject: Additional points if needed
Date: Tuesday, 17 April 2018 5:04:38 PM

Hi Kay and Sarah

Here are the additional points if needed to respond to any queries on process and timeframes.

Happy to provide more info as needed.

S 9(2) will send you the email to send to the people who we asked for nominations
()

Thanks
Janine

Timeline and process

- In June/July this year, we'll have a conversation with all New Zealanders on content of the Zero Carbon Bill, options to define a target for reducing our greenhouse gas emissions by 2050 and the role of the independent climate change commission.
- We'll continue to gather robust evidence and modelling on the economic implications of the target and work closely with communities including Maori, business and other sectors of the economy.
- From July, we'll work through the feedback we've received.
- By the end of August I'll go back to Cabinet for approval of the next steps.
- I intend to introduce a Zero Carbon Bill by the end of October.
- A select committee process will follow, with a view to passing the Zero Carbon Act in mid-2019.
- In the meantime, we'll be getting on with implementing changes to the New Zealand Emissions Trading Scheme that were announced in July last year and I intend to make the necessary amendments to the Climate Change Response Act by the end of 2019.
- S 9(2)(f)(iv)

Interim climate change committee

- It's important that we don't lose momentum, which is why the Government has established an Interim Climate Change Committee to do evidence and analysis in some

priority areas while we set up the Commission.

- The commission will be established through the Zero Carbon Bill when it commences (I intend this to be in mid-2019)
- The interim committee will start by looking at agriculture, which contributes almost half of New Zealand's greenhouse gas emissions, and how we can transition to 100 per cent renewable electricity.
- I expect that the interim committee will pass their work onto the Climate Change Commission. It is the Commission that will make recommendations on these important matters.

Out of scope

[Redacted]

- | [Redacted]

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To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04506
<u>Security Level</u>	In Confidence	Number of Attachments: 2	Titles of attachments: 1. Appendix 1 - Criteria to assess form and level options for the new 2050 target 2. Appendix 2 – Slides to support discussion at the officials' meeting
Date Submitted:	19 April 2018	Response needed by:	23 April 2018
MfE Priority:	Non-Urgent	Action Sought:	Discuss the contents of this briefing with officials at your meeting with us on 24 April 2018

Zero Carbon Bill – Update on the 2050 Emissions Reduction Target

Purpose

1. This briefing note presents a summary of our initial analysis on a new 2050 emissions reduction target. We will discuss this material with you at the Ministry for the Environment officials' meeting on Tuesday 24 April 2018.
2. This briefing note also attaches the cross agency developed criteria for the new 2050 target (Appendix 1) and three slides to support the discussion at the officials' meeting (Appendix 2).

Key Messages

Rationale for setting a new 2050 target

3. The purpose of setting climate change targets is to drive and promote reductions in greenhouse gas emissions over given time periods.
4. The previous Government made a domestic commitment in 2011 to reduce emissions to 50% below 1990 levels by 2050. This target was gazetted under the Climate Change Response Act 2002, with an understanding that it would need to be regularly reviewed to take into account the latest science, development of new technologies, and progress by other countries.
5. In 2015, the Paris Agreement provided new context for climate action and global determination to hold the increase in global average temperature this century to well below two degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees. The Government is therefore proposing that a more ambitious 2050 target is set that:
 - a. exhibits domestic and international leadership;
 - b. is consistent with a productive, sustainable, and climate-resilient economy; and
 - c. enables a just and inclusive society.

Next steps

15. We will discuss the contents of this briefing, and seek your views on the proposed options for the form of the new 2050 target, at the meeting on Tuesday 24 April 2018.

Recommendations

16. We recommend that you:

- a. **Note** the cross-agency devised criteria to assess the 2050 target

Yes/No

- b. **Note** the five slides that will be presented to support discussion on the 2050 target

Yes/No

Signature



Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	s 9(2)(a)		
Responsible Manager	Dylan Muggeridge	022 009 6471	✓
Director	Roger Lincoln	027 290 7625	

Appendix 2: Slides to support discussion at the officials' meeting

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2050 targets

Choices about form and level

April 2018



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Benefits of each approach

All sectors - all gases

- Efficient land use decisions
- More compatible with one ETS
- Government retains ability to make future trade-offs as technology evolves
- International compatibility

Split gases/sectors

- Specific targeting of sectors and/or gases
- Up-front burden-sharing information

Regardless of the headline national target, distributional decisions about burden-sharing will be determined by domestic policy choices



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Kaitiaki Take Kōwhiri



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To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04538
<u>Security Level</u>	In confidence	Number of Attachments #	Titles of attachments 1. Draft Cabinet paper 2. Draft discussion document
Date Submitted:	4 May 2018	Response needed by:	7 May 2018
MfE Priority:	Urgent	Action Sought:	Provide your office with feedback for officials

Draft Zero Carbon Bill Cabinet paper and Consultation Document

Key Messages

- We seek your feedback on the following documents:
 - revised draft discussion document for the Zero Carbon Bill (Appendix A); and
 - draft Cabinet paper requesting approval to consult on the proposed contents of the Zero Carbon Bill (Appendix B).
- We have received feedback from other agencies and the Regulatory Impact Assessment Panel (RIAP). Some of this has been incorporated into this version of the discussion document, however there are still a number of outstanding matters (discussed below). Some of these areas are highlighted in the attached.
- We will continue to work with Latitude over the weekend to complete a thorough edit of document. We will provide you an updated draft in the officials' meeting on Monday, 7 May.

Discussion document

Early feedback from the Iwi Leaders Group

- On 24 May, Iwi Leaders Group (ILG) asked us to consider the role of Te Tiriti o Waitangi in the Zero Carbon Bill, including the inclusion of specific section on the Treaty and the need for the Bill to be consistent with Treaty principles. We will provide you with advice next month on how to consider the role of the Te Tiriti o Waitangi in the Zero Carbon Bill. Please note that this does not need to be resolved until final policy decisions in August.
- ILG also asked us to consider the economic impact on Māori landowners, including impact analysis and potential support that could be provided during the transition. ILG also expects that we will provide context during consultation discussions on the perceived inequities resulting from the rules around pre-1990 forests and forest definition in the New Zealand Emissions Trading Scheme (NZ ETS). We can meet with you to discuss these matters.
- With your agreement, we propose sending the consultation document to ILG at the same time as your ministerial consultation.

Updates on specific proposals

- The following sections have changed since the version you commented on:
 - 2050 target options, including what options to present given modelled economic impacts to date, noting we are awaiting further information and modelling runs;¹

¹ Economic modelling covers economic impacts of the potential form of the target (all gases or a short lived vs long lived approach), and the economic analysis informing on potentially necessary emissions price rises, sectoral or technological changes necessary to achieve target options and the potential GDP impact



- 2) Government's 2050 Climate Change Transition Strategy
- 3) Climate Change Commission's role in the New Zealand Emissions Trading Scheme; and
- 4) adaptation reporting power.

1) *The 2050 target options*

8. We have drafted the discussion document to reflect the range of 2050 targets that we propose consulting on (these are also included in the slide-pack for the ENV Committee meeting on 8 May). We have worked with agencies on these options and understand that you have discussed them with your colleagues.
9. The options include status quo, net zero Carbon, zero further warming, net zero emissions. We have also included the 'PCE option', under which the Commission could play a role in advising the government on the appropriate 2050 target once established under the Zero Carbon Bill.
10. Please note the economic modelling and numbers in the discussion document are still being worked through. We expect that these will become available for the version you will receive on either 11 or 14 May, but note that these may impact agencies' comfort with the options presented.

2) *The Government's 2050 Climate Change Transition Strategy*

11. Please note that a section on the 2050 Climate Change Transition Strategy (Strategy) has been included in the discussion document. In response to Treasury's feedback, this section requests feedback on whether or not the Zero Carbon Bill should legislate for a Strategy.

3) *The Climate Change Commission's role in the Emissions Trading Scheme*

12. As discussed at the last officials meeting, decisions on the settings in the ETS are interrelated, and we recommend that they be made by one institution.
13. We are currently preparing a brief for you to provide our advice on the most appropriate governance arrangement for the ETS, which you will receive on Friday, 11 May. This version of the discussion document seeks the public's view on the most appropriate role of the Commission in respect of the ETS, and does not indicate a preference.
14. For ease of reference, we propose consulting on two possible roles for the Commission in relation to the ETS. These are either:
 - a formal advisory role in respect of the ETS settings that would best support reaching our 2050 target; or
 - a stronger, decision-making role around the supply of units to the market.

4) *The adaptation reporting power*

15. Treasury questioned the adaptation reporting power that we are proposing in the appended discussion document. This power would allow the Government to require organisations to report on the actions that they are taking to adapt to climate change impacts. Treasury's concerns related to whether this power should be legislated. They also sought further information about the costs that would be associated with this power.
16. We have spoken to Treasury about their concerns and propose that we consult on a range of options, including whether this power should be legislated. We also propose consulting on whether these powers should be voluntary or mandatory, and options around the organisations that the powers should apply to.



Cabinet paper

17. The Cabinet paper will seek approval to consult on the discussion document. It reflects the contents of the discussion document, highlighting the key proposals for the Zero Carbon Bill and the options that exist for each (including any preferences). The paper also provides a high level overview of the approach that will be taken to consultation.
18. As consultation on the content of the discussion paper is ongoing and a number of policy decisions are still being finalised, a number of sections will change in the lead up to lodgement on Thursday, 17 May. In addition to the outstanding issues outlined above, these sections include RIAP's assessment.
19. RIAP will continue to consider the discussion document until the text is settled. Once Ministerial and inter-agency consultation has been completed, the Panel will provide a final assessment of the document. As a result, the corresponding section of the Cabinet paper can only be completed once the Panel has been able to make a final assessment.
20. Please note that the Panel has already seen drafts of the discussion document and we are working to address the concerns they have, which include the need for further information on certain points, including the elimination of what could be perceived as feasible options and impact analysis of any options included in the discussion document. Advice from Treasury also indicates that the discussion document will be exempt from a separate Regulatory Impact Statement on the condition that the consultation document contains the key elements of a Regulatory Impact Assessment (RIA). We endeavour to meet these requirements, and will continue to work closely with RIAP and Treasury.
21. At your request, a short narrative will be included as a second appendix to the Cabinet paper. This will include a number of key messages that Ministers can use to communicate the narrative around the Zero Carbon Bill, and address any "Q and As". This will be included on Friday, 11 May, alongside an updated version of the Cabinet paper.

Next steps

Process for finalising the discussion document and Cabinet paper

22. Feedback from your officials meeting on 7 May will feed into an updated version of the discussion document that you can circulate to your colleagues.
23. We will use the officials meeting on 9 May as an opportunity to incorporate the points raised during the ENV Committee meeting on 8 May that may impact on the discussion document. We will use this opportunity to incorporate further comments, before providing you a revised version on 11 May.
24. The following table outlines the key dates for finalising the discussion document and the Cabinet paper

Table 1: Timeframes for finalising the discussion document and Cabinet paper

Date	Action
4 May	You receive draft Cabinet paper and revised discussion document
4 May	Agencies give high level comments to officials
7 May	You provide feedback to officials
7 May	Revised papers tabled at officials meeting



8 – 11 May	Ministerial consultation with your colleagues on the draft Cabinet paper and discussion document
9 May	Officials receive final agency comments
9 May	You meet with officials, providing your own feedback and any feedback from Ministerial colleagues; officials will share feedback from agencies
11 May	You will receive updated documents, which have incorporated feedback from you, other government agencies and other Minister
14 May	You will provide feedback to officials at officials meeting (if officials have not been able to get Minister revised documents on 11 May they will be tabled at this meeting – fall back option)
16 May	You will receive the final Cabinet paper and discussion document ready for lodgment
17 May	Cabinet paper and discussion document lodged

Recommendations

25. We recommend that you:

- a. **Note** that you will receive a revised version of the discussion document and Cabinet paper at your meeting with officials on 7 May

Yes/No

- b. **Meet** with officials on 7 May for further discussion

Yes/No

Signature

Janine Smith
Manager
Climate Change Policy

4/5/18

Hon James Shaw
Minister for Climate Change

Date



Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal author	S 9(2)(a)		
Responsible Manager	Janine Smith	021 144 7617	✓
Director	Roger Lincoln	027 290 7625	

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Cabinet Environment Committee

CONSULTATION ON THE ZERO CARBON BILL

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Hon James Shaw
Minister for Climate Change

Appendix 1. Draft Discussion Document on the Zero Carbon Bill



To Hon James Shaw, Minister for Climate Change			Tracking #: 2018-B-04505
<u>Security Level</u>	In confidence	Number of Attachments #	Titles of attachments 1. Draft discussion document 2. Timeline for finalising discussion document
Date Submitted:	20 April 2018	Response needed by:	24 April 2018
MfE Priority:	Urgent	Action Sought:	Discuss on 24 April meeting with officials

Draft Zero Carbon Bill Consultation Document

Key Messages

- We seek your feedback on the draft discussion document for the Zero Carbon Bill, including the:
 - draft discussion document 'at a glance' (*Appendix 1*)
 - draft discussion document, minus the draft 2050 target chapter (*Appendix 2*)
 - draft 2050 target chapter (*Appendix 3*)
 - process to finalise the discussion document (*Appendix 4*).
- This is our first version of the discussion document. There will be further iterations before it is ready to be lodged with Cabinet. We attach the targets chapter separately to continue to work through the policy options with agencies, incorporate economic modelling, refine the economic narrative, and align the economic impacts with policy options.
- As the discussion document will inform the suite of consultation products we seek your early feedback on it.

General feedback

- We seek some general feedback on:
 - the narrative contained in the introduction section*, and whether it articulates the Government's key drivers for taking action and represents a balanced view of the opportunities and challenges ahead
 - the tone and level of detail contained in the chapters* (note we have chosen to tailor the content to a technical audience or those who are particularly interested in the proposals).

Minister's comments:

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Feedback on specific policy areas

5. There are also a number of areas we seek your specific feedback:

- *the Commission*, including the option giving decision making powers on the NZ ETS to the Commission
- *the 2050 Targets*, including what options to present given modelled economic impacts to date, noting we are still awaiting further information and modelling runs¹
- *the adaptation reporting power*, including whether you wish to include this as part of the suite of legislated adaptation tools, and how such a power, aligns with the Government’s broader policy on climate risk disclosure.

6. We are still working through these matters with agencies. Our preferred position on each is set out below.

The 2050 target options

7. We recommend a range of options for the 2050 target presented without a Government preference. This is to continue to work through our advice for the form and level of the target internally and with other agencies, and strengthen economic modelling on the pathways to meet the 2050 target. This approach aligns with seeking cross-party views on the options.

As currently drafted the range of options for the 2050 include:

- **a short-list of possible forms for the 2050 target**, including options for coverage of greenhouse gases and/or sectors of the New Zealand economy. The PCE, Productivity Commission and Generation Zero all propose a ‘split’ or ‘two baskets’ target, which distinguishes between the treatment of long-lived and short-lived greenhouse gases and, or the treatment of sectors
- **a continuum of levels for the 2050 target**, which represent a range of ambition levels. This continuum includes percentages of emissions reductions relative to our current target and a description of expected impacts from different target levels.

8. We also recommend including the PCE’s preferred approach: where the Government sets a “placeholder” target which includes a high level goal that reflects the Paris Agreement expectation to reach net zero emissions in the second half of the century. The Climate Change Commission (the Commission) could then advise the Government on what it considers is the most appropriate target for New Zealand circumstances.

Minister’s comments:

¹ Economic modelling covers economic impacts of the potential form of the target (all gases or a short lived vs long lived approach), and the economic analysis informing on potentially necessary emissions price rises, sectoral or technological changes necessary to achieve target options and the potential GDP impact

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The Commission's role in the ETS

9. We recommend you consult on a core set of functions for the Commission as an advisory body. However, taking account of your feedback to date, we have also included a function for the Commission in respect of the NZ ETS, setting out a range of roles from advisory to decision making.
10. We recommend that the Commission take an advisory role on the NZ ETS as giving it decision making authority presents risks in three key areas:
 - policy consistency risk. Taking decisions on the NZ ETS in isolation from Government's decisions in other areas could introduce a risk of inconsistent policy. This could increase the overall cost of reducing emissions in New Zealand.
 - fiscal risk, where Ministers are responsible for revenue and expenditure as a result of the NZ ETS, but do not control its settings.
 - Commission durability risk, where delegating too much authority to the Commission is likely to make it more susceptible to changes by future Parliaments, which will damage the stability we are trying to achieve.

Minister's comments:

The adaptation reporting power

11. We propose to introduce a mechanism (called the adaptation reporting power), which could be voluntary or mandatory, to encourage organisations of a public nature with climate-sensitive responsibilities (such as electricity distribution network providers, or road and rail providers) to take appropriate action to adapt to the impacts of climate change as part of their risk management processes.
12. Based on the UK model, this would give the Chief Executive of the Ministry for the Environment (or an alternative authority) the power to direct a limited number of eligible organisations to produce reports detailing:
 - the current and future predicted impacts of climate change on their organisation
 - proposals and policies for adapting to climate change
 - an assessment of progress towards implementing the policies and proposals.
13. Due to the limited number of organisations that would be directed to report, we do not expect this proposal to create a large administrative burden for the Ministry (or alternate authority). These are design features that will be developed further down the track.
14. We also seek your views on how such a reporting power would align with other existing reporting obligations and the Government's broader policy on climate risk disclosure.

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Minister's comments:

The process for finalising the discussion document with your colleagues

15. We propose that you use the upcoming Minister Governance meetings to tease out varying portfolio interests and priorities ahead of time.
16. To support you to build consensus with your colleagues on what options to consult the public on, we will provide materials for the:
 - Climate Change Minister's meeting on 30 April on the 2050 target and Commission
 - ENV Committee on 8 May on the overarching framework and 2020 outcomes.
17. We plan to incorporate feedback from these meetings to update the discussion document. We will provide you a final updated version to circulate with your Minister colleagues on 4 May 2018. Note that we will engage our internal regulatory impact assessment panel (RIAP) to quality assure the document.
18. The key dates to finalise the discussion document are set out in Appendix 4.

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Recommendations

19. We recommend that you:

- a. **Meet** with officials on 24 April for further discussion

Yes/No

Signature

Janine Smith
Manager
Climate Change Policy

Hon James Shaw
Minister for Climate Change

Date

Ministry for the Environment contacts

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Appendix 1: Draft discussion document 'at a glance'

S 18(d)

S 18(d)

Appendix 4: Process to finalise the discussion document

Released under the
Official Information Act

Appendix 4: Timelines for finalising discussion document

Date	Task
16 Apr – 20 Apr	<ul style="list-style-type: none"> We consult agencies on the first complete draft discussion document (20 - 26 April)
23 Apr – 27 Apr	<ul style="list-style-type: none"> We receive your initial feedback on first complete draft discussion document (24 April) Meeting with Tina Porou (ILG) We send you, and agencies, a revised draft discussion document and Cabinet paper with feedback incorporated from agencies (27 April)
30 Apr – 4 May	<ul style="list-style-type: none"> Climate Change Ministers' meeting: discussion of target and commission policy options for consultation (30 April) We receive your feedback on revised draft discussion document and Cabinet paper (30 April) We send you a further revised draft discussion document and Cabinet paper (4 May) You consult your colleagues on a draft Cabinet paper and discussion document (4 -9 May) We consult with agencies on draft Cabinet paper and discussion document (3-9 May)
7 May – 11 May	<ul style="list-style-type: none"> We receive your feedback on draft Cabinet paper and discussion document (7 May) You continue to consult with your colleagues on the final draft discussion document (to 9 May) We provide you final Cabinet paper and materials (with your colleagues comments incorporated) (11 May)
14 May – 18 May	<ul style="list-style-type: none"> We receive your feedback on final Cabinet paper and discussion document (14 May) Final edits made CABINET PAPER LODGED – 17 May
21 May – 25 May	<ul style="list-style-type: none"> CABINET COMMITTEE – 22 May
CONSULTATION OPENS – 31 MAY	